

13th Annual Report 1998-99

For **COMBAT DRUGS LIMITED**


MANAGING DIRECTOR

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COMBAT DRUGS LIMITED

Reg. Office : 185-186, Yellampet, Medchal Mandal, R.R. District, A.P.

Corp. Office : 126/2RT, S.R. Nagar, Hyderabad - 500 038.

Phone : 3707969, Fax : 040-3706950

FORMULATING A BRIGHT FUTURE

**13TH
ANNUAL GENERAL MEETING**

DATE : 29-2-2000
 DAY : TUESDAY
 TIME : 11.00 A.M.
 VENUE : 185, 186, YELLAMPET
 MEDCHAL MANDAL
 R.R. DISTRICT
 ANDHRA PRADESH

A REQUEST

SHARE HOLDERS ARE REQUESTED
 TO BRING THEIR COPY OF
 THE ANNUAL REPORT
 TO THE MEETING.

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CONTENTS	NO.
Notice	3
Director's Report	8
Auditor's Report	10
Balance Sheet	12
Profit & Loss Account	13
Schedules 1 to 19	14
Proxy form	25



FORMULATING A BRIGHT FUTURE

BOARD OF DIRECTORS

Sri SUCHIT MOHAN LAL

Managing Director

Sri AJAY KARAN

Jt. Managing Director

Smt. VINITA MATHUR

Smt. JAI DEVI

Sri PRATAP MOHAN LAL

Auditors

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

Registered Office

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

Bankers

The Dhanalakshmi Bank Limited
Hyderabad, Andhra Pradesh
India

Corporate Office

126/2 RT, S.R. Nagar
Hyderabad - 500 038
Andhra Pradesh
India

Vijaya Bank

S.D. Road,
Secunderabad.
Andhra Pradesh
India.

Registrars

Sree Padma Corporate Services Pvt. Ltd.
6-3-1085, Flat No. 206,
Badam Sohana Apartments,
Raj Bhavan Road, Somajiguda,
Hyderabad - 500 082.
Phone : (O) 3306350
Fax : 040-3306350

Legal Advisors

M. Sudhakar Reddy
N. Rajashekar Reddy
Advocates

Flat No. 204, 2nd Floor, H.No. 280 (New),
Hiline Pratap Apts., Near Basant Talkies,
Kachiguda 'X' Roads, Hyderabad - 27.

FORMULATING A BRIGHT FUTURE**NOTICE OF THE ANNUAL GENERAL MEETING**

Notice is hereby given that the 13th Annual General Meeting of the Members of Combat Drugs Limited will be held on Tuesday the 29th day of February, 2000 at 11-00 a.m. at the Registered Office at Survey No. 185 & 186, Medchal Mandal, R.R. Dist. to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 31st March, 1999, the Profit & Loss Account for the year ended as on that date and the Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Smt. Jai Devi who retires by rotation and being eligible offers herself for reappointment.
3. To appoint a Director in place of Sri Pratap Mohan Lal who retires by rotation and being eligible offers himself for reappointment.
4. To consider and if thought fit to pass the following resolution with or without modification(s), if any as Ordinary Resolution :

"Resolved that M/s. Mahesh, Virender and Sriram, Chartered Accountants, Hyderabad be and are hereby reappointed as Auditors of the Company to hold the office from the conclusion of this Annual General Meeting of the Company until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Board of Directors in consultation with the Auditors.

SPECIAL FEATURES :

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

"Resolved that pursuant to section 17 of the Companies Act, 1956 the objects clause III of the Memorandum of Association of the Company be altered so as to extend the objects of the Company by inserting the following sub clauses immediately after existing sub clause A(4) :

5. To develop software for computer system for Data Processing, Data Acquisition, Data Transmission, Industrial Instrumentation and Process Control and to act as Agents and to establish and run data processing centers and offer consultancy and other services that are normally offered by data processing and computer centers to Industrial, Commercial, Business and other types of Customer and to

impart training on Computer Software and Hardware, Electronic Data Processing, to customers and others.

6. To design, develop, alter, make, manufacture, produce, process, assemble, contract for, buy, sell, export, import, trade or lease, hire or otherwise deal in computers, computer machinery, spare parts, electronic components, hardware, software, computer stationery, peripherals, line printers, monitors, modems, hard disks, plotters, digitizers, electronic, electrical.
7. To design, develop, process, compile, service, renovate, remodel, construct, assemble, render technical know-how, consultancy services, training concerning software technology, computer science, scientific knowledge and to compile, make available, render, assist, in the field of internet and electronic commerce, and also render services, know-how in systems and management relating to computers, computer machinery, computer installation, data processing and computer science.
8. To develop Multimedia Software and Web based solutions, involving audio, graphics and text and to design, develop, alter, make, manufacture, produce, process, assemble, convert, contract for, buy, sell, export, import, trade, or lease, hire or otherwise deal in music cassettes, CDs, DVDs and VCDs, to provide Networking Solutions and to design, develop, alter, make, manufacture, produce, process, assemble, convert software for the corporate sector, to design, develop, make, convert, contract for, buy, sell, or otherwise deal in web based or any other kind of portals.
6. To consider and if thought fit to pass the following resolution with or without modification(s), if any as special resolution :

"Resolved that subject to the approval of the Central Government under Section 21 of the Companies Act, 1956 the name of the company be changed from Combat Drugs Limited to Combat Drugs & Softech Limited or any other name as may be approved or suggested by the Central Government and thought fit by the Board of Directors of the Company and accordingly the name Combat Drugs Limited wherever it occurs in the Memorandum and Articles of Association of the company be substituted.



FORMULATING A BRIGHT FUTURE

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

"Resolved that pursuant to Section 81(1-A) of the Companies Act, 1956 and in accordance with the regulations/Guidelines of SEBI the Board of Directors of the Company be and is hereby authorised to offer 40,00,000 (Fourty Lakh only) equity shares of Rs. 10/- (Rupees ten only) each at a minimum offer price of Rs. 10/- (Rupees ten only) per share or at a higher price as per SEBI Guidelines and as decided by the board in the share capital of the company and such shares be offered, issued and allotted to the person(s) as they deem fit and proper."

"Resolved Further that the Board of Directors of the Company be and is hereby authorised to do all acts, deeds and things as may be necessary to complete the above allotment. "

8. To consider and if thought fit to pass the following resolution with or without modification(s) as special resolution.

"Resolved that pursuant to Sections 94(1) (a), 16, 31 of the Companies Act, 1956 the Authorised Capital of the Company be increased from Rs. 400 lakhs (Rupees Four hundred lakhs only) to Rs. 800 lakhs (Rupees Eight Hundred lakhsonly) by creation of 4,00,00,000 equity shares of Rs. 10/- each, ranking pari passu with the existing equity shares and clause V of the Memorandum of Association and Article 3 of the Articles of Association be altered accordingly. "

9. To consider and if thought fit to pass the following resolution with or without modification(s) as special resolution.

"Resolved that the company does hereby approve the revision and amendment of the terms and conditions of appointment of Mr. SUCHIT MOHAN LAL, the Managing Director of the Company on the following terms and conditions."

- (a) Salary Rs. 35,000/- per month.
- (b) Commission @ 1% of the net profits of the company for each financial year or part thereof computed in the manner laid down under section 209 of the Companies Act, 1956 subject to a ceiling of the aforesaid salary or Rs. 3,00,000/- per annum, whichever is less.
- (c) The following perquisites - aggregate value of which shall be restricted to an amount equal to the annual salary of Rs. 3,00,000/- per annum, whichever is less, such perquisites being classified

into following categories :-

CATEGORY A :

- (a) Salary Rs. 35,000/- per month.

(i) HOUSING

- (a) If the accommodation is provided in Bombay, Calcutta, Delhi, Madras 60% of the Salary, over and above 10% payable by the Managing Director.
- (b) Other places - 50% of the Salary, over and above 10% payable by the Managing Director.
- (c) In case accommodation is owned by the company and provided to the Managing Director 10% of the Salary of the Managing Director shall deducted by the Company.
- (d) In case no accommodation is provided by the Company the Managing Director shall entitled to House Rent Allowance, subject to the ceiling laid down in (a) and (b) above, as the case may be.

EXPLANATION :

The expenditure on gas, electricity, water and furnishings will be borne by the Company and the same will be valued as per the income tax rules, 1962 however subject to a ceiling of 10% of salary.

(ii) Medical Reimbursement

Reimbursement of medical expenses incurred by the Managing Director for self and family subject to a ceiling of next month's salary in a year or three month's salary over a period of three years.

(iii) Leave Travel Concession

For self and family once in a year incurred in accordance with any rules specified by the Company.

(iv) Club fee

Fees of clubs subject to a maximum of two clubs. However, this will not include admission and life membership fees.

(v) Personal Accident Insurance

Premium not to exceed Rs. 4,000/- per annum.

CATEGORY B

- (i) Contribution to provident fund, super annuity fund will not be included in the computation of the ceiling on perquisites to the extent of these either singly or put together are not taxable under the Income Tax Act, 1961.
- (ii) Gratuity in respect of the period of appointment not exceeding half month's salary or each completed year of service, subject to a ceiling of Rs. 5,00,000/- (Rupees Five lakhs only).

FORMULATING A BRIGHT FUTURE**CATEGORY C**

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the company to the individual appointee concerned.

10. To consider and if thought fit to pass the following resolution with or without modification(s) as special resolution.

"Resolved that the Company does hereby approve the revision and amendment of the terms and conditions of appointment of Mr. Ajay Karan, the Joint Managing Director of the Company on the following terms and conditions."

- (a) Salary Rs. 35,000/- per month.
- (b) Commission @ 1% of the net profits of the company for each financial year or part thereof computed in the manner laid down under section 309 of the Companies Act, 1956 subject to a ceiling of the aforesaid salary or Rs. 3,00,000/- per annum, whichever is less.
- (c) The following perquisites - aggregate value of which shall be restricted to an amount equal to the annual salary of Rs. 3,00,000/- per annum, whichever is less, such perquisites being classified into following categories :-

CATEGORY A :**(i) HOUSING**

- (a) If the accommodation is provided in Bombay, Calcutta, Delhi, Madras 60% of the Salary, over and above 10% payable by the Managing Director.
- (b) Other places - 50% of the Salary, over and above 10% payable by the Managing Director.
- (c) In case accommodation is owned by the company and provided to the Managing Director 10% of the Salary of the Managing Director shall deducted by the Company.
- (d) In case no accommodation is provided by the Company the Managing Director shall entitled to House Rent Allowance, subject to the ceiling laid down in (a) and (b) above, as the case may be.

EXPLANATION :

The expenditure on gas, electricity, water and furnishings will be borne by the Company and the same will be valued as per the income tax rules, 1962 however subject to a ceiling of 10% of salary.

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Reimbursement of medical expenses incurred by the Managing Director for self and family subject to a ceiling of next month's salary in a year or three month's salary over a period of three years.

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For self and family once in a year incurred in accordance with any rules specified by the Company.

(iv) Club fee

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- (ii) Gratuity in respect of the period of appointment not exceeding half month's salary or each completed year of service, subject to a ceiling of Rs. 5,00,000/- (Rupees Five lakhs only).

CATEGORY C

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the company to the individual appointee concerned.

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

Sd/-

SUCHIT MOHAN LAL
Managing Director

Place : Hyderabad

Date : 30th December, 1999

FORMULATING A BRIGHT FUTURE**NOTES :**

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and to vote instead of himself.
2. The Proxy need not be a member of the Company.
3. Should any member choose to exercise his right of appointing a Proxy, the Proxy Form attached herewith should be duly completed and should be deposited at the Registered Office of the Company not less than 48 hours before the time of holding of the meeting.
4. Members / Proxies should bring the Attendance Slip duly filled in for the attending the meeting.
5. Members are requested to bring their copies of the report and accounts of the Company.
6. Members are requested to notify any change in their address immediately to the Registered Office of the Company.
7. Explanatory Statement pursuant 173(2) of the Companies Act, 1956 is enclosed.
8. The Register of Members and the Share Transfer Books of the Company will remain closed from 26/02/2000 to 29/2/2000 (both days inclusive).

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF COMPANIES ACT, 1956.**ITEM NO. 5**

The activities of the Companies are proposed to be diversified in order to broaden and strengthen the Company. To enable the company to enter into the business of software, the objects clause III of the Memorandum is proposed to be suitably altered.

The company which is a major player in the Pharma Sector would like to diversify into software as there is a substantial opportunity for growth in the same and is in the best interest of the Company. As these activities are not covered by the objects clause of the Memorandum of Association of the company, it is now proposed to amend the objects clause as indicated in the resolution.

Copy of the Memorandum and Articles of the Association of the company is available for inspection at the Registered Office of the Company between the hours of 10-00 a.m. and 1-00 p.m. on all working days.

None of the directors of the company is concerned or interested in all resolution.

ITEM NO. 6

The present name of the Company, viz., Combat Drugs Limited obviously appears to confine our activities to Pharma only. As the company wishes to embark into the business of software, it is felt desirable to change the name of the Company to Combat Drugs & Softech Limited.

If the change of name is approved by the Central Government, steps will be taken to give effect to this resolution and clause I of the Memorandum and Articles of the Association of the company will be altered accordingly.

Necessary changes will be incorporated in the share certificates etc., of the company as and when they come into the possession of the company.

None of the directors of the company is concerned or interested in the resolution.

ITEM NO. 7

The company has identified a software firm - M/s. Softech Institute of Information Technology, a sole proprietorship concern for taking over the latter's assets and liabilities. M/s. Softech Institute of Information Technology is engaged in the software business for the past 3 years by Mr. Vodala Devraj and it is proposed to give him 5,00,000 (five lakh only) equity shares of Rs. 10/- (Rupees ten only) each in the share capital of the company to satisfy the consideration of Rs. 50,00,000/- (Rupees fifty lakhs only) in the capital of the company to be credited as fully paid up. A copy of the Agreement is available for inspection at the Registered Office of the Company on weekdays between 10-00 a.m. to 12-00 Noon.

Further, the Company wants to issue shares to Pioneer Finstock Limited, Zental Drugs Ltd., Aarti Pharma, Mezzotini Drugs Pvt. Ltd., promoters and associates and to any other persons which the Board of Directors deem fit and proper in the interests of the Company and since under Section 81(1-A) of the Companies Act, 1956 the consent of the members of the Company by Special Resolution is required in case of further issue of shares to be made to persons other than the existing shareholders, the Directors recommend the resolution for adoption.