

**17th
Annual Report
2011-2012**

CONCORD DRUGS LIMITED

CORPORATE INFORMATION**BOARD OF DIRECTORS :**

Mr.S.Nagi Reddy	-	Managing Director
Mr.K.Ramchandra Reddy	-	Director
Mr.S.Koni Reddy	-	Director
Mr.M.Eswar Rao	-	Director
Mr.U.Satish Kumar	-	Director

REGISTERED OFFICE:

M/s Concord Drugs Limited
Survey No.249,
Brahmanpally Village,
Hayatnagar.
Mandal R.R.Dist-501511.

ADMINISTRATIVE OFFICE:

H.No.3-11-1/1, L.B. Nagar
Hyderabad - 500 074.

FACTORY:I

Survey No.249,
Brahmanpally Village,
Hayatnagar.
Mandal R.R.Dist-501511.

FACTORY:II

Khasra No.165/3,
Village Nalhera Ananthapur
Paragana Bhagwanpur,
Tehsil Roorkee,
District Haridwar,
Uttanchal State.

STATUTORY AUDITORS:

M/s. M M REDDY & CO.,
Chartered Accountants
Hyderabad.

BANKERS:

SBI
Ramakrishna Puram
Kothapet, Hyderabad

**REGISTRARS & SHARE
TRANSFER AGENTS:**

Aarthi Consultants Private Limited
1-2-285, Domalguda, Hyderabad
Ph No: 04027638111/27634445

LISTED:

Madras Stock Exchange (MSE)
Pune Stock Exchange (PSE)
Ahmedabad Stock Exchange (ASE)

AUDIT COMMITTEE:

- | | |
|-----------------------|------------|
| 1. Mr. M. Eswar Rao | - Chairman |
| 2. Mr. S.Koni Reddy | - Member |
| 3. Mr. U.satish Kumar | - Member |

REMUNERATION COMMITTEE:

- | | |
|-----------------------|------------|
| 1. Mr. M. Eswar Rao | - Chairman |
| 2. Mr. S.Nagi Reddy | - Member |
| 3. Mr. U.satish Kumar | - Member |

COMPENSATION COMMITTEE:

- | | |
|-----------------------|------------|
| 1. Mr. M. Eswar Rao | - Chairman |
| 2. Mr. S.Koni Reddy | - Member |
| 3. Mr. U.satish Kumar | - Member |

NOTICE

NOTICE is hereby given that the Seventeenth Annual General Meeting of the shareholders of the Company will be held at the Registered Office of the Company situated at Sy.No.249, Brahmanapally Village, Hayatnagar Mandal, R.R.Dist. A.P. on Monday, 24th September, 2012 at 9.30 a.m. to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Profit & Loss account for the year ended 31st March, 2012 and the Balance Sheet as on that date and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. M. Eswar Rao, who retires by rotation and being eligible offers himself for re-appointment.
3. To re-appoint M/s. M.M. Reddy & Co., Chartered Accountants as Auditors of the Company and to hold office from the conclusion of this Annual General Meeting until conclusion of the next Annual General Meeting and to authorize the Board to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of Section 31 and all other applicable provisions of the Companies Act, 1956 and Rules framed there under, the existing Articles of Association of the Company be and is hereby amended as under :

- i) After Article 70 of the Articles of Association of the Company, the following new Article 70a shall be inserted:

70A: The Board may provide video conference facility and/or other permissible electronic mode of communication to the shareholders of the Company for participating in General Meetings of the Company. Such participation by the shareholders at General Meetings of the Company through video conference facility and/or other permissible electronic mode of communication shall be governed by the Rules and Regulations as applicable to the Company for the time being in force.

- ii) After Article 135 of the Articles of Association of the Company, the following new sub article 135A shall be inserted:

135A: Directors may participate in Meetings of the Board and/or Committees thereof, through video conference facility and/or other permissible electronic mode of communication. Such participation by the

Directors at Meetings of the Board and/or Committees thereof, through video conference facility and/or other permissible electronic mode of communication shall be governed by the Rules and Regulations as applicable to the Company for the time being in force."

"FURTHER RESOLVED THAT the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee or any person which the Board may nominate/constitute to exercise its powers, including the powers by this Resolution) be and is hereby authorized to carry out the abovementioned amendments in the existing Articles of Association of the Company and that the Board may take all such steps as may be necessary to give effect to this Resolution."

For and on behalf of the Board of
Concord Drugs Limited

Sd/-

Place : Hyderabad.

Date : 01.09.2012

S. Nagi Reddy

Managing Director

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

Item No. 4:

The Ministry of Corporate Affairs (MCA), Government of India, New Delhi vide General Circulars No.27/2011 and 28/2011 dated May 20, 2011 and Circular No. 35/2011 dated June 06, 2012 have permitted the companies to hold Board Meetings and Shareholders' Meetings through video conference facility, as part of the Green Initiatives under Corporate Governance.

Further, MCA vide Circular No. 72/2011 dated December 27, 2011 made the video conference facility at the Shareholders' Meetings optional to the Company. In order to provide video conference facility to its Directors and Shareholders, your Company has been advised to carry out necessary amendments in the existing Articles of Association of the Company by inserting enabling provisions. In terms of Section 31 of the Companies Act, 1956, approval of the Members by way of a Special Resolution is required to amend the Articles of Association of the Company.

The Articles of Association with alterations proposed therein as referred to in the Notice shall be available for inspection by the Members at the Registered Office of the Company on any working day except holidays observed by the Company during usual business hours up to the date of the Meeting and will also be available at this Annual General Meeting.

Accordingly, your Board recommends passing of the Resolution No.4 as a Special Resolution. None of the Directors is interested or concerned in this Resolution.

For and on behalf of the Board of
Concord Drugs Limited

Sd/-

Place : Hyderabad.

Date : 01.09.2012

S. Nagi Reddy

Managing Director

NOTES:-

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIM SELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument appointing the Proxy should however be deposited at the Registered Office of the company not less than 48 hours before the commencement of the meeting.
3. Members/Proxies should bring the attendance slip sent here with duly filled in for attending the meeting.
4. All documents referred to in the Notice are open for inspection at the Registered Office of the Company between 11.00 A.M. to 1.00 P.M on any working day prior to the date of the meeting and also at the meeting.
5. Member intending to require information about Accounts to be explained at the meeting are requested to write the company at least ten days in advance of the Annual General Meeting.
6. Register of Members and share Transfer Books remain closed from 21.09.2012 to 24.09.2012 (Both days inclusive).

For and on behalf of the Board of
Concord Drugs Limited

Sd/-

S. Nagi Reddy
Managing Director

Place : Hyderabad.
Date : 01.09.2012

DIRECTOR'S REPORT

Dear Members,

Your Directors have pleasure in presenting the Seventeenth Annual report together with Audited accounts for the year ended 31st March, 2012

PROJECT IMPLEMENTATION:

The Company has recorded a turnover of Rs.2770.15 Lakhs in the current year against the turnover of Rs.2422.74 lakhs in the previous financial year ending 31.03.2012. The company has earned net profit after tax of Rs. 159.46 lakhs against the profit of Rs. 162.90 lakhs in the previous year.

FINANCIAL RESULTS:**(Rs. In Lacs)**

Description	2011-12	2010-11
Gross Income	2770.15	2422.74
Total Expenditure	2551.62	2209.77
Profit before Depreciation & Interest	317.82	273.44
Less: Interest & Fin. Charges	39.42	17.77
Less: Depreciation	59.87	42.69
Less: Provision for Tax including Deferred Tax	59.06	50.07
Net Profit	159.46	162.90

DIVIDEND:

Your Directors do not recommend any Dividend for the current Financial Year-2011-12.

SOCIAL RESPONSIBILITY

At Concord, we view Social Responsibility as a true effort to influence society in a manner that earns the trust and respect of stakeholders and society. We believe that economic performance and social responsibility can go hand in hand, when there is a genuine consideration of our impact on the communities and the environment in which we live and work. Your company has made contributions to various charities like schools for education, health centres' and old age homes etc during the year.

INVESTOR SERVICE

Your Company's share registry operations (physical as well as electronic form of holdings) will continue with Aarthi Consultants Private Limited, Registrars

and Transfer Agents. They can be contacted at 1-2-285, Domalguda, Hyderabad- 500 081 (Phone Nos. 040-27638111, 27634445 E-mail: info@aarthiconsultancy.com for any query relating to Shares. The shares of the Company are listed on Madras Stock Exchange (MSE), Pune Stock Exchange (PSE) and Ahmedabad Stock Exchange (ASE).

PUBLIC DEPOSITS

During the year under review, the Company has not accepted any deposits from the public within the meaning of sections 58A and 58AA of the Companies Act, 1956 read with the Companies (Acceptance of deposits) Rules, 1975.

DIRECTORS RESPONSIBILITY STATEMENT

Your Directors confirm:

- (a) That in preparation of the annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material department.
- (b) That the Directors had 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 affairs of the company at the end of the financial year ended on 31st March 2012 and of the profit of the company for that year.
- (c) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records for the year ended 31st March 2012 in accordance with the provisions of the companies Act, 1956 for safe guarding the assets of the company and for prevention and detection of fraud and other irregularities.
- (d) That the Directors had prepared the Annual Accounts on an ongoing basis.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUT GO

The required information as per Sec.217 (1) (e) of the Companies Act 1956 is provided hereunder:

A. Conservation of Energy

Adequate measures have been taken to reduce energy consumption, wherever possible. Total energy consumption and energy consumption per unit of production is not applicable as company is not included in the industries specified in the schedule.

B. Technology Absorption

- | | |
|---|-------|
| 1. Research and Development (R&D) | : Nil |
| 2. Technology absorption, adoption and innovation | : Nil |

C. Foreign Exchange Earnings and Out Go

- | | |
|---------------------------|-------|
| Foreign Exchange Earnings | : Nil |
| Foreign Exchange Outgo | : Nil |

PARTICULARS OF EMPLOYEES:

None of the employees are in receipt of remuneration exceeding the limit and whose particulars are required to be given as prescribed under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

DIRECTORS:

Mr.M. Eswar Rao is retiring by rotation and has expressed his willingness for reappointment. Your Directors recommend for re-appointment.

AUDITORS:

M/s. M M REDDY & CO., Chartered Accountants, Hyderabad, the Company's Auditors retire at the conclusion of this Annual General Meeting and are eligible for re-appointment. Your Directors recommend their re-appointment.

REPORT ON CORPORATE GOVERNANCE:

As a listed company, necessary measures have been taken to comply with the listing agreements of Stock Exchanges. A report on Corporate Governance, along with a certificate of compliance from the Auditors, is attached elsewhere in the annual report.

LISTING :

The Company's present Equity shares are listed on Ahmedabad Stock Exchange, Pune Stock Exchange and Madras Stock Exchange.

ACKNOWLEDGEMENTS:

Your directors would like to express their grateful appreciation for assistance and co-operation received from clients, banks, investors, Government, other statutory authorities and all others associated with the company. Your directors also wish to place on record their deep sense of appreciation for the excellent contribution made by the employees at all levels, which enabled the company to achieve sustained growth in the operational performance during the year under review.

Declaration by Managing Director of affirmation by Directors and senior Management personnel of compliance with the code of conduct

The shareholders

I, S.Nagi Reddy, Managing Director of the Company do hereby declare that the directors and senior management of the Company have exercised their authority and powers and discharged their duties and functions in accordance with the requirements of the code of conduct as prescribed by the company and have adhered to the provisions of the same.

For and on behalf of the Board of
Concord Drugs Limited

Sd/-

Place : Hyderabad.

Date : 01.09.2012

S. Nagi Reddy
Managing Director

REPORT ON CORPORATE GOVERNANCE:

Report in line with the requirements of the stock exchanges under clause 49 of the Listing Agreement, on the practices followed by the company and other voluntary compliances is furnished below:

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Corporate governance is the set of processes, customs, policies, laws and institutions affecting the way a company is directed, administered or controlled. It is a system of structuring, operating and controlling a company with a view to achieve long term strategic goals to satisfy shareholders, creditors, employees, customers and suppliers.

Corporate governance is based on principles such as conducting the business with all integrity and fairness, being transparent with regard to all transactions, making all the necessary disclosures and decisions, complying with all the laws of the land, accountability and responsibility towards the stakeholders and commitment to conducting business in an ethical manner.

Your Company adheres to the principles of corporate governance and commits itself to accountability and fiduciary duty in the implementation of guidelines and mechanisms to ensure its corporate responsibility to the members and other Stakeholders.

BOARD OF DIRECTORS:
Composition:

Your Board comprises of five directors - Two executive and three non executive independent directors. Various committees support the Board in its functions. The Board of Directors and its committees meet at regular intervals. Attendance of Directors in the Board and Annual General Meeting:

Sl.No.	Name and category of directors	No. of directorships held in other Public companies	No. of Memberships/ Chairmanships held in Committees of other Companies
1.	Mr. S. Nagi Reddy Promoter, Executive	Nil	-
2.	Mr. K. Ramachandra Reddy Promoter, Executive	Nil	-
3.	Mr.S. Koni. Reddy Non Executive	Nil	-
4.	Mr. M. Easwar Rao Independent, Non executive	Nil	-
5.	Mr. U. Satish Kumar Independent, Non executive	2	-

The board duly met 7 times during the financial year 2011-2012; the dates are 05.04.2011; 12.04.2011; 10.06.2011; 16.06.2011, 31.07.2011, 31.10.2011 and 31.01.2012 the attendance of the board of directors are as follows.

Name of the directors	No of meetings held during the tenure of the Director	No of meetings attended by the Director	Whether present at the previous AGM	No. of shares held in the company
Mr. S. Nagi Reddy	7	7	Yes	6,98,600
Mr. K. Ramachandra Reddy	7	7	Yes	98,000
Mr. S.Koni. Reddy	7	7	Yes	6.25,000
Mr. M. Easwar Rao	7	7	Yes	-
Mr. U. Satish Kumar	7	7	No	-

Audit Committee:

As per Section 292A of the Companies Act, 1956 constituting Audit committee is mandatory in case of companies whose paid up capital is more than 5 crores and also as per Clause 49 of the Listing Agreement, accordingly the board constituted the audit committee, with the following composition.

Composition : This committee consists of 3 members consisting of

- | | |
|-----------------------|------------|
| 1. Mr. M. Eswar Rao | - Chairman |
| 2. Mr. S.Koni Reddy | - Member |
| 3. Mr. U.satish Kumar | - Member |

Headed by Mr. M. Eswar Rao, role of Audit committee:

The terms of reference stipulated by the Board to the Audit Committee contained under clause 49 (II) of the Listing Agreement, are as follows:

- 1) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- 2) Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- 3) Reviewing with management the annual financial statements before submission to the Board, focusing primarily on:
 - a) Any changes in accounting policies and practices.
 - b) Major accounting entries based on exercise of judgement by management.
 - c) Qualification in draft audit report.
 - d) Significant adjustments arising out of audit.
 - e) The going concern assumption.
 - f) Compliance with accounting standards.
 - g) Compliance with stock exchange and legal requirements concerning financial statements.
 - h) Any related party transactions i.e. transactions of the Company of material nature with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the company at large.

- 4) Reviewing with the management, external and internal auditors, the adequacy of the internal control systems.
- 5) Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- 6) Discussion with internal auditors any significant findings and follow up thereon.
- 7) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- 8) Discussion with the external auditors before the audit commences nature and scope of audit as well as have post audit discussion to ascertain any area of concern.
- 9) Reviewing the company's financial and risk management policies.
- 10) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

The Audit committee met 4 times in the financial year, the dates are 30.04.2011; 31.07.2011; 31.10.2011 and 31.01.2012 attendance are as follows:

Attendance of Audit Committee Members at their Meetings:

Sl. No	Name of the Director	Audit Committee meetings held during the tenure of the director	Attended at the Audit committee Meeting
1.	Mr. M. Easwar Rao	4	4
2.	Mr. U.Satish Kumar	4	4
3	Mr. S.Koni Reddy	4	4

Remuneration committee:

Composition of compensation committee:

1. Mr. M. Eswar Rao - Chairman
2. Mr. S.Koni Reddy - Member
3. Mr. U.satish Kumar - Member

- b) **Remuneration Policy:** The remuneration of the whole time director(s) appointee(s) is decided by the Remuneration Committee based on criteria such as industry benchmark, the Company's performance, performance/track record of the whole time Director(s) appointee(s). The Company pays remuneration by way of salary, perquisites and allowances (fixed component), incentive, remuneration and commission (variable component) to its whole time directors. Annual increments are decided by the Remuneration Committee within the salary scale approved by the Members and are effective from 1st April, annually. The Remuneration Committee decides on the Commission payable to the whole time directors on determination of profits for the financial year with the ceilings on net profits prescribed under Sections 198 & 309 of the Companies Act, 1956 (the Act) as also the incentive remuneration.
- c) **Remuneration to Directors:** in respect of the financial year 2011-12 the following remuneration and sitting fees were paid to the Directors:

Directors:

Name	Remuneration for FY 2011-12	Sitting fees paid during FY 2011-12
Mr. S. Nagi Reddy	18,00,000	---
Mr. S. Koni Reddy	---	---
Mr. M. Eswar Rao	---	---
Mr. K. Ramachandra Reddy	---	---
Mr. U. Satish Kumar	---	---

Share transfers and Investors Grievance Committee:

The committee was formed with the object of providing immediate attention to the shareholders grievance and to look into the matter relating to share transfers, replacement of lost/ stolen/ mutilated share certificates, and issue of duplicate share certificates, to attend shareholders complaints, to take care the conversion of physicals to demat.

Composition of compensation committee:

- | | | | |
|----|---------------------|---|----------|
| 1. | Mr. M. Easwar Rao | - | Chairman |
| 2. | Mr. U. Satish Kumar | - | Member |
| 3. | Mr. S. Nagi Reddy | - | Member |

During the year company has not received any complaints, as on the date of the Directors' Report there are no pending transfers. There were held 2 Committee meetings, the dates are as follows 30.04.2011 and 31.10.2011.

The Investors' Grievance Committee of the Board is empowered to oversee the redressal of investor's complaints pertaining to share transfers, non-receipt of annual reports, issue of duplicate certificates, transmission (with and without legal representation) of shares. Its scope also includes delegation of powers to the executives of the Company share transfer agents to process share transfers and other investor allied matters.

Mr. S.Nagi Reddy, is the Compliance Officer can be contacted at:

H.No.3-11-1/1, L.B. Nagar
Hyderabad - 500 074.

Disclosures:

- a) Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.

There are no materially significant transactions made by the Company with its promoters, directors or the management their subsidiaries or relatives etc. which have potential conflict with the interests of the Company at large.

- b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years **NONE**

GENERAL BODY MEETINGS:

- Location and time of General Meetings:

Year	Type	Date	Venue	Time
2010-11	AGM	15th July,2011	At Regd. Office	11.30 a.m.
2009-10	AGM	30th Sept, 2010	At Regd. Office.	11.30 a.m.
2008-09	AGM	29th Sept, 2009	At Regd. Office.	11-30 a.m.

Means of Communication:

The quarterly results are published in the newspapers and annual reports are sent to all the shareholders yearly.

General Shareholder Information:

17th Annual General Meeting:

Date: Thursday, 24th September, 2012

Time: 9.30 A.M.

Venue: Survey No. 249, Brahmanapally(V), Hayathnagar(M),
Ranga Reddy (Dist), Andhra Pradesh.

Financial Year: April 1st, to March 31st

Date of Book Closure:

The Share Transfer books and Members Register of the company will remain closed from September 21st, 2012 to September 24th, 2012 (both days inclusive).

Stock exchanges where shares are listed:

Ahmedabad Stock Exchange, Madras Stock Exchange and Pune Stock exchange.

Market Price Date : Not traded.

Registrars & Share Transfer Agents:

Aarthi Consultants.

1-2-285, Domalguda,
Hyderabad - 500 029.

Address for correspondence:

H.No.3-11-1/1, L.B. Nagar, Hyderabad - 500 074

Exemption from applicability of provision of SEBI Regulations

The following is the list of persons constituting "Group" (within the meaning as defined in the Monopolies and Restrictive Trade Practices Act, 1969) for the purpose of availing exemption from applicability of the provisions of Regulation 10 to 12 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (the said Regulations) as provided in Clause 3(1) (e) of the said Regulations:

1. S.Nagi Reddy
2. M.Eswar Rao
3. K.Ramachandra Reddy
4. S.Koni Reddy
5. U.Satish Kumar

SHARE TRANSFER SYSTEM:

Securities lodged for transfers are normally processed within 15 days from the date of lodgment. If the documents are clear in all respects. Senior Executives of the Company are empowered to approve transfer of shares. Grievances received from investors and other miscellaneous correspondence on change of address, mandates etc. are processed by the Registrars within 30 days.

-Share Holding Pattern :

Category	As on 31st March, 2012		As on 31st March, 2011	
	No. of Shares	%	No. of Shares	%
A) Promoters Holding:				
1. Promoters:				
- Indian Promoters	2840500	39.21	2000500	35.67
- Foreign Promoters	-	-	-	-
2. Persons acting in concert	-	-	-	-
Sub Total	2840500	39.21	2000500	35.67
B) Non-promoters Holding:				
1. Institutional Investors	-	-	-	-
2. Mutual Funds and UTI	-	-	-	-
3. Banks, Financial Institutions,	-	-	-	-
Insurance Companies, Central/State	-	-	-	-
Govt. Institutions/ Non Government-	-	-	-	-
Institutions	-	-	-	-
4. FIs	-	-	-	-
5. Corporate Bodies	200000	2.76	-	-
6. Indian Public	4203250	58.03	3609500	64.33
7. NRIs/OCBs	-	-	-	-
8. Any other	-	-	-	-
Sub Total	4403250	60.79	3609500	64.33
GRAND TOTAL:	7243750	100.00	5610000	100.00

- I) Distribution of shareholding of the Company by number of shares held as on 31st March, 2012 is as follows:**

Particulars	Shareholders		Shareholding	
	Number	%	Number	%
UPTO - 5000	764	62.06	356100	4.92
5001-10000	66	5.36	55300	0.76
10001-20000	63	5.12	94700	1.31
20001-30000	94	7.64	243100	3.36
30001-40000	64	5.2	245600	3.39
40001-50000	120	9.75	581600	8.03
50001-100000	23	1.87	202600	2.8
100001 & ABOVE	3.01	3.01	5464750	75.44
Total	1231	100.00	7243750	100.00

Dematerialization of Shares: The Company has applied for Demat connectivity from both CDSL and NSDL.

Address for Correspondence:

M/s Concord Drugs Limited

H.No.3-11-1/1, L.B. Nagar

Hyderabad - 500 074.

MANAGING DIRECTOR CERTIFICATE

I, S.NAGI REDDY, Managing Director of M/s Concord Drugs Limited certify that:

1. We have reviewed the financial statements for the year and that to the best of our knowledge and belief:
 - (a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (b) These statements present a true and fair view of the state of affairs of the Company and of the results of the operations and cash flows. The financial statements have been prepared in conformity, in all material respects, with the existing generally accepted accounting principles including accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of Company's code of conduct.
3. We accept overall responsibility for establishing and monitoring the Company's internal control system for financial reporting and evaluating its effectiveness. Internal Audit function monitors the internal control system for financial reporting, which encompasses the examination and evaluation of the adequacy and effectiveness. Internal Audit works with all levels of management and Statutory Auditors, and reports significant issues to the Audit Committee of the Board. The Auditors and Audit Committee are apprised of any corrective action taken with regard to significant deficiencies and material weakness.
4. We indicate to the Auditors and to the Audit Committee:
 - (a) Significant changes in internal controls over financial reporting during the year;
 - (b) Significant changes in the accounting policies during the year;
 - (c) No instances of significant fraud of which we have become aware of and which involve the management or other employees who have significant role in the Company's internal control system over financial reporting.

However, during the year there were no such changes and instances.

For and on behalf of the Board of

Concord Drugs Limited

Sd/-

Place : Hyderabad.

S. Nagi Reddy

Date : 01.09.2012

Managing Director

MANAGEMENT DISCUSSIONS AND ANALYSIS

Industrial Structure & Development

The Indian pharmaceutical sector continuous to demonstrate strong growth despite the global economic slowdowns, due to inherent strength of the Indian domestic markets economic growth, healthcare infrastructure expansion, rising incidence of chronic diseases and increase in healthcare access in the urban and rural markets. The potential of the Indian pharmaceutical market is recognized by most of the major players, which is manifested in diverse strategies being adopted by various organizations.

Opportunities:

The Indian pharmaceutical companies today are mainly focusing on global generic business, increasing focus on R&D activities and alliance with multinational companies. This shall act as future growth drivers for Indian Pharmacy Industry.

Threats, Risks and Concerns:

Though Indian Pharmaceutical market is growing at a healthy growth rate but on account of continuously price-cost squeeze, largely due to relentless increases in raw material cost, energy cost, and volatile foreign exchange are all affecting overall profitability of the company.

Internal Control System Adequacy:

There are documented and well established operating procedures in the Company. The Company has team of well qualified and experienced professionals that conduct regular audits covering the company's operations. The finance function of the company is also adequately staffed and with qualified and experienced personnel.

Financial Operation:

The Company has recorded a turnover of Rs. 2766.85 Lakhs in the current year against the turnover of Rs. 2422.74 lakhs in the previous financial year

ending 31.03.11. The Company has earned net profit of Rs. 159.46 lakhs against the profit of Rs.162.90lakhs in the previous year.

Human Resources Development and Research Activities:

The company's success depends to a great extent on its ability to recruit, train and retain high quality people. The company places special emphasis on the human resources function in the organization. It believes that its strong brand name, industry leadership position, wide range of growth opportunities and performance linked compensation give it significant advantages in attracting and retaining skilled employees. The company employed people and enjoys cordial relations with all.

Health and Safety Measures:

The Company is fully committed to the safety, health and well-being of its employees and to minimizing the environmental impact of its business operations. A safe and healthy environment is maintained, and appropriate steps are taken with the object of minimizing the environmental impact on all processes and practices. The Company has a range of policies, including on quality, safety and health aspects to guide the employees work practices, actions and decisions.

The Company strive to continuously improve the effectiveness of its policies and employees are encouraged to contribute their mite in this direction.

Cautionary Statement:

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could influence the Company's operations include input availability and prices, demand and pricing of finished goods in the Company's principal markets, changes in government regulations, tax laws, economic developments within the country and other incidental factors.

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
Concord Drugs Limited

We have examined the Compliance with conditions of Corporate Governance of M/s. Concord Drugs Limited ended 31st March, 2012 as stipulated in clause 49 of the Listing Agreement with stock Exchanges.

The Compliance with the conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to review the procedures and implementations thereof adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us and representations made by the Directors and the Management's, we certify that the company has complied with conditions of the Corporate Governance as stipulated in Clause 49 of the above mentioned Listing agreement.

As required by the guidance note issued by the institute of Chartered Accountants of India, we have to state that no grievances of investors are pending for a period exceeding one month against the Company as per the records maintained by the Company.

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

For **MM Reddy &CO.**
Chartered Accountants
Firm Registration No. 0103715

Place : Hyderabad
Date : 01.09.2012

Sd/-
Madhusudhana Reddy
PARTNER
Membership No.213077

AUDITORS' REPORT

To
The Members of
CONCORD DRUGS LIMITED

1. We have audited the balance sheet of **CONCORD DRUGS LIMITED** as at March 31, 2012 the Profit and Loss Account and also the related Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our Audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes an examination on test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates and judgments made by the management in the preparation of financial statements and evaluating the overall financial statement presentation.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) order, (Amendment) 2004 issued by the Central Government in terms of Sub Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matter specified in Paragraphs 4 and 5 of the said order.
4. Further to the comments in the Annexure referred to in paragraph 3 above:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - (iii) The Balance Sheet, Profit and Loss Accounts and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet, Profit and Loss Accounts and Cash Flow Statement dealt with by this report comply with the

- accounting standards referred to in sub-section (3C) of section 211 of the Act.
- (v) On the basis of written representations received from the directors, as on March 31, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.
- (vi) In our opinion and to the best of our information and according to the explanations given to us, The said accounts together with the notes thereon give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
- (b) In the case of Profit and Loss Account, of the profit for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, the cash flows for the year ended on that date;

For M M REDDY & CO.,
Chartered Accountants
Firm Reg. No.010371S

Place : Hyderabad
Date : 01.09.2012

Sd/-
(M. Madhusudhana Reddy)
Partner
Membership No.213077

ANNEXURE TO AUDITORS' REPORT

Referred to in Paragraph 3 of our report of even date

1. In respect of its fixed assets
 - a) The Company has maintained proper records to show full particulars including quantitative details and situation of its Fixed Assets on the basis of available information wherein the fixed asset register is in the process of being updated. .
 - b) The Fixed Assets of the Company were physically verified by the management at reasonable intervals and no material discrepancies between the books/records and the physical inventory was noticed on such verification.
 - c) In our opinion, the Company has not disposed off a substantial part of its fixed assets during the year and the going concern status of the Company is not affected.
2. In respect of its inventories:
 - a) The Inventory of the Company has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) The Company has maintained proper record of inventories. As explained to us, there were no material discrepancies notices on physical verification of inventories as compared to the book records.
3. In respect of loans, secured or unsecured, granted or taken by the Company to/ from Companies, firms or other parties covered in the register maintained under Section 301 of the Company's Act, 1956.
 - a) The Company has not granted any loans during the year to Companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Consequently, the requirements of clauses (iii) (b),(c),(d) of paragraph 4 of the order are not applicable.
 - b) As informed, the Company has not taken loans from parties covered in the register maintained under Section 301 of the Act 1956.

Consequently, the requirements of clauses (iii) (c),(d) of paragraph 4 of the order are not applicable.

4. In our opinion and according to the information and explanation given to us, the Company has an adequate internal control procedure commensurate with the size and nature of business of the company for the purchase of inventory, fixed assets and the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956, in our opinion and according to the information and explanations given to us, there are no transactions made in pursuance of contracts or arrangements , that need to be entered in the Register maintained under Section 301 of the Companies Act, 1956 . Consequently, clause 4(v) of the order is not applicable.
6. According to the information and explanation given to us, the Company has not accepted any deposits contemplated under Sec. 58A of the Companies Act, 1956 from the public. Therefore the provisions of clause 4(vi) of the order are not applicable.
7. In our opinion, the Company has an internal audit system which needs to be strengthened.
8. We have been informed that the Central Government has not prescribed maintenance of cost records U/s 209 (l)(d) of the Companies Act, 1956 (1 of 1956) for the Company's services.
9. In respect of statutory dues:
 - (a) According to the records of the company, the company is regular in depositing undisputed statutory dues including provident fund, Income Tax, Excise duty, cess and other material statutory dues applicable at the end of the year for a period of more than six months from the date they became payable. The company has not made registration for the E.S.I under Employees State Insurance Act, 1948. So the company has not made any deposit under the employees State Insurance Scheme. The company has not deducting the TDS on the payments made to the expenses which are even though covered under TDS parameters and the company has not filing the TDS returns. In case of VAT, The Company covered under Deferment Scheme for 14 years and these 14 years will end on June 2012. Under this scheme the company need not pay VAT for every year. The VAT payable is transferred to Interest free Sales Tax Loan Account.

- (b) According to the information and explanation given to us, there are no dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute. There were no dues on account of cess under 441A of the Companies Act 1956, since the date from which the aforesaid section comes into force has not yet been notified by the Central Government.
10. The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.
 11. Based on the audit procedures, and according to the information and explanation given to us, we are of the opinion that, the Company has during the year delayed on few occasions in repaying term loan instalments due to the banks and financial institutions.
 12. In our opinion and according to the explanation given to us and based on the information available, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
 13. In our opinion, the Company is not a Chit Fund, Nidhi or Mutual Benefit fund / Societies. Therefore the provisions clause (xiii) of paragraph 4 of the order are not applicable to the Company.
 14. The Company is not dealing or trading in shares, securities, debentures.
 15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
 16. The term loans and working capital loans obtained from the banks have been applied for the purpose for which they were taken.
 17. According to the information and explanations given to us and on an overall examination of the Balance Sheet and Cash Flow statement, the funds raised on short term basis have not been used for long term purposes.
 18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.
 19. The Company has not issued any debentures.
 20. The Company has not raised any money by way of public issues during the year.

21. In our opinion and according to the explanation given to us, no fraud, on or by the Company, has been noticed or reported during the year.

For M M REDDY & CO.,
Chartered Accountants
Firm Reg. No.010371S

Place : Hyderabad
Date : 01.09.2012

Sd/-
(M. Madhusudhana Reddy)
Partner
Membership No.213077

Balance Sheet As at 31st March, 2012

(Amounts in Rupees)

PARTICULARS	Note No.	As at Mar' 31, 2012	As at Mar' 31, 2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	88,100,000	83,900,000
Reserves and Surplus	3	39,968,662	20,754,520
	A	<u>128,068,662</u>	<u>104,654,520</u>
Non - current liabilities			
Long - term borrowings	4	50,429,837	20,398,043
Deferred tax liabilities (Net)		-	-
Long term provisions		-	-
	B	<u>50,429,837</u>	<u>20,398,043</u>
Current liabilities			
Short - term borrowings	5	29,407,346	5,546,619
Trade Payables	6	77,758,632	13,261,472
Short - term provisions	7	4,372,245	4,248,809
Other Current Liabilities	8	9,973,487	593,864
	C	<u>121,511,710</u>	<u>23,650,764</u>
Total	(A+B+C)	<u><u>300,010,209</u></u>	<u><u>148,703,327</u></u>
ASSETS			
Non-current assets			
Fixed assets			
Net block			
Capital work- in- progress	9	47,921,510	35,277,831.6
		33,668,046	27,942,903
	A	<u>81,589,555</u>	<u>63,220,735</u>
Deferred tax assets (Net)	10	948,565	2,482,436
Long - term loans and advances	11	32,874,974	4,965,674
Non-current investments		-	-
Other Non- Current Assets	12	269,619	539,235
	B	<u>34,093,158</u>	<u>7,987,345</u>
Current assets			
Inventories	13	27,072,369	14,987,707
Trade receivables	14	145,292,409	56,962,654
Cash and cash equivalents	15	9,747,372	4,850,156
Short - term loans and advances	16	1,673,291	694,730
Other current assets	17	542,054	-
	C	<u>184,327,495</u>	<u>77,495,247</u>
Total	(A+B+C)	<u><u>300,010,209</u></u>	<u><u>148,703,327</u></u>

The Notes referred to above are an integral part of the Balance Sheet

This is the Balance Sheet referred to in our report of even date.

For M M REDDY & CO.,
Firm Registration Number : 0103715
Chartered Accountants
 Sd/-

M Madhusudhana Reddy
 Partner
 Membership No. 213077
 Place : Hyderabad
 Date : 01-09-2012

For and on behalf of the Board of Director of
Concord Drugs Limited

Sd/-
S. Nagi Reddy
 Managing Director
 Sd/-
S. Koni Reddy
 Director

Profit and Loss Account for the year ended March 31, 2012

(Amounts in Rupees)

PARTICULARS	Note No's	Year Ended Mar'31, 2012	Year Ended Mar'31, 2011
INCOME:			
Turnover (Gross)			
Revenue from operations		276,685,086	241,283,787
Other Income		330,120	990,360
Total Revenue		277,015,206	242,274,147
EXPENDITURE			
Material Costs	18	228,584,564	190,952,695
Other Direct Expenses	19	8,428,692	13,499,502
Personal Costs	20	2,320,222	2,263,869
Administration & Selling expenses	21	5,900,006	8,213,275
Interest And Finance Charges	22	3,942,037	1,777,634
Depreciation/amortization	8	5,986,928	4,269,670
Total		255,162,449	220,976,645
Profit / (Loss) before tax		21,852,757	21,297,502
Profit before tax			
Provision for taxation			
- Current Year Tax		4,372,245	4,244,699
- Deferred tax		1,533,871	762,770
Total tax expense		5,906,116	5,007,468
Profit/(Loss) from continuing operations		15,946,641	16,290,034
Balance brought forward from previous year		16,654,520	364,487
Balance carried to Balance Sheet		32,601,162	16,654,520
Earnings per share			
Basic		2.20	2.90
Weighted Average Number of Shares		7,243,750	5,610,000
Nominal value		10	10
Notes to accounts	23		

The Notes referred to above are an integral part of the Profit and Loss Account

This is the Profit and Loss Account referred to in our report of even date.

For M M REDDY & CO.,
Firm Registration Number : 0103715
Chartered Accountants

Sd/-
M Madhusudhana Reddy
 Partner
 Membership No. 213077

Place : Hyderabad
 Date : 01-09-2012

For and on behalf of the Board of Director of
Concord Drugs Limited

Sd/-
S. Nagi Reddy
 Managing Director

Sd/-
S. Koni Reddy
 Director

Cash Flow Statement for the year ended on March 31, 2012

(All amounts in Indian Rupees except for share data or otherwise stated)

(Amounts in Rupees)

	As at Mar'31, 2012	As at Mar' 31, 2011
A. Cash flow from operating activities		
Net profit / (Loss) before tax	21,852,757	21,297,502
Adjustments for:		
Preliminary Expenses Written Off	269,616	269,616
Depreciation	5,986,928	4,269,670
Operating profit before working capital changes	28,109,301	25,836,788
Movements in working capital :		
Increase in sundry debtors	(88,329,755)	(16,356,766)
Increase in inventories	(12,084,662)	(5,827,189)
Increase / (Decrease) in loans and advances	(978,561)	(4,207,252)
Increase in other current assets	(542,054)	-
Increase in Non current assets	(27,909,300)	
Decrease in current liabilities	73,876,783	1,050,169
Cash generated from /(used in) operations	<u>(27,858,247)</u>	<u>495,750</u>
Taxes paid	<u>(4,248,809)</u>	<u>(349,078)</u>
Net cash used in /(generated from) operating activities	<u>(32,107,056)</u>	<u>146,671</u>
B. Cash flows from investing activities		
Purchase of fixed assets	24,3557,49	(32,825,069)
Sale of fixed assets	-	-
Fixed deposits	-	-
Dividends received	-	-
Net cash used in investing activities	<u>24,3557,49</u>	<u>(32,825,069)</u>
C. Cash flows from financing activities		
Proceeds Share Application Money	4,200,000	27,800,000
General Reserve Received for the year	3,267,500	
Other Long term Borrowings(Net)	30,031,794	997,114
Other Short term Borrowings (Net)	23,860,727	5,546,619
Net cash generated from /(used in) financing activities	<u>61,360,021</u>	<u>34,343,733</u>
Net increase/(decrease) in cash and cash equivalents (A + B + C)	<u>6136002</u>	<u>1,665,336</u>
Cash and cash equivalents at the beginning of the year	<u>4,850,156</u>	<u>3,184,820</u>
Cash and cash equivalents at the end of the year	<u>97,47,372</u>	<u>4,850,156</u>

This is the Cash Flow Statement referred to in our report of even date.

For M M REDDY & CO.,
Firm Registration Number : 0103715
Chartered Accountants

Sd/-
M Madhusudhana Reddy
 Partner
 Membership No. 213077
 Place : Hyderabad
 Date : 01-09-2012

For and on behalf of the Board of Director of
Concord Drugs Limited

Sd/-
S. Nagi Reddy
 Managing Director
 Sd/-
S. Koni Reddy
 Director

Note: 1**I. Significant Accounting Policies:****a. Basis of Preparation**

The financial statements are prepared under the historical cost convention, in accordance with the generally accepted accounting principles and the Provisions of the Companies Act, 1956.

b. 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.

c. Fixed Assets:

Fixed assets are stated at cost net of cenvat, less accumulated depreciation. Direct costs are capitalized until fixed assets are ready for use. Capital work in progress comprise outstanding advances paid to acquire fixed assets and the cost of fixed assets that are not yet ready for their intended use before the balance sheet date are recorded at the consideration paid for acquisition.

d. Depreciation:

Depreciation has been provided on the basis of Written Down Value method at the rates prescribed in Schedule XIV of the Companies Act, 1956.

e. Foreign Currency Transactions

Exchange differences relating to fixed assets are adjusted in the cost of the assets. Any other exchange differences are dealt with in the Profit & Loss A/c.

f. Investments:

Long term investments are stated at cost and provisions for diminution in the value of long term investments are made only if such a decline is other than temporary in the opinion of the management.

g. Inventories**a) Raw Material & Components**

It is valued at Purchase cost including central sales tax and other cost incurred to bring the inventory to present condition

and location or market price whichever is less. The Central Excise duty and AP value added tax paid on purchase are not considered in the valuation of inventories.

- b) Consumable stores: At Cost on Weighted Average Basis or Market price whichever is less.
- c) Stock in Process: It is valued at Raw Material cost plus production cost to bring the inventory to present condition or net realizable value whichever is less.
- d) Machinery spares & maintenance materials are charged out as expenses in the year of purchase.

h. Revenue Recognition:

In appropriate circumstances, revenue income is recognized when no significant uncertainty as to determination or realization exists.

i. Sales:

Sales includes sale of goods, services, net of excise duty and net of sales tax.

j. Purchase:

Purchase of raw material and components consumable stores are accounted excluding excise duty but including Central Sales tax and purchase tax paid on purchases.

k. Excise duty:

The excise duty is applicable to Raw Material and finished goods of the company. The company is eligible for Cenvat credit for excise duty paid on purchase of Raw material, Components and Stores. The Balance of Cenvat credit remained unavailed at the end of the year is eligible for carry forward for the purpose of set-off against excise duty payable on sales in subsequent year.

The amount eligible for CENVAT credit set- off is accounted separately in CENVAT- Input Credit Account and not included in the purchases of the company. The amount of Cenvat credit available during the year is set off by debiting Cenvat credit receivable account, which is shown under the head Loans and advances under the schedule of Current assets, Loans and Advances forming part of Balance Sheet.

l. Sales tax:

The company is eligible for Set off of Value Added tax paid on purchases made from parties situated in the state of AP as per the

Provision of AP Value Added Tax Act, 2003. The amount eligible for sales-tax set-off is accounted separately in VAT- Input Credit Account and not included in the purchases of the company.

Value Added Tax collected on sales and eligible for VAT set-off as per the provision of AP Value Added Tax Act, 2003 and is accounted separately in VAT- Input Credit Account and not included in the sales of the company. The Debit balance of VAT- Input Credit Account represents the excess of VAT paid on purchase over the VAT collected on sales and is shown under the head Loans and Advances under the schedule of Current Assets, Loans and Advances forming part of Balance Sheet. The VAT collected on sales is in excess of VAT paid on purchases, then the difference of VAT collected on sales over the VAT paid on purchases as VAT payable account and the company is having a deferment scheme for 14 years. So the VAT payable account is transferred to "Interest Free Sales Tax Loan Account" and this account is accumulated year by year.

m. Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying assets is one that necessarily takes substantial period of time to get ready for its indented use. All other borrowing costs are charged to revenue.

n. Provision for Current and Deferred Tax

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income-tax Act, 1961. Deferred tax resulting from "timing difference" between book and taxable profit is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the asset will be realized in future.

o. Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

p. Earnings per share:

Earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

q. Cash flow statement:

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the company are segregated.

Notes to Accounts

(All amounts in Indian Rupees except for share data or otherwise stated)

(Amounts in Rupees)

PARTICULARS	As at Mar' 31, 2012	As at Mar' 31, 2011
Note 2 : Share Capital		
Authorised:		
110,00,000 No of Equity Shares of Rs.10/- each	110,000,000	60,000,000
(60,00,000 No of Equity Shares of Rs.10/- each)		
Issues, Subscribed and Paid up		
72,43,750 No of Equity Shares of Rs.10/- each	72,437,500	56,100,000
(56,10,000 No of Equity Shares of Rs.10/- each)		
Share Application Money pending for allotment	15,662,500	27,800,000
	<u>88,100,000</u>	<u>83,900,000</u>
Note 3 : Reserves and Surplus		
General Reserve		
Balance as per last account	-	-
Add: Recd for the year (Share Premium)	3,267,500	-
	<u>3,267,500</u>	<u>-</u>
Capital Reserve		
Subsidy From government	4,100,000	4,100,000
Profit & Loss A/c Surplus		
Balance in the statement of profit & loss	16,654,520	364,487
Additions during the year	15,946,641	16,290,034
	<u>39,968,662</u>	<u>20,754,520</u>
Note 4 : Long - term borrowings		
Term loans (Secured)		
From banks		
SBI-Term Loan	37,152,428	-
PNB, Term Loan	-	639,615
OCC from PNB, Roorkee	-	12,401,590
From others		
Intrest Free Sales Tax Loan	13,277,409	7,356,838
	<u>50,429,837</u>	<u>20,398,043</u>
Note 5 : Short - term borrowings		
Loans repayable on demand		
From banks (Cash Credit Facility from State Bnak of Inida)	27,044,221	-
Loans and advance form related parties (Un secured From Directors)	2,363,125	5,546,619
	<u>29,407,346</u>	<u>5,546,619</u>
Note 6 : Trade Payables		
Sundry Creditors- Trade	72,503,480	12,473,842
Creditors for Expenses	4,521,771	787,630
Creditors for Capital Goods	733,381	-
	<u>77,758,632</u>	<u>13,261,472</u>

PARTICULARS	As at Mar' 31, 2012	As at Mar' 31, 2011
Note 7 : Short - term provisions		
Provision for Income tax	4,372,245	4,248,809
Others Provisions	-	-
	<u>4,372,245</u>	<u>4,248,809</u>
Note 8 : Other Current Liabilities		
Advances from customers	7,084,056	-
Out Standing Expenses	2,889,431	593,864
	<u>9,973,487</u>	<u>593,864</u>
Note 10 : Deferred tax assets (Net)		
Opening Balance	2,482,436	3,245,205
Add/ Less: Provision for the year	(1,533,871)	(762,770)
	<u>948,565</u>	<u>2,482,436</u>
Note 11 : Long - term loans and advances		
Capital advances	32,634,342	4,653,274
Security deposits	240,632	312,400
Others	-	-
	<u>32,874,974</u>	<u>4,965,674</u>
Note 12 : Other Non- Current Assets		
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		
Priliminary Expenses	539,235	808,851
Less: W/o during the year	269,616	269,616
	<u>269,619</u>	<u>539,235</u>
Note 13 : Inventories		
Raw material	20,619,577	5,331,050
Work-in-process	2,781,210	4,277,830
Finished goods	1,650,557	3,140,950
Packing Material	2,021,025	2,237,877
	<u>27,072,369</u>	<u>14,987,707</u>
Note 14 : Trade receivables (Unsecured, considered good, unless otherwise stated)		
Debts outstanding for a period exceeding six months		
Considered good	7,824,680	7,236,120
Considered doubtful	-	-
Other debts		
Considered good	137,467,729	49,726,534
	145,292,409	56,962,654
Less: Provision for doubtful debts	-	-
	<u>145,292,409</u>	<u>56,962,654</u>
Note 15 : Cash and cash equivalents		
Cash on hand	249,837	282,760
Balances with scheduled banks		
On current accounts	9,497,535	4,567,396
On deposit accounts	-	-
	<u>9,747,372</u>	<u>4,850,156</u>

Note 16 : Short - term loans and advances

Advances given to suppliers	1,565,585	-
Other receivables	107,706	694,730
	<u>1,673,291</u>	<u>694,730</u>

Note 17 : Other current assets

Cenvat Credit Recievable	515,646	-
TDS Receivable	26,408	-
Interest Receivable	-	-
	<u>542,054</u>	<u>-</u>

PARTICULARS	Year Ended Mar'31, 2012	Year Ended Mar'31,2011
Note 18 : Material Costs		
a. Increase in inventories		
Opening stock of inventories		
Work- in- progress	4,277,830	2,526,589
Finished goods	3,140,950	1,177,856
	<u>7,418,780</u>	<u>3,704,445</u>
Closing stock of inventories		
Work- in- progress	2,781,210	4,277,830
Finished goods	1,650,557	3,140,950
	<u>4,431,767</u>	<u>7,418,780</u>
Increase / (Decrease) In Stocks	(2,987,013)	3,714,335
b. Raw materials consumed		
Opening stock	5,331,050	3,083,008
Add : Purchases	220,367,243	155,909,958
Less : Closing stock	20,619,577	5,331,050
Total value of Raw materials consumed	<u>205,078,716</u>	<u>153,661,916</u>
c. Consumption of packing material		
Op. Stock of PM	2,237,877	2,373,065
Add. Purchases	20,301,982	40,869,926
Less: Closing stock	2,021,025	2,237,877
Total value of Packing material consumed	<u>20,518,834</u>	<u>41,005,114</u>
	<u>228,584,564</u>	<u>190,952,695</u>
Note 19 : Other Direct Expenses		
Cousumable Stores	265,725	164,654
Carriage Inwards	593,978	463,227
Factory Expenses	3,290,483	7,063,725
Power Charges	1,245,666	1,872,576
Diesel for Boiler & Generator	1,031,532	1,781,451
Transport Charges	744,873	882,351
Analytical Report Charges	280,006	276,078
Repairs and maintenance charges	976,429	995,439
	<u>8,428,692</u>	<u>13,499,502</u>

Note 20 : Personal Costs

Salaries, allowances, wages and bonus	389,408	328,190
Directors remuneration	1,800,000	1,800,000
Staff welfare expenses	70,365	63,289
Contribution to PF and & ESI	60,449	72,390
	<u>2,320,222</u>	<u>2,263,869</u>

Note 21 : Administration & Selling expenses

Advertisement Expenses	17,634	14,920
Business Promotion Expenses	867,235	1,492,863
Books & Periodicals	4,792	3,920
Marketing Expenses	1,102,840	1,436,490
Computer Maintenance	53,344	52,837
Vehicle Maintenance	88,456	98,364
Insurance	13,284	62,930
Listing Fee	48,033	35,600
ISO Audit Charges	-	30,345
Sales Tax Paid	97,856	836,523
Registration & Renewals	408,890	176,539
Postage & Telegrams, Telephones	147,983	281,764
General Expensess	66,517	64,738
Office maintenance	219,294	113,749
Security Charges	153,491	112,930
Professional & Consultancy Fee	974,078	872,653
Printining & Stationary	118,926	163,920
Tavelling and conveyance	1,017,760	1,698,634
Conveyance Expensess	5,377	26,340
Audit Fee	224,600	220,600
Technical Know How W/off	-	147,000
Preliminary exp.	269,616	269,616
	<u>5,900,006</u>	<u>8,213,275</u>

Note 22 : Interest And Finance Charges

Bank Charges	97,520	82,974
nterest on term loans	1,355,967	90,279
Interest on working capital loans	1,839,672	1,604,381
Interest on Income tax	636,951	-
Interest on Vehicle Loan	11,927	-
	<u>3,942,037</u>	<u>1,777,634</u>

Notes to Accounts

(All amounts in Indian Rupees except for share data or otherwise stated)

NOTE 9 : FIXED ASSETS

(Amount in Rupees)

Particulars	GROSS BLOCK			DEPRECIATION BLOCK			NET BLOCK	
	As on 01.04.2011	Additions	Total as on 31.03.2010	Upto 31.04.2011	For the year	Total as on 31.03.2012	As on 31.03.2012	As at 31.03.2011
Land & Land Development	4,530,641	206,582	4,737,223	-	-	-	4,737,223	4,530,641
Building	25,897,746	8,663,830	34,561,576	11,561,615	2,329,996	13,891,611	20,669,965	14,636,131
Furniture & Fixtures	473,483	1,200	474,683	369,217	19,089	388,306	86,377	104,266
Plant & Machinery	25,647,542	8,991,694	34,639,236	14,389,216	2,816,778	17,205,994	17,433,242	11,258,326
Office equipment	694,295	24,300	718,595	411,925	42,658	454,583	264,012	282,370
Vehicles	720,692	-	720,692	619,760	26,131	645,891	74,801	100,932
Air Handling Systems	7,278,011	743,000	8,021,011	5,238,266	387,080	5,625,346	2,395,665	2,039,745
Lab Equipment	2,895,229	-	2,895,229	2,024,181	121,163	2,145,344	749,885	871,048
Electrical Installations	4,325,072	-	4,325,072	2,694,837	226,766	2,921,602	1,403,470	1,630,235
Generator	445,625	-	445,625	321,488	17,267	338,755	106,870	124,137
Capital WIP incl. advances	27,942,903	5,725,143	33,668,046	-	-	-	33,668,046	27,942,903
Total	100,851,239	24,355,749	125,206,988	37,630,504	5,986,928	43,617,432	81,589,556	63,520,734
Previous year	68,026,170	32,825,069	100,851,239	33,360,834	4,269,670	37,630,504	63,220,735	34,665,336

Note : 23**II. Notes to the Accounts****a. Contingent Liabilities:**

Outstanding Bank Guarantees: Nil

There are no claims outstanding against company as on 31.03.2012.

b. The Company has provided benefits to the employees during the year as per the management estimates in the books of accounts. The company has not created any provision for gratuity in its books and the company does not take any registration for E.S.I. deposits.**c. Secured Loans:**

Term Loan & Cash Credit (Hypothecation) taken from State Bank Of India, Hyderabad are Secured by equitable mortgage of immovable property i.e. Factory, Land & Building situated at Hyderabad and Hypothecation of Machinery, Vehicles, other assets, raw materials, semi finished goods, finished goods and book debts.

d. In view of insufficient information from suppliers regarding their status as SSI Units, amount due to such undertakings could not be ascertained.**e. Balance of Debtors, Creditors, Advances and Loans etc., are subject to confirmations and reconciliations.****f. Particulars of Remuneration paid to Auditors**

Statutory Audit fees: Rs.2,24,600/- (previous Year Rs.2,20,600)

g. Directors remuneration: Rs.18,00,000/- (Previous year Rs.18,00,000/-)**h. Deferred Tax liability/ (Asset) comprise of the following:**

Rs.

Particulars	2011-12	2010-11
Opening Balance	(24,82,436)	(3,245,205)
Deferred tax Provided During the year	15,33,871	762,770
Net Deferred tax liability / (asset)	(9,48,565)	(2,482,436)

i. As per Accounting Standard 18, the disclosures of transactions with the related parties as defined in the Accounting Standard are given below:

- i. List of related parties where control exists and related parties with whom transactions have taken place and relationships

S.No.	Name of the related party	Relationship
1.	S.Nagi Reddy	Key Managerial Personnel
2.	N.Lakshmana Reddy	Director

- ii. Transactions during the year with related parties

Nature of transaction	Amount Rs.
Remuneration paid	18,00,000

j. Segmental Reporting:

The Company's operations relate to formulation of drugs. As the Company operates only in one segment as such reporting is done on a single segment basis.

k. Foreign Currency/Exchange Transactions

- | | |
|------------------------------------|---------|
| a. Value of imports | Rs. Nil |
| b. Value of exports | Rs. Nil |
| c. Expenditure in foreign currency | Rs. Nil |

- l. Preliminary expenses to be written off over a period of ten years commencing of operations.
- m. The previous years have been reworked, regrouped, rearranged and reclassified wherever necessary. Accordingly, amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

As per our report of even date attached

For M M REDDY & CO.,
Chartered Accountants
Firm Reg.No.010371S
Sd/-
M. Madhusudhana Reddy
Membership No.213077
Partner
Place: Hyderabad
Date : 01.09.2012

For and on behalf of the board of
directors
CONCORD DRUGS LIMITED

Sd/-
S. Nagi Reddy
Managing Director

Sd/-
S. Koni Reddy
Director

CONCORD DRUGS LIMITED

Survey No. 247, Brahmanapally(V), Hayathnagar (M),
Ranga Reddy (Dist), A.P. India

PROXY FORM

I/We_____of _____ being a Member(s) of above named
company, hereby appoint _____ of _____or failing him/her
_____ of _____ as my/our proxy to attend and vote for me/
us, on my/our behalf at the 17th Annual General Meeting of the Company to be
held at registered office of the company Survey No. 249, Brahmanapally (V),
Hayathnagar (M), Ranga Reddy(Dist),A.P. Hyderabad-501511, on Monday the
24th day of September, 2012 at 9.30 A.M.. and at any adjourned meeting thereof.

As Witnessed Signed this _____ day of August 2012

Signed by the said _____

Folio No./Client ID _____

No. of shares held _____

Affix
Re.1/-
Revenue
Stamp.

Note:

The proxy in order to be effective should be duly stamped, completed, signed
and must be deposited at the Registered Office of the Company not less than
48 hours before the time for holding the meeting

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CONCORD DRUGS LIMITED

Survey No. 247, Brahmanapally(V), Hayathnagar (M),
Ranga Reddy (Dist), A.P. India

ATTENDANCE SLIP

(Please present this slip at the Meeting venue)

I hereby record my presence at the 17th Annual General Meeting of the members
of the company to be held at registered office of the company Survey No. 249,
Brahmanapally (V), Hayathnagar (M), Ranga Reddy(Dist),A.P. Hyderabad-
501511 on Monday the 24th day of September, 2012 at 9.30 A.M.

Shareholders/Proxy's Signature_____

Shareholders/Proxy's full name_____

(In block letters)

Folio No./ Client ID_____

No. of shares held_____

Note:

Shareholders attending the meeting in person or by proxy are required to
complete the attendance slip and hand it over at the entrance of the meeting
hall.

**PRINTED MATTER
BOOK- POST**

If undelivered please return to :

CONCORD DRUGS LIMITED

Survey No. 247, Brahmanapally(V), Hayathnagar (M),
Ranga Reddy (Dist), A.P. India