

*Combat Drugs Limited*

# **21st ANNUAL REPORT 2006-2007**

Report  junction.com

For COMBAT DRUGS LIMITED

  
Managing Director

## **COMBAT DRUGS LIMITED**

REGD. OFFICE : 185, 186, YELLAMPET, MEDCHAL MANDAL,  
R.R. DIST., ANDHRA PRADESH

**Combat Drugs Limited**

## 21st Annual General Meeting

**Date** : 29-11-2007  
**Day** : Thursday  
**Time** : 11-00 a.m.  
**Venue** : 185, 186, Yellampet, Medchal Mandal,  
R.R. Dist., Andhra Pradesh

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

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**Combat Drugs Limited**

**BOARD OF DIRECTORS**

**Sri SUCHIT MOHAN LAL**

Managing Director

**Sri S.S. MARTHI**

**Sri SUSHANT MOHAN LAL**

**Auditors:**

**Mahesh, Virender & Sriram**

Chartered Accountants

Ameerpet, Hyderabad.

Andhra Pradesh, India.

**Registered Office:**

185, 186, Yellampet,

Medchal Mandal,

R.R. Dist.

Andhra Pradesh, India.

**Bankers:**

**Karnataka Bank Limited**

Raj Bhavan Road, Hyderabad,

Andhra Pradesh, India.

**HDFC Bank Limited**

Lakdikapool, Hyderabad,

Andhra Pradesh, India.

**Legal Advisers:**

**M. Sudhakar Reddy**

**N. Rajashekar Reddy**

Advocates

Flat No. 204, 2nd Floor,

Hiline Pratap Apartments,

Kachiguda 'X' Road, Hyderabad.

Andhra Pradesh, India.

**Oriental Bank of Commerce**

Banjara Hills, Hyderabad,

Andhra Pradesh, India.

**Combat Drugs Limited**

**NOTICE**

Notice is hereby given that the Twenty First Annual General Meeting of the Members of M/S COMBAT DRUGS LIMITED Will be held on Thursday, the 29<sup>th</sup> November, 2007 at 11.00 A.M. at the Registered Office of the company at 185,186, Yellampet, Medchal Mandal R.R.District, A.P, to transact the following business.

**ORDINARY BUSINESS:**

**1. ADOPTION OF AUDITED ACCOUNTS AND REPORTS**

To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March, 2007, the Profit and Loss Account for the year ended as on that date, Directors' Report and Auditors' Report thereon.

**2. RE-APPOINTMENT OF DIRECTOR**

To appoint a Director in place of Sri Sushant Mohan Lal who retires by rotation and being eligible offers himself for reappointment.

**3. APPOINTMENT OF AUDITORS**

To consider and if thought fit to pass the following resolution with or without modifications as Ordinary Resolution:

“RESOLVED THAT M/s.Mahesh, Virender and Sriram, be and are hereby re-appointed as Auditors of the Company to hold the office from the conclusion of this Annual General Meeting of the Company until the conclusion of next Annual General Meeting of the Company at a remuneration to be fixed by the Board of Directors in consultation with the Auditors.”

By the Order Of the Board  
For **COMBAT DRUGS LIMITED.**

PLACE: HYDERABAD  
DATE: 5<sup>TH</sup> September 2007

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

***Combat Drugs Limited***

**NOTES:**

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more Proxies to attend and vote on a poll 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. Member/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. The Register of Members and Share Transfer Books of the Company will remain closed from 26<sup>th</sup> November, 2007 to 28<sup>th</sup> November, 2007 (both days inclusive) .



**Combat Drugs Limited****DIRECTORS' REPORT**

The Directors have pleasure in presenting the Twenty First Annual Report on the business and operations of the Company and Financial accounts for the year ended 31<sup>st</sup> March, 2007.

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

Particulars	2005 – 2006	2006 – 2007
Net Sales / Income	21.96	135.86
Total Expenditure	21.11	46.55
Gross Operating Profit	0.84	89.30
Interest and Financial Charges	0.09	4.87
Depreciation	8.90	4.33
Amortisation	—	—
Profit before Tax/Loss	(8.14)	80.09
Provision for Tax	NIL	0.85
Net Profit	(8.14)	79.25

**DIVIDEND**

Your Directors are unable to recommend any dividend for the year due to the losses incurred during the previous years.

**OPERATIONS & PROSPECTS FOR THE FUTURE**

During the year under review the company did not take up the manufacturing of all the products due to paucity of Working Capital and hence concentrated on consolidating few Brands and appointing Distributors and Marketing Franchise Partners in unrepresented areas.

The Debt Recovery Tribunal had given a decision in favour of the Banks and action had been initiated by both the Banks to cease the Assets of the company. Your Directors had successfully negotiated with both the Banks for One Time Settlement of the Account for an amount of Rs.199.70 Lakhs and with the Institution APIDC for an amount of Rs.44.00 Lakhs and as earlier envisaged have liquidated the Property of the company comprising of 9 Acres of Land and the finished and unfinished Building thereon for a total consideration of Rs.248.50 Lakhs and have closed the accounts with the Banks and Institutions and obtained No Due Certificates from them.

The company has however retained the Plant and Machinery for further use.

Your Directors have also made the pending accounts of the P.F and E.S.I upto date and have also regularized all the Statutory obligations.

Your Directors have successfully negotiated with the purchasing party to retain the building on lease to continue its operations from the same premises and the party has agreed to give

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the building with all additions and renovations to the buildings as required for W.H.O. CGMP Unit at their cost and have entered into an agreement to Complete the Building of 30000sft and hand over the same along with 3 Acres of land on a long lease of 7 years Latest by 31st March 2008.

The company will use the existing Machinery and Quality control equipment available with the company for the time being to execute the pending orders.

The company at a later date will try to install new machinery on outright purchase or on Long Lease basis depending on the restructuring of the company.

Your Directors have drawn up plans to restructure the equity and operations of the company as all the liabilities of the Banks, Financial Institutions and Statutory Liabilities have been liquidated and the company is preparing for a turnaround.

As part of the restructuring plan, your Directors have approached the Sundry Creditors, Distributors, other creditors, etc., to convert their dues into Equity, subject to the various approvals required in this regard, to help the company to revive its activities which is being considered positively by the Creditors.

The company is also trying to mobilize funds by way of Equity from Promoters, Directors, Friends and relatives to streamline the operations of the company in view of the constraints in obtaining Bank Loans due to the completion of the successful One Time Settlement with the Banks and Financial Institutions.

**DIRECTORS**

In accordance with the provisions of the Companies Act, 1956 and the company's Articles of Association Sri Sushant Mohan Lal retires by rotation. Sri Sushant Mohan Lal has agreed to continue as a Director of the company and is eligible for re-appointment.

**FIXED DEPOSITS**

The company has not accepted any Fixed Deposits and the provisions of section 58A of the Companies Act, 1956 are not applicable to the Company.

**AUDITORS**

M/s Mahesh Virender & Sriram Chartered Accountants, the statutory Auditors of the Company retire at the ensuing Annual General Meeting and are eligible for reappointment.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

As required under the Companies Act, 1956, your Directors wish to state:

- a) That in the preparation of the annual accounts, the applicable Accounting standards have been followed along with proper explanation relating to material departures.

**Combat Drugs Limited**

- b) That they have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- c) That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- d) That they have prepared the accounts for the year ended 31<sup>st</sup> March, 2007 on a 'going concern' basis.

**CORPORATE GOVERNANCE**

As required by Clause 49 of the Listing Agreement with the Stock Exchanges, Report on Corporate Governance along with Compliance Certificate of the Auditors and Management Discussion and Analysis Report are annexed hereto.

**LISTING INFORMATION**

The Equity Shares are listed on the Stock Exchanges at Mumbai and Hyderabad but the trading had been suspended for non-payment of listing fees. The Company has now paid the Annual Listing fee till date and is in the process of complying with all the other listing requirements of the stock exchanges for revocation of the suspension of trading.

**EMPLOYEE RELATIONS**

The employee relations during the year continued to be cordial.

Your directors wish to thank the employees at all levels of the company for their excellent support and contribution made by them towards achieving the objectives of the Company.

There is no employee whose particulars are to be furnished pursuant to the provisions under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) rules, 1975 as amended by the Companies (amendment) Act, 1988.



## **Combat Drugs Limited**

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE:**

- A. Conservation of Energy, Power : Efforts for conservation of energy and fuel consumption is an ongoing process in the Company and every effort is made in that direction.
- B. Research & Development : The Company has its own Research and Development for the purpose of rationalization and cost reduction steps. Continuous efforts are being made to optimize and streamline various processes.
- C. Foreign Exchange Earnings : Nil
- D. Foreign Exchange Outgo : Nil

### **ACKNOWLEDGEMENTS**

Your Directors wish to place on record their appreciation for the assistance and co-operation received from the Bankers, Shareholders, Auditors, Customers and Staff of the Company during the year under review.

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

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

Place: Hyderabad  
Date: 05-09-2007

**Combat Drugs Limited****MANAGEMENT DISCUSSION & ANALYSIS****A. INDUSTRY STRUCTURE & DEVELOPMENT**

The 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**

There are a lot of opportunities in the pharma sector with most of the drugs going off patent there is vast scope for export of Formulations in Generic forms to most of the countries and with the newer concept of pelletization the company sees a lot of opportunity in this sector.

**C. PRODUCTWISE PERFORMANCE- Company's OUTLOOK & CONCERNS**

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. cGMP 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. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has adequate internal control procedures commensurate with its size and nature of business.

**E. FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE**

The details of the financial performance of the Company are in The Balance Sheet, Profit and Loss Account and other financial statements, etc., appearing separately.

**F. DEVELOPMENT IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT**

The company is in the process of recruiting personnel as per the restructured requirements.