

# 25<sup>th</sup> ANNUAL REPORT

## 2010 - 2011



For Combat Drugs Limited

  
Managing Director

### COMBAT DRUGS LIMITED

Registered Office: 185,186, Yallampet, Medchal Mandal,  
R.R.District, Andhra Pradesh, India.



## **25th Annual General Meeting**

**Date** : 31-12-2011  
**Day** : Saturday  
**Time** : 11:00 A.M.  
**Venue** : 185,186, Yellampet, Medchal Mandal,  
R.R. District, Andhra Pradesh

**A REQUEST  
SHAREHOLDERS  
ARE REQUESTED TO BRING  
THEIR COPY OF THE  
ANNUAL REPORT  
TO THE MEETING**

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*No Gifts will be distributed at the Meeting*



**BOARD OF DIRECTORS**

**Shri SUCHIT MOHAN LAL**  
Managing Director

**Shri ANJANI KUMAR AGARWAL**

**Shri SUSHANT MOHAN LAL**

**Shri SANJAY KUMAR AGARWAL**

**Shri S.S.MARTHI**

**Shri B.N.GNANA PRAKASH**

**Auditors:**

Mahesh, Virender & Sriram  
Chartered Accountants  
Ameerpet, Hyderabad.  
Andhra Pradesh, India.

**Registered Office:**

185,186, Yallampet,  
Medchal Mandal,  
R.R.District  
Andhra Pradesh, India.

**Bankers**

**HDFC Bank Limited**  
Secunderabad.  
Andhra Pradesh, India

**Corporate Office:**

203, Kabra Complex,  
61, M.G.Road, Secunderabad-3

**Central Bank of India**

Secunderabad.  
Andhra Pradesh, India

**Legal Advisors:**

N. Rajeshkar Reddy  
Advocates  
Flat No. 204, 2nd Floor  
Hiline Pratap Apartments  
Kachiguda 'X' Road, Hyderabad  
Andhra Pradesh, India



## NOTICE

Notice is hereby given that the Twenty Fifth Annual General Meeting of the members of Combat Drugs Limited will be held on Saturday, 31st day of December, 2011 at 11:00 A.M. at the Registered Office of the Company at 185/186, Yellampet, Medchal, R.R. District, A.P. to transact the following items of business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 30th September, 2011 (for the 18 months period, 1st April, 2010 to 30th September, 2011) and the Profit and Loss Account for the period ended as on that date along with the Report of Directors and the Auditors thereon.
2. To appoint a Director in place of Shri S.S. Marthi, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Sanjay Agarwal, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

By the Order of the Board  
For **COMBAT DRUGS LIMITED**

Place : Hyderabad  
Date : 04.12.2011

Sd/-  
**SUCHIT MOHAN LAL**  
MANAGING DIRECTOR



## NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies in order to be effective must be received at the Company's Registered Office not less than 48 hours before the commencement of the meeting.
2. The Register of Members and Share Transfer Books shall remain closed from 28th December, 2011 to 31st December, 2011 (both days inclusive).
3. Members / Proxies are requested to bring their copies of Annual Report with them to the Annual General Meeting and Attendance Slip duly filled in for attending the Meeting.
4. Members are requested to quote their Registered Folio No. on all correspondence(s) with the Company.
5. The information pursuant to Clause 49 of the Listing Agreement with respect to the details of the Directors seeking appointment / re-appointment in this Annual General Meeting is given under the head "Additional Information", which is annexed herewith.

By the Order of the Board  
**For COMBAT DRUGS LIMITED**

Sd/-  
**SUCHIT MOHAN LAL**  
MANAGING DIRECTOR

Place : Hyderabad  
Date : 04.12.2011



## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT AT THE ENSUING ANNUAL GENERAL MEETING

(Pursuant to Clause 49 IV (G) of the Listing Agreement)

### **SHRI S.S. Marthi:**

Shri S.S. Marthi, aged about 55 years, is a practicing Company Secretary since last 19 years. He has completed Masters in Commerce, and is a Law Graduate. He has also done Post Graduate diploma in Personnel Management and is a Fellow member of the Institute of Company Secretaries of India.

He serves as an independent Director on the Board of the Company and provides his advisory services on the matters pertaining to Corporate Laws and the Corporate Governance.

He is also a Director on the Boards of Transgene Biotek Limited, Kistler Morse Automation Limited and Sree Padma Corporate Services Private Limited.

Committee membership (of other companies) - He is the member of Audit committee, Remuneration committee and share holders grievance committee of Transgene Biotek Limited.

Shareholding in the Company as on 30th September, 2011: **Nil**.

### **SHRI SANJAY KUMAR AGARWAL:**

Shri Sanjay Kumar Agarwal, S/o Shri Dayanand Agarwal aged about 33 years, is a resident of Plot No. 68, A.P. Text Book Colony, Gunrock, Karkhana, Secunderabad – 500 009. He is a technical graduate and occupies himself into business. He was co-opted as Additional Director on the Board considering his expertise and knowledge, which would help the Company in its operations at large in the long run. He has experience in handling and operating the purchase and credit control departments and is specialized in ventures like real estate, infrastructure and credit control.

He is also a Director on the boards of DRS Logistics Private Limited, , DRS Education Private Limited, and DRS Labs (India) Private Limited,. He is not a member of any committee.

Shareholding in the Company as on 30th September, 2011: **Nil**



## DIRECTORS' REPORT

Dear Members,

The Directors have pleasure in presenting before you the **Twenty Fifth Annual Report** of the Company for the financial year (18 months) ended 30th September, 2011.

### **FINANCIAL RESULTS:**

(Rs. In Lakhs)

Particulars	2010-2011 (18 months period ended 30th September 2011)	2009-2010 (12 months period ended 31st March, 2010)
Net Sales	156.65	39.25
Other Income (including sundry balances written back)	0.98	--
Total Expenditure	147.26	33.89
Profit before Interest, Depreciation & Tax	10.37	5.36
Interest and Financial Charges	0.08	0.07
Depreciation	7.31	4.86
Profit before Tax	2.98	0.42
Provision for Tax	—	--
Provision for FBT	—	--
Net Profit (After Tax)	2.98	0.42

### **FINANCIAL YEAR:**

The members may note that in view of the ongoing implementation of Scheme of Arrangement, your Company had made an Application to the Registrar of Companies, A.P., and obtained its approval for extension of Financial Year for a period of 18 months, i.e. upto 30th September, 2011 and to hold the corresponding Annual General Meeting on or before 31st December, 2011.

In view of the aforesaid, the attached Accounts pertains to 18 months period (i.e. 1st April, 2010 to 30th September, 2011) and the AGM is being held on 31st December, 2011.

### **DIVIDEND:**

The Company is in the process of restructuring its business and reviving itself, which would help it turn the corner and yield results in the long run. In view of the said, Your Directors do not recommend any dividend for the financial year (18 months) ended 30th September, 2011.



## **CORPORATE RESTRUCTURING:**

Your Directors are pleased to inform you that the Scheme of Arrangement, contemplating, inter alia, the Reduction of Capital and issue of fresh shares to the Creditors and others, has been sanctioned by the Hon'ble High Court of A.P. vide its Order Dated 26.07.2011. The said Order has been filed with the Registrar of Companies, A.P. and has been taken on record by the said Authority. Thus the said Scheme becomes operative from 01.04.2010, being the Appointed Date as contemplated in the said Scheme of Restructuring.

Pursuant to the said Scheme, inter alia,:

- the existing Paid Up Share Capital of Rs.3,23,14,000/- divided into 32,31,400 equity shares of Rs.10/- each stand reduced to Rs. 32,31,400/- divided into 3,23,140 equity shares of Rs.10/- each with effect from 01.04.2010, being the Appointed Date and
- 76,76,860 equity shares of Rs.10/- each be issued and allotted (out of which 35,96,860 equity shares of Rs.10/- each at par and 40,80,000 equity shares of Rs.10/- each at a price of Rs.15.50/- per share, Rs.5.50 being the premium on face value of Rs. 10/- each). As the record date was fixed on 1st October, 2011, the said shares have been allotted on 1st October, 2011.

The resultant paid up capital as on 1st October, 2011, taking into account the cumulative effect of the aforesaid reduction and fresh allotment stands at Rs.8 Crores, divided into 80,00,000/- equity shares of Rs.10/- each.

## **DIRECTORS:**

In accordance with the provisions of the Companies Act, 1956, Sri S.S. Marthi and Sri Sanjay Agarwal, Directors of the Company are liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

## **FIXED DEPOSITS:**

The Company has neither accepted nor renewed any deposits falling within the provisions of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975 from the public during the 18 months period ended 30th September, 2011.

## **AUDITORS:**

The term of office of M/s Mahesh, Virender & Sriram, Chartered Accountants, as Statutory Auditor of the Company expires at the conclusion of the ensuing Annual General Meeting.

They have expressed their unwillingness to continue as such for another term due to their preoccupation and hence would cease to be the statutory auditors of the company.





The Company has received a Special Notice from a member of the Company pursuant to the provisions of Section 224 read with Section 190 of the Companies Act, 1956, proposing the appointment of M/s Anandam & Co., Chartered Accountants as Statutory Auditors of the Company in place of the outgoing Auditors M/s Mahesh, Virender & Sriram, Chartered Accountant.

The Company has received a certificate from M/s Anandam & Co., Chartered Accountants, stating that their Appointment, if made for another term, will be within the limits laid down under Section 224(1B) of the Companies Act, 1956.

The Board recommends their appointment.

## **EXPLANATION TO AUDITORS OBSERVATIONS / REMARKS:**

With reference to para 4 (f) (a) in the Auditors Report and as detailed at Note No10. Under Schedule 17 (Notes to accounts), the members may note that the Company is in the process of quantifying the same.

With reference to para 4 (f) (b) in the Auditors Report and as detailed at Note No13. Under Schedule 17 (Notes to accounts) the members may note that the balance appearing under various heads of account have been confirmed after thorough checks. However owing to the nature of transactions and repayment schedules, the same may not be confirmed as and when required. However, proper care has been taken to reduce the scope of differences.

With reference to para 4 (f) (c) in the Auditors Report, the members may note that the shares of the investee Company are thinly traded and hence no quotations are available on the Exchange. In view of the said, any loss / gain would be only notional in nature.

With reference to para 4 (f)(d) in the Auditors Report and Note No.15 & 16 Under Schedule 17 (Notes to accounts), the members may note that the said observations are as contemplated in the Scheme of Arrangement, which has been duly sanctioned by the Hon'ble High Court of A.P. The same has been implemented and given effect in the due course of time.

With reference to para 4 (f)(e) in the Auditors Report regarding non-provision of loss, if any due to non-recovery of debtors, it may be noted that the said parties have long standing business relationship with the management. The management is constantly following up with the said parties and expects to realize the same in due course of time. Hence, no provision is made towards the same.

With reference to Clause ix (a) in the annexure to Auditors Report, it may be noted that the reported delay in non-payment of taxes occurred due to the contemporary liquidity crunch and the same shall be paid in due course of time.



## **DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 the Directors confirm that:

- i. The applicable accounting Standards have been followed in the preparation of Annual Accounts for the Financial Year (18 months) ended 30th September, 2011
- ii. The accounting policies selected were applied consistently and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of 30th September, 2011 and of the Profit of the Company for year ended on that date;
- iii. Proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for the preventing and detecting fraud and other irregularities;
- iv. The annual accounts have been prepared on a going concern basis.

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

Management Discussion and Analysis Report, pursuant to Clause 49 of the Listing Agreement, forms part of this Report and is annexed hereto as “**Annexure C**”.

## **CORPORATE GOVERNANCE:**

The Company has implemented the procedures and adopted practices in conformity with the Code of Corporate Governance as laid under Clause 49 of the Listing Agreement with the Stock Exchanges. A separate report on Corporate Governance is annexed herewith, as a part of the Annual Report along with the Auditor's Certificate on its compliance as “**Annexure D**”.

## **LISTING & TRADING:**

The Equity Shares of the Company are listed at The Bombay Stock Exchange Limited, Mumbai. However, the trading in your Company's Shares has been suspended due to Procedural reasons, in view of the ongoing Scheme of Arrangement. In this regard, the Company has made an Application to the said Exchange to enlist the fresh equity shares issued by it along with the shares forming part of the reduced capital, as envisaged in the Scheme of Arrangement. The said Application is being processed by the Stock Exchange.

## **PARTICULARS OF EMPLOYEES:**

There are no employees whose particulars are required to be furnished under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of employees) Rules, 1975, and as amended from time to time as remuneration of none of the employees is in excess of Rs.5,00,000/- per month, if employed for the part of year or Rs.60,00,000/- per annum during the 18 months period ended 30th September 2011.



## SECRETARIAL COMPLIANCE CERTIFICATE:

Pursuant to the provisions of Section 383A and all other applicable provisions, if any, of the Companies Act, 1956, M/s Marthi & Co, Company Secretaries, Hyderabad were appointed by the Board of Directors to issue the Compliance Certificate for the 18 months period ended 30th September 2011. A copy of the same is annexed with this report as “**Annexure B**”

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

The particulars as prescribed under sub section (1)(e) of Section 217 of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are given in the “**Annexure A**” to this Report.

## ACKNOWLEDGEMENTS:

Your Directors wish to place on record their gratitude to the Company’s shareholders, customers, vendors and bankers for their continued support to the Company’s growth initiatives. Your Directors also appreciate the contribution made by the Employees at all levels through their competence, sincerity, hard work and dedicated support. Further Auditors M/s. Mahesh, Verender & Sriram are retiring at the end of this Annual General Meeting and has expressed their unwillingness to continue as the Auditor to the company due to their preoccupation. The Board placed on record their appreciation for the service rendered during last 25 years and a letter is being sent in appreciation of their association with the company.

For and on behalf of the Board  
**For COMBAT DRUGS LIMITED**

Place: Hyderabad  
Date : 04.12.2011

Sd/-  
SUCHIT MOHANLAL  
MANAGING DIRECTOR

Sd/-  
SUSHANT MOHAN LAL  
DIRECTOR

### CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

#### A). CONSERVATION OF ENERGY:

- a) Energy conservation measures taken : The Company is very careful in using the power to reduce the cost of maintenance and conserve the resources.
- b) Additional Investments and proposals, if any, being implemented for reduction of consumption of energy : Nil
- c) Impact of the clause (a) and (b) above for reduction of energy consumption and consequent impact on the production of goods : NA

#### FORM A

#### A. Power and Fuel consumption

1. Electricity	Current Year	Previous Year
a. Purchases		
Unit	113235	58378
Total amount (in Rs.)	726969.00	233510.00
Rate/unit (in Rs.)	6.42	4.00
b. Own generation		
i Through Diesel generation	N.A	N.A
Units per Units		
Units per ltr of Diesel Oil		
Cost / unit		
ii Through Steam Turbine/Generation	N.A	N.A
Units per Units		
Units per ltr of fuel oil / gas		
Cost / units		
2. Coal (specify quality and where used)		
Quantity		
Total Cost	N.A	N.A
Average Rate		
3. Furnace Oil		
Quantity	N.A	N.A
Total cost		
Average Rate		
4. Other internal generation	N.A	N.A
Quantity		
Total cost		
Rate/ unit		



## B. TECHNOLOGY ABSORPTION:

### FORM B:

(Disclosure of particulars with respect to Technology Absorption)

### RESEARCH AND DEVELOPMENT (R&D):

1.	Specific areas in which R& D carried out by the Company	: Nil
2.	Benefits derived as a result of the above R& D	: Nil
3.	Future plan of action	: Nil
4.	Expenditure on R & D	
a)	Capital	: Nil
b)	Recurring	: Nil
c)	Total	: Nil
d)	Total Expenditure on R & D as a percentage of total turnover	: Nil

### TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

- Efforts, in brief, made towards technology absorption, adoption and innovation: Nil
- Benefits derived as a result of the above efforts, Eg. Product Improvement, Cost Reduction, Product Development, Import Substitution etc. : Nil
- Import of Technology (Imported Technology during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:
  - Technology imported : Nil
  - Year of import : Nil
  - Has technology been fully absorbed : Nil
  - If not fully absorbed, areas where this has not taken place, reasons therefore and future plan of action. : Nil

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Activities relating to exports, initiatives taken to increase exports, development of new export market for products and services and export plans	: Nil
Foreign Exchange inflow	: Nil
Outgo	: Nil

For and on behalf of the Board  
**For COMBAT DRUGS LIMITED**

Place: Hyderabad  
 Date : 04.12.2011

Sd/-  
 SUCHIT MOHANLAL  
 MANAGING DIRECTOR

Sd/-  
 SUSHANT MOHAN LAL  
 DIRECTOR



### FORM (See Rule 3)

#### COMPLIANCE CERTIFICATE

Reg. No. of the Company : L24230AP1986PLC006781  
Authorised Capital : Rs 8,00,00,000/-  
Paid-up Capital : Rs 32,31,400/-

To  
The Members,  
**COMBAT DRUGS LIMITED**  
185, 186, Yellampet, Medchal Mandal  
R R Dist., Andhra Pradesh

We have examined the registers, records, books and papers of COMBAT DRUGS LIMITED (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the Rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the 18 months period ended 30th September, 2011. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, and its officers, we certify that in respect of the aforesaid financial year:

It is informed that in view of the ongoing implementation of Scheme of Arrangement, the Company had made an Application to the Registrar of Companies, A.P., and obtained its approval for extension of Financial Year for a period of 18 months, i.e. upto 30th September, 2011 and hold the corresponding Annual General Meeting on or before 31st December, 2011.

In view of the aforesaid, the Compliance Certificate pertains to 18 months period (i.e. 1st April, 2010 to 30th September, 2011)

1. The Company has kept and maintained all registers as stated in Annexure A to this certificate, as per the provisions and the rules made there under and all entries therein have been recorded.
2. The Company has filed the forms and returns as stated in Annexure B to this certificate, with the Registrar of Companies, A.P.
3. The Company being a Public Limited Company has the minimum prescribed paid up capital.
4. The Board of Directors met 9 times on, 30.04.2010, 28.07.2010, 06.09.2010, 11.10.2011, 28.10.2010, 09.02.2011, 05.05.2011, 12.08.2011, 10.09.2011 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.



5. The Company had closed its Register of Members from 27.09.2010 to 30.09.2010 during the year under review and complied with the provisions of the Act.
6. The Annual General Meeting of the Company for the financial year ended on 31st March, 2010 was held on 30.09.2010 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. No Extra-Ordinary General Meeting was held during the period under scrutiny. However, a court convened meeting of unsecured creditors and share holders was held on 09th April 2011 for approval of the Scheme of Arrangement of the company for restructuring of the capital of the company.
8. The Company has not advanced any loans to its Directors and/or Persons or Firms or Companies referred to under Section 295 of the Act during the period under review.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act during the period under scrutiny.
10. The Company has made necessary entries in the register maintained under Section 301(3) of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, during the period under scrutiny, the Company has not obtained any approval from the Board of Directors, Members and previous approval of the Central Government.
12. The Company has not issued any duplicate share certificates during the period under review.
13.
  - i. The Company has delivered all the certificates on transfer/transmission of securities in accordance with the provisions of the Act during the period .
  - ii. The Company has not deposited any amount in a separate Bank account as no dividend was declared during the period under review.
  - iii. The Company has not posted warrants to any member of the Company as no dividend was declared during the period under review.
  - iv. There were no amounts lying with the Company in Unpaid Dividend Account or any application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years or more.
  - v. The Company has complied with the requirements of Section 217 of the Act.



14. The Board of Directors is duly constituted. There were no other instances of appointment of Directors, Additional Directors, Alternate Directors and Directors to fill casual vacancies during the period.
15. The Company has not appointed Managing Director/Whole Time Director/Manager during the period
16. The Company has not appointed any sole-selling agents during the period.
17. The company has obtained the approval for its Scheme of Arrangement between the Company, its Shareholders and Unsecured Creditors from the concerned statutory authorities and the Hon'ble High Court of Andhra Pradesh vide its order dated 26.07.2011. The Company has also obtained approval from Registrar of Companies, A.P for extension of Financial Year for a period of 18 months, i.e. upto 30th September, 2011 and to hold the corresponding Annual General Meeting on or before 31st December, 2011. There were no other instances wherein the Company has obtained any approval from the Central Government, Company Law Board, Regional Director, Registrar or such other authorities, under the provisions of the Act during the period under scrutiny.
18. The Directors have disclosed their interest in other Firms/Companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under during the period under review.
19. The Company has reduced the paid-up capital of Rs. 3,23,14,000 to Rs.32,31,400/- and allotted 76,76,860 Equity Shares of Rs.10/- on 1st October 2011 pursuant to the Scheme of Arrangement sanctioned by the concerned statutory authorities and the Hon'ble High Court of Andhra Pradesh vide its order dated 26.07.2011 during the period under review and complied with the provisions of the Act.
20. The Company has not bought back any shares during the period under review.
21. There was no redemption of preference shares/debentures during the period under review.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares during the period under review.
23. The Company has not invited / accepted any deposits falling within the purview of Section 58A of the Act, during the period under review.
24. The Company has not borrowed any amount from its Directors, Members, Public, Financial Institutions, Banks and others during the period , falling within the purview of Section 293(1) (d) of the Act.





25. The Company has not made any loans/investments to other bodies corporate during the period under review requiring compliance with the provisions of Section 372A of the Act.
26. The Company has not altered the provisions of the Memorandum with respect to the situation of the Company's Registered Office from one State to another during the period under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the period under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to Name of the Company during 18 months period ended 30th September 2011 under review.
29. The Company has altered the provisions of the Memorandum with respect to the increase of authorized share capital from Rs.4 crores to Rs.8 crores during the period under scrutiny and complied with the provisions of the Act.
30. The Company has altered its Articles of Association during the period under scrutiny with regard to the increase of authorized capital of the company.
31. As per the information given by the Directors, there were no prosecutions initiated against or show cause notices received by the Company during the period for offences under the Act.
32. The Company has not received any money as security from its employees during the period .
33. The provisions of Section 418 of the Companies Act, 1956 are not applicable to the Company.

For Marthi &Co.,  
Company Secretaries

Sd/-  
(S.S. Marthi)  
Company Secretary  
F.C.S. 1989, CP 1937

Place: Hyderabad  
Date: 04.12.2011



**ANNEXURE - "A"**  
**STATUTORY REGISTERS AS MAINTAINED BY THE COMPANY DURING THE FINANCIAL YEAR**  
**ENDED 30th SEPTEMBER 2011.**

1. Register of Directors' U/s 303
2. Register of Directors' Shareholdings U/s 307
3. Register of Members U/s 150
4. Minutes of Board Meetings U/s 193
5. Minutes of Annual and Extra-Ordinary General Meetings U/s 193
6. Register of Contracts, Firms and Companies in which Directors are interested U/s 301(3)
7. Register of Contracts U/s 301(1)
8. Register of Charges U/s 143
9. Register of Investments U/s 49

Place: Hyderabad

Date: 04.12.2011



## ANNEXURE B FORMS AND RETURNS FILED DURING THE PERIOD.

1. Form 66, i.e., Compliance Certificate, filed U/s 383A of the Act on 17.11.2010 .  
One Time Additional Fees
2. Form 23AC & 23ACA, i.e., Balance Sheet and P&L a/c as at 31st March, 2010, filed U/s 220 of the Act on 17.11.2010  
One Time Additional Fee
3. Form 20B, i.e., Annual Return as on 30.09.2010, filed U/s 159 of the Act on 23.11.2010  
Normal Fees
4. Form 61 filed in connection with scheme of arrangement, amalgamation on 05.05.2011  
Normal Fees
5. Form 61 filed in connection with extension of period of AGM by 3 months u/s 166(1) on 17.08.2011  
Normal Fees
6. Form 61 filed in connection with extension of the period of Annual Accounts to 18 months u/s 210(4) on 17.08.2011  
Normal Fees
7. Form 21 filed on 15.09.2011  
Normal Fees
8. Form No. 5 in connection with increase in Authorised Share Capital from Rs 4 Crores to Rs.8 Crores on 23.09.2011  
Normal Fees
9. Form No. 23 in connection with increase in authorized capital filed on 23.09.2011.  
Normal Fees

Place: Hyderabad

Date: 04.12.2011



## MANAGEMENT DISCUSSION & ANALYSIS

### A. INDUSTRY STRUCTURE & DEVELOPMENT :

The pharmaceutical industry in India is going through a major shift in its business model in the last few years in order to get ready for a product patent regime from 2005 onwards. The pharmaceutical industry is characterized by low fixed asset intensity and high working capital intensity. The Material cost, Marketing and selling cost and Manpower Cost constitute the three major cost elements for the Indian pharmaceutical industry, accounting for close to 70% of the operating income. In the past 6-7 years, material costs, which account for almost 50% of the operating cost have declined owing to the decrease in prices of bulk drugs and intermediates, increase in exports which enabled procurement of raw materials in large quantities and hence at low prices and finally due to increase in production efficiencies. On the other hand, the marketing and selling expenses, comprising of promotional expenses, trade discounts, advertising and distributing costs; and freight and forwarding costs have increased in the past few years owing to the increase in emphasis on sales of formulations.

The Indian Pharmaceutical market continues to be highly fragmented and dominated by Indian Companies. All the growth elements – new product introductions, price and volume showed positive trends. The Pharmaceutical market is projected to grow at 11-13% p.a. between fiscal 2008 and fiscal 2020. Pharma Industry is making rapid strides and there are a lot of opportunities in the field of Domestic Sales, Exports and Outsourcing of R&D in Pharma sector and a whole new concept of Exports of Finished Dosage Forms and pellets is opening up all over the world.

### B. OPPORTUNITIES, THREATS, RISKS & CONCERNS :

The Indian pharmaceutical industry is the world's fourth-largest by volume and is likely to lead the manufacturing sector of India.

The government started to encourage the growth of drug manufacturing by Indian companies in the early 1960s, and with the Patents Act in 1970. However, economic liberalization in 90s enabled the industry to become what it is today. This patent act removed composition patents from food and drugs, and though it kept process patents, these were shortened to a period of five to seven years.

The main weakness of the industry is an underdeveloped new molecule discovery program. The drug discovery process is further hindered by a dearth of qualified molecular biologists. Due to the disconnect between curriculum and industry, pharmas in India also lack the academic collaboration that is crucial to drug development in the West.

Also the Indian pharmaceutical industry has a lot of strengths and hence ample of opportunities. A few important strengths are mentioned below.

India has a pool of personnel with high managerial and technical competence as skilled workforce. It has the largest English speaking population in the world. Professional services are easily available.



The international pharmaceutical industry is finding great opportunities in India as the process of consolidation has started taking place in India.

## **C. PRODUCT WISE PERFORMANCE:**

The Company has drawn up different strategies for Marketing the Products locally and also concentrate on the Exports of the products and this offers the Company the requisite flexibility in executing its plans. The Company's strategy has been to leverage its existing strength as a low cost, world-class W.H.O.G.M.P organization and at the same time positioning itself as a low-cost manufacturer of various high class Finished dosage forms and therapeutic products. Towards this end, the Company has entered into Agreements with several organizations for Manufacturing their Formulations on Third party manufacturing basis and is also negotiating with three companies for manufacturing their products on Loan Licence basis besides Marketing their own Branded formulations.

## **D. COMPANY'S OUTLOOK & CONCERNS:**

Notwithstanding the setbacks in 2007-08, Combat looks forward to a strong performance in the coming years. We believe that our core business will show robust revenue growth and consequently greater margin contribution.

In line with our stated philosophy and strategy, we will continue to pursue various options to achieve faster and more profitable growth. Having set aggressive targets across geographies and businesses, we look forward to a profitable future.

## **E. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

Your Company has adequate internal control systems commensurate with the size of its operations for the purpose of exercising adequate controls on day to day operations. In addition to this, your Company has an efficient team of qualified and dedicated people for conducting the internal audit at regular intervals.

## **F. FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:**

The income from operations for the 18 months period ended 30th September 2011 stood at Rs.157.63 Lakhs as against Rs. 39.25 Lakhs for the year ended 31.03.2010.

The details of the financial performance of the Company are comprised in the Balance Sheet, Profit and Loss Account and other financial statements which are annexed hereto along with the Directors and the Auditors Report for the 18 months period ended 30th September 2011.

## **G. HUMAN RESOURCES:**

There is a conscious effort by the Company in recruiting personnel as per the restructured requirements with optimum effort to build diversity in the workforce, for rise in the share of women employees also.



### CORPORATE GOVERNANCE REPORT

The following are the details furnished in the form as required under Clause 49 of the Listing Agreement:

#### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The Company believes that the management is the trustee of all Investors' capital and is obliged to maximize Shareholders value over the long term, while preserving the interests of all its Stakeholders, such as Employees, Customers, Business Partners/Vendors and the Society at large. It is committed to transparency, high levels of ethics and integrity in all its business dealings through regular disclosures that avoids all conflicts of interest.

The Company's philosophy on Corporate Governance is thus concerned with the ethics, values and morals of the Company and its Directors, who are expected to act in the best interests of the Company and remain accountable to Shareholders and other beneficiaries for their action.

#### 2. BOARD OF DIRECTORS:

The Board of Directors of the Company has an optimum combination of Executive and Non-Executive Directors with Two Independent Non-Executive Directors.

Shri Batula Narasimha Gnana Prakash who was appointed as the Chairman of the meetings, continues to hold the said office.

The Board of Directors met Nine times during the 18 months period ended 30th September 2011 and the gap between two Board Meetings did not exceed 4 months. None of the Directors in the Board is a member in more than 10 Committees and none of them act as Chairman of more than 5 Committees across all Companies in which he is a Director.

The dates on which Board Meetings were held during the 18 months period ended 30th September 2011, are as follows:

30.04.2010	28.07.2010	06.09.2010	11.10.2010	28.10.2010	09.02.2011
05.05.2011	12.08.2011	10.09.2011			

The attendance at the Board Meetings conducted during the 18 months period ended 30th September, 2011 and at the Annual General Meeting as also the number of Directorships and Committee Memberships (other than Combat Drugs Limited) are given below :

Sl. No.	Name	Category	Designation	No. of Board Meetings attended	Attendance at previous AGM	No. of Memberships in other Companies (Excl. Private Limited Companies)	
						Board	Committee
1.	Shri Suchit Mohan Lal	Promoter & Executive	Managing Director	9	Yes	Nil	Nil
2.	Shri S. S. Marthi	Independent & Non - Executive	Director	9	Yes	2	3
3.	Shri Sushant Mohan Lal	Promoter & Executive	Director	9	Yes	Nil	Nil
4.	Shri Anjani Kumar Agarwal	Promoter & Non - Executive	Director	9	Yes	Nil	Nil
5.	Shri Sanjay Kumar Agarwal	Promoter & Non - Executive	Director	9	Yes	Nil	Nil
6.	Shri Battula Narasimha Gnana Prakash	Independent & Non - Executive	Director	9	Yes	Nil	Nil

### 3. AUDIT COMMITTEE:

The Committee consists of two independent & Non-Executive Directors and one Executive Director, which provides assistance to the Board of Directors in fulfilling its oversight responsibilities. The Audit committee has been entrusted with the responsibilities as laid down under Clause 49 of the Listing Agreement, to the extent applicable and required

As on date, the Audit Committee comprises of the following members:

Shri Battula Narasimha Gnana Prakash	-	Chairman
Shri Sushant Mohan Lal	-	Member
Shri S S Marthi	-	Member

All the members of the Committee are financially literate and have relevant finance and/or audit exposure.

The terms of reference as per Clause 49 of the Listing Agreement are as follows



- a. To review the results and announcement and the report and accounts at the end of a quarter, half year and the full year before submission to the board, focusing particularly on:
  - (i) Any changes in accounting policies and practices.
  - (ii) Compliance with accepted accounting standards.
  - (iii) Compliance with the Listing and other Legal requirements
  - (iii) Major Judgmental Decisions; etc.
- b. To consider appointment of Statutory Auditors, the Audit Fee, and any matter of resignation and dismissal.
- c. To discuss with the Statutory Auditor, before the audit commences, the nature and scope of the Audit, and any other matter the statutory auditor may wish to discuss.
- d. To consider other matters as may be delegated by the Board from time to time.

#### **Powers of Audit Committee:**

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

During the 18 months period ended 30th September 2011, Audit Committee met six times, as follows:

30.04.2010	28.07.2010	28.10.2010	09.02.2011	05.05.2011	12.08.2011
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#### **4. REMUNERATION COMMITTEE:**

##### **Terms of Reference:**

The terms of reference as per Clause 49 of the Listing Agreement is to determine and review the remuneration, performance, and related bonuses of Executive Director(s), if any.

##### **Composition**

The reconstituted Remuneration Committee of the Company consists of following non-executive Directors, which is as follows:

Shri S.S.Marathi	–	Chairman
Shri Battula Narasimha Gnana Prakash	--	Member
Shri Anjani Kumar Agarwal	--	Member



## Remuneration Policy:

The Company's remuneration policy is driven by the success and performance of the individual employee. While reviewing the remuneration of management personnel, the committee takes into account the following:

- Financial position of the Company
- Trends in the Company
- Appointees qualification and experience
- Past performance
- Past remuneration etc.

During the 18 months period ended 30th September, 2011 the Remuneration Committee met three times.

## Details of the Remuneration:

The details of the Remuneration paid to the Directors are as follows:

	<b>Name of the Director</b>	<b>Total (in Rs.)</b>
1.	Shri Suchit Mohan Lal	3,60,000/-
2.	Shri SS Marthi	Nil
3.	Shri Sushant Mohan Lal	3,60,000/-
4.	Shri Anjani Kumar Agarwal	Nil
5.	Shri Sanjay Kumar Agarwal	Nil
6.	Shri Battula Narasimha Gnana Prakash	Nil

## Non-Executive Director:

The Company's Non-Executive Director's have not been paid any Remuneration.

Shareholding of Non-Executive Director:

As on 30th September, 2011 None of the Non-Executive Directors of the Company holds any share in the Company.



## 5. SHAREHOLDER'S GRIEVANCES COMMITTEE:

The Board constituted an exclusive committee to resolve the grievances of shareholders with regard to matters such as Transfer/ Transmission/ Transposition of shares, non receipt of Annual Report, non – receipt of Dividend, and other related issues.

The Committee focuses on shareholders' grievances and strengthening of investor relations.

### Composition

The Committee comprises of the following members:

Shri Battula Narasimha Gnana Prakash	–	Chairman
Shri S.S.Marathi	--	Member
Shri Anjani Kumar Agarwal	--	Member

No Complaints were pending at the end of the period.

The Committee met 4 times during the 18 months period ended 30th September, 2011

## 6. SHARE TRANSFER COMMITTEE:

The process of Share transfers is entrusted with the Registrars and Share Transfer Agents of the Company M/s. Big Share Services (P) Ltd who attends to the said tasks as and when required.

The Share Transfer Committee consists of the following Directors:

•	Shri Suchit Mohan Lal	-	Chairman
•	Shri S S Marathi, and	-	Member
•	Shri Anjani Kumar Agarwal	-	Member

During the 18 months period ended 30th September, 2011 Committee met 6 times, as follows:

30.04.2010	28.07.2010	28.10.2010	09.02.2011	05.05.2011	12.08.2011
------------	------------	------------	------------	------------	------------

## 7. MANAGEMENT DISCUSSION & ANALYSIS REPORT:

A report of the Management Discussion & Analysis Report is attached elsewhere as part of the Annual Report as “Annexure A”.



## 8. GENERAL BODY MEETINGS :

Date, Time and Location of the last 3 Annual General Meetings are:

AGM	Date	Location	Time
24th	30.09.2010 Thursday	185, 186, Yellampet, Medchal Mandal, R.R. District, (AP)	11.00 A. M.
23rd	30.09.2009 Wednesday	185, 186, Yellampet, Medchal Mandal, R.R. District, (AP)	11.00 A. M.
22nd	30.09.2008 Thursday	185, 186, Yellampet, Medchal Mandal, R.R. District, (AP)	11.00 A. M.

No Special Resolution was passed in the previous 3 AGMS.

### Postal Ballot:

No Special Resolution was passed during the previous year, through Postal Ballot process.

As on date no Postal Ballot process is under progress or proposal.

## 9. DISCLOSURES :

There are no materially significant related party transactions i.e., transactions material in nature, with its Promoters, the Directors or the Management, their Subsidiaries or Relatives, etc., having potential conflict with the interests of Company at large.

### Details of non-compliance

There were no penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, over the last three years.

Details of compliance with mandatory requirements and adoption of non-mandatory requirements of the clause

Pursuant to sub-clause VII of clause 49 of the listing agreement, the Company confirms that it has complied with all mandatory requirements prescribed.

As regards non-mandatory requirements, a Remuneration committee has been formed to evaluate remuneration packages for Directors.



## **C.E.O. Certification:**

The C.E.O. {Managing Director} certified to the Board on the prescribed matters as required under Clause 49 of the Listing Agreement and the said Certificate was considered by the Board at its meeting held on 04.12.2011

## **10. MEANS OF COMMUNICATION:**

### **Quarterly Results**

The quarterly results are generally published in “Business Standards” and “Andhra Prabha”. The results are displayed on the website of the Stock Exchange shortly after its submission. The company is also in the process of updating its website [www.combatdrugs.in](http://www.combatdrugs.in) wherein all the results, official news releases and the developments in relation to the Company shall be updated and displayed immediately after submission to the Stock Exchange.

### **Management Discussion & Analysis Report:**

The Management Discussion & Analysis Report forms a part of the Director’s Report, All matters pertaining to the industry structure and developments, opportunities and threats, segment wise/product-wise performance, outlook, risks and concerns, internal control systems and adequacy, discussion on financial and operational performance and material developments in human resources are discussed in this report.

## **11. GENERAL SHAREHOLDER INFORMATION:**

Annual General Meeting	:	31st December, 2011 at 11.00 A.M. at the registered office of the Company at 185/186, Yellampet, Medchal Mandal, R.R. District, A.P.
Financial Year	:	1st April 2010 to 30th September, 2011
Dates of Book Closure	:	28.12.2011(Wednesday) to 31.12.2011 (Saturday)
Listing	:	The Bombay Stock Exchange Ltd.
Stock Code	:	524752
Registrar & Transfer Agents	:	M/s Bigshare Services Private Limited G-10, Left Wing, Amrutha Ville, Opp. Yashoda Hospital, Somajiguda, Rajbhavan Road, Hyderabad – 500 082



Share Transfer System	:	The share transfers are affected within one month from the date of the lodgment for transfer, transmission, sub-division, etc. and the Share Certificates are delivered to the Shareholders immediately.
Dematerialization of shares	:	The Shares of the Company are suspended due to procedural reasons, in view of the ongoing Scheme of Arrangement. In this regard, the Company has made an Application to the Bombay Exchange to enlist the fresh equity shares issued by it along with the shares forming part of the reduced capital, as envisaged in the Scheme of Arrangement. The said Application is being processed by the Stock Exchange. The company is in the process of making application to CDSL and NSDL for dematerialization of its shares.
Nomination Facility	:	Shareholders, holding shares in physical form and desirous of making/changing a nomination in respect of their shareholding in the Company as permitted under Section 109A of the Companies Act 1956 are requested to submit to the Compliance Officer in the prescribed form 2B for this purpose, which can be furnished by the Company on request.
Outstanding GDR's/ ADR's/ Warrant or any convertible instruments, conversion date and likely impact on equity	:	Nil
<b>Address for Correspondence :</b>		
Registered Office & Works Office	:	185, 186, Yellampet, Medchal Mandal, R.R. District, Andhra Pradesh
Corporate Office	:	203, Kabra Complex, 61, M.G. Road, Secunderabad – 500 003

## 12. DISTRIBUTION OF SHAREHOLDING :

Distribution of Shareholding as on 30th September, 2011

Share Holder or Debenture Holding of nominal Value of		Share Holder or Debenture Holding of nominal Value of		Share / Debenture Amount	
Rs.	Rs.	Number	% of Total	Number	% of Total
(1)		(2)	(3)	(4)	(5)
Upto	- 5000	11,249	94.59	1537400.00	47.58
5001	- 10000	366	3.08	312800.00	9.68
10001	- 20000	128	1.08	197200.00	6.10
20001	- 30000	53	0.45	138300.00	4.28
30001	- 40000	27	0.23	97000.00	3.00
40001	- 50000	17	0.14	79900.00	2.47
50001	- 100000	36	0.30	265300.00	8.21
100001	and above	16	0.13	603500.00	18.68
<b>TOTAL</b>		<b>11,892</b>	<b>100.00</b>	<b>3231400.00</b>	<b>100.00</b>

## 13. SHAREHOLDING PATTERN FOR THE QUARTER ENDED 30th SEPTEMBER, 2011

Sl. No.	Category	No. of Shares held	Percentage Shareholding
<b>A</b>	<b>Promoter's Holding</b>		
1	Promoters		
	Indian Promoters:		
	Mr. SUCHIT MOHAN LAL	24,880	7.70%
	Mr. SUSHANT MOHAN LAL	12,920	4.00%
	Foreign Promoters:	Nil	Nil
2	Persons acting in concert	3,420	1.06%
	<b>Sub-Total</b>	<b>41,220</b>	<b>12.76%</b>
<b>B</b>	<b>Non-promoters Holding</b>		
3	Institutional investors		
A	Mutual Funds and UTI (Govt. Financial Institutions)	NIL	NIL
B	Banking, Financial Institutions/Insurance Companies(Central/State Government Institutions/ Non-Government Institutions)	300	1.06%
<b>C</b>	<b>FII's</b>	<b>NIL</b>	<b>NIL</b>
	<b>Sub-Total</b>	<b>300</b>	<b>0.09%</b>
4	Others		
a.	Private corporate Bodies	3460	1.07%
b.	Indian Public	2,78,160	86.08%
c.	NRIs/OCBs	NIL	NIL
d.	Any other (Please Specify)		
	Directors & Relatives	NIL	NIL
	<b>Sub-Total</b>	<b>2,81,620</b>	<b>87.24%</b>
	<b>Grand Total</b>	<b>3,23,140</b>	<b>100.00%</b>

For and on behalf of the Board  
**For COMBAT DRUGS LIMITED**

Place: Hyderabad  
 Date : 04.12.2011

Sd/-  
 SUCHIT MOHANLAL  
 MANAGING DIRECTOR

Sd/-  
 SUSHANT MOHAN LAL  
 DIRECTOR



## DECLARATION OF COMPLIANCE OF CODE OF CONDUCT UNDER CLAUSE 49 OF THE LISTING AGREEMENTS

COMBAT DRUGS LIMITED has adopted a Code of Business Conduct & Ethics (the Code) which applies to all the Employees and Directors of the Company. Under the code, it is the responsibility of all the Employees and Directors to familiarize themselves with the code and comply with its standards.

I hereby certify that the Board Members and Senior Management Personnel of the Company have affirmed compliance with the code of conduct of the Company for the 18 Months period ended 30th September, 2011.

By the Order of the Board  
For **COMBAT DRUGS LIMITED**

Sd/-  
SUCHIT MOHANLAL  
MANAGING DIRECTOR

Place : Hyderabad  
Date : 04.12.2011





## AUDITORS REPORT

To  
The Shareholders of  
M/s COMBAT DRUGS LIMITED  
Hyderabad.

1. We have Audited the attached Balance Sheet of M/s Combat Drugs Limited, Hyderabad as at 30th September, 2011 and the related Profit and Loss Account for the period 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 have conducted our audit in accordance with the Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our Audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order, 2004 (together 'the Order'), issued by the Central Government of India in terms of sub-section (4A) of section 227 of 'The Companies Act, 1956' of India (the 'Act') 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 statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraphs 3 above, we report that:
  - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 appears from our examination of those books;
  - c. the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
  - d. In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the mandatory Accounting Standards referred to in section 211 (3C) of the Companies Act, 1956;
  - e. based on information and explanations given to us, we report that none of directors are disqualified as on 30th September, 2011 from being appointed as directors in terms of section 274(1)(g) of the Companies Act, 1956;



f. Subject to :

- a. Note No.10 regarding non- provision for proportionate liability on account of employees' retirement benefit, which have not been quantified.
- b. Note No.13 regarding non-confirmation of balances in respect of Sundry Debtors, Sundry Creditors, Advances, etc,;
- c. Regarding non provision of loss, if any, on account of de-listing investment company market value not ascertainable;
- d. Note No.15 & 16 regarding the scheme of arrangement approved by the High Court of Andhra Pradesh pending allotment of shares in accordance there with,;
- e. Non provision for debtors doubtful of recovery and other long standing debits, amount not ascertainable;

in our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the Significant Accounting Policies and notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India:

- (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 30th September, 2011; and
- (ii) In the case of the Profit and Loss Account, of the Profit of the Company for the period ended on that date;
- (iii) In the case of the cash flow statement of the cash flows for the period ended on that date.

for Mahesh, Virender & Sriram  
Chartered Accountants

Sd/-  
(B.R.Mahesh)  
Partner  
M.No.18628

Place : Hyderabad  
Date : 04.12.2011.



## Annexure to Auditor's Report

Referred to in paragraph 3 of our report of even date.

- i.
  - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
  - (b) The fixed assets have been physically verified by the management during the year. No material discrepancies were noticed on such physical verification.
  - (c) The Company has not disposed of substantial part of fixed assets during the year.
- ii.
  - (a) As explained to us, inventories have been physically verified by the management at regular intervals during the year.
  - (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 records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
- iii. The Company has neither granted nor taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, other than those in the ordinary course of business, which are not prejudicial to the company.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and also for the sale of goods. During the course of our audit, we have not observed any major weaknesses in internal controls.
- v. According to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered into in the register maintained under Section 301 of the Companies Act, 1956, are not prima facie, prejudicial to the interests of the company .
- vi. According to the information and explanations given to us the Company has not accepted any deposits from the public under the provisions of section 58A & 58AA of the Companies Act, 1956.
- vii. In our opinion, the internal audit functions carried out during the year have been commensurate with the size of the Company and the nature of its business.



- viii Maintenance of cost records by the Company has not been prescribed by the Government of India under section 209(1)(d) of the Act.
- ix. (a) According to the information & explanations given to us and the records of the Company examined by us, in our opinion the Company is generally regular in depositing the undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Customs Duty, Excise Duty, Cess, Investor Education and Protection Fund and other material statutory dues with the appropriate authorities, except non remittance of tax deduction of source -Rs. 3,53,264/- and professional tax Rs. 26,850/- to appropriate authorities.
- (b) According to the information and explanations given to us, there are no undisputed amounts outstanding as at 30th September, 2011 for a period of more than six months from the date they became payable.
- x. The accumulated losses at the end of the financial year are not more than 50% of its network. The company has not incurred cash loss in the year nor in the preceding financial year.
- xi. According to the information and explanations given to us and the records of the Company examined by us, the Company has not obtained borrowings from any Banks, Financial Institutions or by way of Debentures.
- xii. In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion and according to the information and explanations given to us, the provisions of any special statute applicable to a chit fund or a nidhi/ mutual benefit fund/ societies are not applicable to the Company.
- xiv. In our opinion and according to the information and explanations given to us the Company is not dealing or trading in shares, securities, debentures and other investments.
- xv. In our opinion and according to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from Banks or Financial Institutions.
- xvi. The company has not taken any term loans.
- xvii. According to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, in our opinion, there are no funds raised on a short term basis which have been used for long term investment, and vice versa.
- xviii. The Company has not made any preferential allotment of shares during the year to parties and Companies covered in the Register maintained under section 301 of the Companies Act, 1956, except as per the scheme of arrangement sanctioned by the Andhra Pradesh High Court.



- xix. The Company has not issued any Debentures & hence the creation of securities in respect of the same does not arise.
- xx. The Company has not raised any money by public issues during the year.
- xxi. In our opinion and according to the information and explanations given to us, considering the size and nature of the Company's operations, no fraud of material significance on or by the Company has been noticed or reported during the course of the audit

for Mahesh, Virender & Sriram  
Chartered Accountants

Sd/-  
(B.R.Maresh)  
Partner  
M.No.18628

Place : Hyderabad  
Date : 04.12.2011.



## AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members of  
Combat Drugs Limited

We have examined the compliance of conditions of Corporate Governance by M/s Combat Drugs Limited for the period ended 30th September, 2011, as stipulated in Clause 49 of the Listing Agreement of the Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said clause. 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, and based on the representations made by the Directors and the Management, we certify that the Company has complied 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 records maintained by the Shareholders/Investors Grievance Committee.

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

for Mahesh, Virender & Sriram  
Chartered Accountants

Sd/-  
(B.R.Mahesh)  
Partner  
M.No.18628

Place : Hyderabad  
Date : 04.12.2011.

# COMBAT DRUGS LIMITED



## BALANCE SHEET AS ON 30<sup>TH</sup> SEPTEMBER, 2011

Particulars	Sch. No.	As at 30.09.2011	As at 31.03.2010
<b>SOURCE OF FUNDS</b>			
<b>SHARE HOLDERS FUNDS:</b>			
Share Capital	1	102,440,000	64,782,064
Reserves & Surplus		2,000,000	2,000,000
<b>LOAN FUNDS</b>			
Unsecured Loans	2	664,544	5,310,359
<b>Total Rs.</b>		<b>105,104,544</b>	<b>72,092,423</b>
<b>ASSETS</b>			
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
	3		
a) Gross Block		52,339,883	42,788,293
b) Less: Depreciation		6,866,384	6,135,836
c) Net Block		45,473,499	36,652,457
<b>INVESTMENTS</b>	4	50,000	50,000
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
a) Inventories	5	12,367,176	3,775,140
b) Sundry Debtors	6	6,029,633	3,248,439
c) Cash & Bank Balances	7	2,121,476	1,478,168
d) Loans & Advances	8	28,644,494	438,973
<b>Sub Total Rs.</b>		<b>49,162,779</b>	<b>8,940,720</b>
<b>Less: CURRENT LIABILITIES AND PROVISIONS</b>			
Liabilities	9	9,886,590	23,001,331
<b>Net Current Assets</b>		<b>39,276,189</b>	<b>(14,060,611)</b>
<b>MISCELLANEOUS EXPENDITURE</b>			
( To the extent not written off or adjusted)	10		
Preliminary Expenses		234,900	-
Profit & Loss Account		20,069,956	49,450,577
<b>Total Rs.</b>		<b>105,104,544</b>	<b>72,092,423</b>

Notes and Accounting Policies from part of Accounts 17

FOR & ON BEHALF OF THE BOARD OF DIRECTORS

Vide our report of even date  
for MAHESH, VIRENER & SRIRAM  
Chartered Accountants  
Sd/-  
(B R MAHESH)  
Partner  
Membership No. 18628

Sd/-  
**SUCHIT MOHAN LAL**  
MANAGING DIRECTOR

Sd/-  
**SUSHANT MOHAN LAL**  
DIRECTOR

PLACE : Hyderabad  
Date : 04.12.2011

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30<sup>TH</sup> SEPTEMBER, 2011

Particulars	Sch. No.	As at 30.09.2011	As at 31.03.2010
<b>Income</b>			
Sales	11	15,664,917	3,924,609
Other Income	12	97,809	-
<b>Total Rs.</b>		<b><u>15,762,726</u></b>	<b><u>3,924,609</u></b>
<b>EXPENDITURE</b>			
Manufacturing Expenses	13	8,635,348	1,395,305
Payments & Benefits to Employees	14	3,800,760	780,911
Administrative & Other Expenses	15	2,263,709	1,212,794
Preliminary Expenses written off		26,100	
<b>Total Rs.</b>		<b><u>14,725,917</u></b>	<b><u>3,389,010</u></b>
Profit before Interest, Depreciation & Taxation		1,036,809	535,599
Interest & Finance Charges	16	8,240	7,339
Profit before Depreciation		1,028,569	528,260
Depreciation		730,548	485,848
Profit Before Tax		298,021	42,412
Provision for Income Tax		-	-
Profit After Tax		298,021	42,412
Accounting Policies & Notes forming part of Accounts	17		
FOR & ON BEHALF OF THE BOARD OF DIRECTORS		Vide our report of even date for MAHESH, VIRENER & SRIRAM Chartered Accountants	
Sd/- SUCHIT MOHAN LAL MANAGING DIRECTOR	Sd/- SUSHANT MOHAN LAL DIRECTOR	Sd/- (B R MAHESH) Partner Membership No. 18628	
PLACE : Hyderabad Date : 04.12.2011			





## SCHEDULES FORMING PART OF ACCOUNTS

Particulars	As at 30.09.2011	As at 31.03.2010
<b>SCHEDULE 1</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised:</b>		
80,00,000 Equity Shares of Rs.10/- each (Previous year 40,00,000 Equity Shares of Rs. 10 each)	<u>80,000,000</u>	<u>40,000,000</u>
<b>ISSUED AND SUBSCRIBED</b>		
32,31,400 Equity Shares of Rs.10/- each	32,314,000	32,314,000
<b>PAID UP :</b>		
3,23,140 Equity Shares of Rs.10/- each (Previous year 32,31,400 Equity Shares of Rs. 10 each - Refer Note No. 14)	3,231,400	32,314,000
Share Application Money		
- towards Equity	76,768,600	32,468,064
- towards Premium (Refer Note No. 15, 16 & 17)	<u>22,440,000</u>	<u>-</u>
<b>Total Rs.</b>	<u><u>102,440,000</u></u>	<u><u>64,782,064</u></u>
<b>SCHEDULE 2 :</b>		
<b>UNSECURED LOANS:</b>		
- From Others	354,185	5,000,000
- Sales Tax Defferment	310,359	310,359
<b>Total Rs.</b>	<u><u>664,544</u></u>	<u><u>5,310,359</u></u>
<b>SCHEDULE 4:</b>		
<b>INVESTMENTS AT COST - QUOTED</b>		
20,000 Equity Shares of Rs.10/- each of Zental Drugs Limited - partly paid - At Cost	50,000	50,000
<b>Total Rs.</b>	<u><u>50,000</u></u>	<u><u>50,000</u></u>

**SCHEDULE - 3**  
**FIXED ASSETS**  
(Amount in Rupees)

No.	Name of the Asset	GROSS BLOCK					DEPRECIATION					NET BLOCK		
		As At 31.03.10	Additions	Deletions/ Adjustments	As At 30.09.11	As On 31.03.10	For the Year	Deletions	As At 30.09.11	As At 30.09.11	As At 31.03.10			
1	Leased Building	1,514,135	-	-	1,514,135	117,355	75,858	-	193,213	1,320,922	1,396,780			
2	Furniture	454,723	-	-	454,723	404,731	43,176	-	447,907	6,816	49,992			
3	Computers	68,700	24,000	-	92,700	21,020	18,376	-	39,396	53,304	47,680			
4	Plant & Machinery	7,811,122	-	-	7,811,122	5,289,749	556,542	-	5,846,291	1,964,831	2,521,373			
5	Lab Equipment	221,814	-	-	221,814	113,920	15,804	-	129,724	92,090	107,894			
6	Office Equipment	291,815	-	-	291,815	189,061	20,792	-	209,853	81,962	102,754			
7	Software	400,000	-	-	400,000	-	-	-	-	400,000	400,000			
	<b>WORK IN PROGRESS:</b>													
1	Lab Equipment	817,228	-	6,131	811,097	-	-	-	-	811,097	817,228			
2	Plant & Machinery	9,591,585	49,600	330,898	9,310,287	-	-	-	-	9,310,287	9,591,585			
3	Electrical Fittings	272,251	1,406,000	-	1,678,251	-	-	-	-	1,678,251	272,251			
4	Partitions & Wood Works	5,826,011	-	46,929	5,779,082	-	-	-	-	5,779,082	5,826,011			
5	Civil Works	15,518,909	8,455,948	-	23,974,857	-	-	-	-	23,974,857	15,518,909			
	<b>Total Rs.</b>	<b>42,788,293</b>	<b>9,935,548</b>	<b>383,958</b>	<b>52,339,883</b>	<b>6,135,836</b>	<b>730,548</b>	<b>-</b>	<b>6,866,384</b>	<b>45,473,499</b>	<b>36,652,457</b>			
	Previous Year	29,956,362	12,831,931	-	42,788,293	5,649,988	485,848	-	6,135,836	36,652,457	24,306,374			



## SCHEDULES FORMING PART OF ACCOUNTS

Particulars	As at 30.09.2011	As at 31.03.2010
<b>SCHEDULE 5:</b>		
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
<b>INVENTORIES</b>		
(As valued and certified by the Management )		
Raw Material, Packing Material & Finished Goods	12,367,176	3,775,140
<b>Total Rs.</b>	<u><u>12,367,176</u></u>	<u><u>3,775,140</u></u>
<b>SCHEDULE 6:</b>		
<b>SUNDRY DEBTORS</b>		
Trade Debtors - (Unsecured, considered good) Over 6 Months	3,948,939	2,199,851
Others	2,080,694	1,048,588
	<u><u>6,029,633</u></u>	<u><u>3,248,439</u></u>
<b>SCHEDULE 7 :</b>		
<b>CASH AND BANK BALANCES</b>		
A. Cash on Hand	619,763	171,346
B. Balances with Scheduled Banks	1,501,713	1,306,822
<b>Total Rs.</b>	<u><u>2,121,476</u></u>	<u><u>1,478,168</u></u>
<b>SCHEDULE 8 :</b>		
<b>LOANS AND ADVANCES</b>		
( Unsecured Considered good, recoverable in cash or in kind for value to be received )		
Deposits	22,165,388	135,388
Other Receivables	362,535	3,585
Advances with Govt Departments	1,637,690	-
Advances for Capital Works	4,478,881	300,000
<b>Total Rs.</b>	<u><u>28,644,494</u></u>	<u><u>438,973</u></u>



## SCHEDULES FORMING PART OF ACCOUNTS

Particulars	As at 30.09.2011	As at 31.03.2010
<b>SCHEDULE 9 :</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors	8,297,588	18,425,283
Liabilities for Expenses	1,235,738	1,150,720
T D S payable	353,264	236,121
HDFC - TOD/CINE	-	924,263
Stockist Deposits	-	2,264,944
<b>Total Rs.</b>	<b>9,886,590</b>	<b>23,001,331</b>
<b>SCHEDULE 10 :</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
( To the extent not written off or adjusted)		
a. Preliminary Expenses	261,000	
Less: Written off during the period	26,100	-
	<u>234,900</u>	<u>-</u>
b. Profit & Loss Account		
Opening Balance	49,450,577	49,492,989
Less: Appropriated under "Scheme of Arrangement" towards reduction of Share Capital	29,082,600	-
Add: Profit for the period	298,021	42,412
<b>Total Rs.</b>	<b>20,069,956</b>	<b>49,450,577</b>
<b>SCHEDULE 11</b>		
<b>SALES :</b>		
Pharma Sales	15,664,917	3,924,609
<b>Total Rs.</b>	<b>15,664,917</b>	<b>3,924,609</b>



## SCHEDULES FORMING PART OF ACCOUNTS

Particulars	As at 30.09.2011	As at 31.03.2010
<b>SCHEDULE 12</b>		
<b>OTHER INCOME:</b>		
Scrap Sale	60,000	-
Miscellaneous Income	37,809	-
<b>Total Rs.</b>	<b>97,809</b>	<b>-</b>
<b>SCHEDULE 13</b>		
<b>MANUFACTURING EXPENSES</b>		
Material Consumed	7,176,590	731,413
Carriage Inward	17,027	-
Factory Expenses	83,142	-
Testing Charges	-	31,693
Power & Fuel	726,969	233,510
Repairs & Maintenance	56,961	61,062
Lab Chemicals	121,996	6,978
Excise Duty	297,147	-
Wages	155,516	330,649
<b>Total Rs.</b>	<b>8,635,348</b>	<b>1,395,305</b>
<b>SCHEDULE 14</b>		
<b>PAYMENTS AND BENEFITS TO EMPLOYEES</b>		
Directors Remuneration	720,000	480,000
Salaries - Others	2,885,028	276,130
E S I	84,762	15,338
Staff Welfare	110,970	9,443
<b>Total Rs.</b>	<b>3,800,760</b>	<b>780,911</b>

## SCHEDULES FORMING PART OF ACCOUNTS

Particulars	As at 30.09.2011	As at 31.03.2010
<b>SCHEDULE 15</b>		
<b>ADMINISTRATIVE, SELLING AND OTHER EXPENSES</b>		
Printing & Stationery	252,377	76,963
Postage & Telegrams	134,430	64,930
Travelling - Directors & Others	110,747	61,486
Office Expenses	91,457	15,631
Electricity Charges	63,623	-
Conveyance & Vehicle Maintenance	307,819	116,725
Sundry Debts Written Off	91	-
Frieght Charges	65,672	-
Insurance	537	-
Communication Expenses	113,060	36,868
Audit Fees	27,575	22,060
Listing Fees	82,825	331,130
Accounting Services	25,000	20,000
Advertisement & Business Promotion	43,668	23,719
Professional Charges	349,718	117,960
Rates & Taxes	124,785	79,100
VAT/Central Sales Tax	321,654	153,165
Rent	128,857	75,925
Computer Maintenance	2,644	2,799
Membership & Subscription	17,170	14,333
<b>Total Rs.</b>	<b>2,263,709</b>	<b>1,212,794</b>
<b>SCHEDULE 16</b>		
Bank & Service Charges	8,240	6,117
Int. on Others	-	1,222
<b>Total Rs.</b>	<b>8,240</b>	<b>7,339</b>



## Schedules forming part of accounts as at 30.09.2011.

### Schedule No: 17

Accounting policies and notes to accounts forming part of accounts:

#### I. Accounting policies:

- i. Basis of accounting : The financial statements have been prepared in accordance with the applicable accounting standards and are based on historical cost convention.
- ii. Fixed Assets: The fixed assets are stated at cost of acquisition and subsequent improvements thereto including taxes. Duties, freight and other incidental expenses related to acquisition and installation.
- iii. Depreciation: Depreciation on fixed assets is provided on Straight Line Method on pro – rata basis at the rates prescribed in schedule XIV of the Companies Act, 1956 as amended from time to time on the original cost of all the Assets including the existing assets.
- iv. Deferred Tax Liability/Asset: To provide and recognize Deferred Tax on timing differences between taxable income and accounting income subject to consideration of prudence.
- v. Inventories: Inventories are valued at lower of the cost or nets realizable value.
- vi. Revenue Recognition: Sale of goods is recognized at the point of dispatch of finished goods to customers. Sales are inclusive.
- vii. Miscellaneous Expenditure: To ammortise: Preliminary expenses equally over a period of 10 years.
- viii. Public Issue Expenses: To write off public issue expenses in ten equal installments from the year following the year of Public issue.
- ix. Investments: Quoted and unquoted long term and current investments are stated at cost. Provision for diminution in value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.

## II. Notes to accounts:

	30.09.2011	31.03.2010
<b>1. Contingent liabilities:</b>		
a. Claims against the company not acknowledged as debts	:-Nil-	-Nil-
b. Uncalled liability on shares partly paid	:-Nil-	-Nil-
c. Arrears of fixed cumulative dividend	:-Nil-	-Nil-
d. Estimated amount of contracts remaining to be paid on capital account not provided for	:-Nil-	-Nil-
e. Other money for which the company is contingently liable	:-Nil-	-Nil-
f. Expenditure in aggregate on employees in respect of remuneration as required U/s 217 (2A) of the Companies Act	:-Nil-	-Nil-
<b>2.</b> Value of imports calculated on CIF Basis	- Nil -	
<b>3.</b> Expenditure in Foreign Currency on account of royally know how, professional and consultation fee, interest and other matters	- Nil-	
	30.09.2011	31.03.2010
	Rs.	Rs.
<b>4.</b> Amounts remitted in Foreign Currency	- Nil-	- Nil-
<b>5.</b> Earnings in Foreign Exchange	- Nil -	- Nil -
<b>6.</b> Remuneration to Directors:	7,20,000/-	4,80,000/-
<b>7.</b> Details regarding Auditors Remuneration:		
As Auditors	27,575/-	22,060/-
In any other capacity	- Nil -	- Nil-
<b>8. Related Party Transactions:</b>		

S.No.	Name of the Party	Relation ship Rs.	Amount	Purpose
1	Sanjay Agarwal	Director	1,20,00,000	Deposit–Building
2	DRS Labs India Private Limited	Share holder	100,00,000	Deposit – Machinery
3	DRS Dilip Road Line Pvt Ltd	Share holder	8,69,783	Advance for capital works
4	DRS Labs India Pvt Ltd	Share holder	12,26,061	Sundry Debtors
5	DRS Labs India Pvt Ltd	Share holder	66,72,786	Sales during the period





## 9. Earning Per Share:

Particulars	Earning per share 2010-11	Earning per share 2009-10
Equity share of face value Rs.10/-	3,23,140	32,31,400
Net Profit	Rs.2,98,021/-	Rs.42,412/-
Number of shares used in computing Earnings	3,23,140	32,31,400
Earning per share	Rs.0.92	Rs.0.01

## 10. Employee's Retirement Benefit:

Employee's retirement benefits have not been provided pending actuarial valuation.

## 11. Deferred Tax Liability:

In terms of conditions of prudence as set out in paragraphs 15 to 18 of AS-22. Considering the history losses of the company, sufficient future taxable income cannot be estimated with virtual or reasonable certainty. The company therefore has not recognized net deferred tax asset in the financial statement for the period ended 30.09.2011. Further in accordance with paragraph 19 of AS-22 the net deferred tax asset, if any, shall be re assessed at the end of each balance sheet date hereafter and accordingly due recognition shall be given in the financial statement.

12. There are no small Scale industrial undertakings to whom the company owes a sum exceeding Rs. 1.00 lakh which are outstanding for more than 30 days as on the balance sheet.
13. The various debtors and creditors balances appearing in the books under sundry debtors, advances, sundry creditors etc., under current assets and current liabilities are subject to confirmation and re conciliation if any.
14. In terms of the approval of High Court of Andhra Pradesh in company petition No. 97/2011 dated 26.07.2011 being scheme of arrangement U/s 391 & 394 of the Companies Act, the paid up share capital of the company stands reduced from Rs. 3,23,14,000/- to Rs. 32,31,400/- divided into 3,23,140 equity share of Rs.10/- each and balance of shares of 29,08,260 are cancelled by reducing the accumulated losses to the extent of Rs.2,90,82,600/-.
15. The Company has filed a petition for a scheme of arrangement before the High Court of Andhra Pradesh, as per which the company has received additional share application money of Rs.6,32,40,000/- from the promoters. In terms of the said scheme of arrangement, shares will be allotted to the new promoters at Rs.15.50 per share being Rs.10 face value including a premium



of Rs.5.50 per share. The said share premium of Rs.2,24,40,000/- would be utilized to reduce the accumulated losses to that extent in terms of the approval of the High Court of A.P.

16. In terms of the scheme of arrangement approved by the High Court an amount of Rs.2,06,90,230/- is transferred to share application money with a face value of Rs.10/- per share by way of reduction of liability on account of sundry creditors to the extent of Rs.2,06,90,230/-.
17. In terms of the scheme of arrangement approved by the High Court of Andhra Pradesh, the company has further received the share application money of Rs.1,52,78,370/- from existing promoters at Rs.10/- per share for allotment of 15,27,837 shares at face value.
18. The accounts pertain to a period of 18 months from 01.04.2010 to 30.09.2011.
19. Capitalization of work in progress is pending at final stages of completion and would be put to use in the next year.
20. Previous year figures have been regrouped wherever found necessary.
21. All figures have been rounded off to the nearest rupee.

Signatories to schedules 1 to 17

For and on behalf of Board of Directors

FOR & ON BEHALF OF THE BOARD OF DIRECTORS

Vide our report of even date  
for MAHESH, VIRENER & SRIRAM  
Chartered Accountants

Sd/-  
SUCHIT MOHAN LAL  
MANAGING DIRECTOR

Sd/-  
SUSHANT MOHAN LAL  
DIRECTOR

Sd/-  
(B R MAHESH)  
Partner  
Membership No. 18628

PLACE : Hyderabad  
Date : 04.12.2011



## CONSOLIDATED STATEMENT OF FORMULATIONS

FROM : 01-04-2010 TO 30-09-2011

Category	OP. Balance Qty. Value	Production Qty. Value	Total Qty. Value	Sales Qty. Value	Closing Stock Qty. Value
TABLETS	2.00 3.08	94.73 63.72	96.73 66.80	94.73 63.72	2.00 3.08
CAPSULES	2.00 3.25	30.90 34.35	32.90 37.60	30.90 34.35	2.00 3.25
LIQUIDS	0.02 0.72	7.25 58.58	7.28 59.30	7.25 58.58	0.02 0.72

## CONSOLIDATED STATEMENT OF RAW/PACKAGING MATERIALS

FROM : 01-04-2010 TO 30-09-2011

Item	OP. Stock	Purchase	Consumption	Closing Stock
RM /PM	30.70	157.68	71.76	116.62



## CASH FLOW STATEMENT FOR THE YEAR ENDED 30<sup>TH</sup> SEPTEMBER, 2011 (Pursuant to clause 32 of Listing Agreement as amended)

Particulars	As at 30.09.2011	As at 31.03.2010
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/Loss Before Tax & Extra ordinary Income	298,021	42,412
Adjustments for Depreciation	730,548	485,848
Preliminary expenditure written off	26,100	-
Operating Profit/(Loss) Before Working Capital Changes:	1,054,669	528,260
Trade & Other Receivables	(39,578,751)	3,244,207
Trade Payables and other Liabilities	(13,114,741)	1,047,605
Net Cash used from/in Operating Activities	(51,638,823)	4,820,072
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(9,551,590)	(12,831,931)
Preliminary Expenses	(261,000)	-
Net Cash used in Investing Activities	(9,812,590)	(12,831,931)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Share Capital/ Application Money	66,740,536	8,751,554
Proceeds from Unsecured Loans	(4,645,815)	-
Repayment of Sales Tax Defferment	-	(315,193)
Net Cash from financing Activities	62,094,721	8,436,361
Net Increase/Decrease in Cash and Cash Equivalents(A+B+C)	643,308	424,502
Cash and Cash Equivalents as on 01.04.2010 (Opening Balance)	1,478,168	1,053,666
Cash and Cash Equivalents as on 30.09.2011 (Closing Balance)	2,121,476	1,478,168

FOR & ON BEHALF OF THE BOARD OF DIRECTORS

Vide our report of even date  
for MAHESH, VIRENER & SRIRAM  
Chartered Accountants

Sd/-  
SUCHIT MOHAN LAL  
MANAGING DIRECTOR

Sd/-  
SUSHANT MOHAN LAL  
DIRECTOR

Sd/-  
(B R MAHESH)  
Partner  
Membership No. 18628

PLACE : Hyderabad  
Date : 04.12.2011



## AUDITORS CERTIFICATE

We have verified the above Cash Flow Statements of COMBAT DRUGS LIMITED derived from the Audited Financial Statements for the year ended 30th September, 2011 and found the same to be drawn in accordance therewith and also with the requirements of Clause 32 of the listing agreements with the Stock Exchanges.

for MAHESH, VIRENDER & SRIRAM  
Chartered Accountants

Sd/-  
**(B.R. MAHESH)**  
Partner  
Membership No. : 18628

PLACE : Hyderabad  
DATED : 04.12.2011

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

<b>I) Registration details:</b>	
a) Registration No.	06781
b) State Code	01
c) Balance Sheet date	30/09/11
<b>II) Capital raised during the year:</b>	
a) Public Issue	NIL
b) Right Issue	NIL
c) Bonus Issue	NIL
d) Private Placement	NIL
<b>III) Position of mobilisation and deployment of funds (Amount in Rs):</b>	
a) Total assets	11,49,91,134
b) Total liabilities	11,49,91,134
<b>Sources of funds:</b>	
a) Paid up Capital	32,31,400
b) Share Application Money	9,92,08,600
c) Reserve & Surplus	20,00,000
d) Secured Loans	0
e) Unsecured Loans	6,64,544
<b>Application of funds:</b>	
a) Net fixed assets	4,54,73,499
b) Investments	50,000
c) Net Current Assets	3,92,76,189
d) Miscellaneous expenditure	2,34,900
e) Accumulates Losses	-2,00,69,956
<b>IV) Performance of Company:</b>	
a) Turnover/Receipts	1,57,62,726
b) Increase in Stock	0
c) Total Expenditure	1,54,64,705
d) Profit before tax	2,98,021
e) Profit after tax	2,98,021
f) Earning per share in Rs.	0.92
g) Dividend @%	0
<b>V) Generic name of three principal products/ Services of the company (as per monetary terms)</b>	
Item Code No.(ITC Code)	NPN 001
Product Description	IBUROFEEN
Item Code No.(ITC Code)	CRB 001
Product Description	CIPROFLOXACIN
Item Code No.(ITC Code)	AMX 001
Product Description	AMOXYCILLIN

Vide our report of even date  
for MAHESH, VIRENER & SRIRAM  
Chartered Accountants

FOR & ON BEHALF OF THE BOARD OF DIRECTORS

Sd/-  
(B R MAHESH)  
Partner  
Membership No. 18628

Sd/-  
SUCHIT MOHAN LAL  
MANAGING DIRECTOR

Sd/-  
SUSHANT MOHAN LAL  
DIRECTOR

PLACE : Hyderabad  
Date : 04.12.2011



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**COMBAT DRUGS LIMITED**

(Regd. Office: 185/186 Yellampet, Medchal Mandal, R.R. District, A.P.-501401)

**PROXY FORM**

Ledger Folio No.: \_\_\_\_\_ No. of Shares held: \_\_\_\_\_

I/We \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ in the District of \_\_\_\_\_

\_\_\_\_\_ being a Member(s) of the above named

Company hereby appoint \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ in the District \_\_\_\_\_

\_\_\_\_\_ as my/our Proxy to attend and to vote for me/us on my/our behalf at the 25th Annual General Meeting of the Company to be held on the 31st December, 2011 at 11.00 A.M. at the Registered Office of the Company at 186, 186, Yellampet, Medchal Mandal, R.R. District, Andhra Pradesh and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ Two Thousand and Eleven

Affix:  
Revenue  
Stamp

Note: This Proxy Form duly completed should be deposited at the Registered Office of the Company not less than 48 (Forty Eight) hours before the time fixed for holding the meeting.

**COMBAT DRUGS LIMITED**

(185/186 Yellampet, Medchal Mandal, RR District, Andhra Pradesh-501401)

**ATTENDANCE SLIP**

(Please present this slip at the Meeting Venue)

**25TH ANNUAL GENERAL MEETING – 31st DECEMBER, 2011**

Regd. Folio No.: \_\_\_\_\_ No. of Shares held: \_\_\_\_\_

I hereby record my presence at the 25TH ANNUAL GENERAL MEETING of the Members of the Company held on 31st December, 2011 at 11.00 A.M at the Registered Office of the Company at 185/186 Yellampet, Medchal Mandal, RR District, Andhra Pradesh-501401.

Signed this: \_\_\_\_\_

Name of the Shareholder: \_\_\_\_\_

Name of the Proxy \_\_\_\_\_

Signature of the Member/Proxy \_\_\_\_\_



**PRINTED MATTER  
BOOK POST**

*If undelivered please return to :*

**COMBAT DRUGS LIMITED**

**Registered Office:** 185,186, Yallampet, Medchal Mandal,  
R.R.District, Andhra Pradesh, India.

**Corporate Office:** 203, Kabra Complex, 61, M.G.Road,  
Secunderabad - 500 003