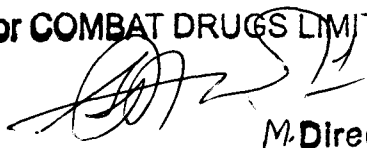


# **24th ANNUAL REPORT 2009-2010**



For **COMBAT DRUGS LIMITED**

  
M. Director

## **COMBAT DRUGS LIMITED**

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

CORP. OFFICE : 203, KABRA COMPLEX, 61, M.G. ROAD,  
SECUNDERABAD-500 003.

**24th  
Annual General Meeting**

**Date** : 30-09-2010  
**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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**BOARD OF DIRECTORS**

**Sri SUCHIT MOHAN LAL**

Managing Director

**Sri S.S. MARTHI**

**Sri SUSHANT MOHAN LAL**

**Sri A.K. AGARWAL**

**Sri SANJAY KUMAR AGARWAL**

**Sri B.N. GNANA PRAKASH**

**Auditors:**

**Mahesh, Virender & Sriram**

Chartered Accountants  
Ameerpet, Hyderabad.  
Andhra Pradesh, India.

**Registered Office:**

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

**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 Advisers:**

**N. Rajashekar 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 Fourth Annual General Meeting of the Members of Combat Drugs Limited will be held on Thursday, the 30<sup>th</sup> day of September, 2010 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 31<sup>st</sup> March, 2010 and the Profit and Loss account for the year ended as on that date and the Report of Directors' and the Auditors' thereon.
2. To appoint a Director in place of Shri Sushant Mohan Lal, who, retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri B.N. Gnana Prakash, who, retires by rotation and being eligible offers himself for re-appointment.
4. To consider and if thought fit to pass the following resolution with or without modification as an Ordinary Resolution:

"RESOLVED THAT M/s Mahesh, Virender and Sriram, Chartered Accountants be and are hereby reappointed as Auditors of the Company to hold the office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting, on such remuneration as may be fixed by the Board of Directors."

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

PLACE: HYDERABAD  
DATE: 06-09-2010

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 27<sup>th</sup> September, 2010 to 30<sup>th</sup> September 2010 (both days inclusive).
3. Members / Proxies are requested to bring their copies of Annual Report with them for 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: 06-09-2010

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

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

**SHRI SUSHANT MOHAN LAL:**

Shri Sushant Mohan Lal, S/o Shri Suchit Mohan Lal, aged about 31 years, is a resident of 126/2RT, Sanjeeva Reddy Nagar, Hyderabad-500038.

He is an MBA graduate from the Kansas University, U.S.A and possesses rich experience in Marketing and Management.

He is not a member of any Committee(s) other than that of Combat Drugs Limited.

Shareholding in the Company : 1,29,200 Equity Shares

**SHRI BATTULA NARASINHA GNANA PRAKASH:**

Shri Battula Narasimha Gnana Prakash, S/o Shri Battula Narasimha, aged about 65 years, is a resident of 10-3-68/A/6, Humayun Nagar, Hyderabad-500028.

He has completed his LLB and Bachelor of Science. He retired as the Additional Commissioner of Income Tax.

Due to his rich expertise in Accounts, Law and Finance, he was appointed as the Chairman to preside over all the Board and/or General Meetings, in the Board Meeting held on 16.03.2009.

He also serves as an Independent Director on the Board of the Company and provides advisory services on the matters related to Law, Accounts, Finance and Taxation.

He is not a member of any Committee(s) other than that of Combat Drugs Limited.

Shareholding in the Company : **NIL**

**DIRECTORS' REPORT**

Dear Members,

The Directors have pleasure in presenting before you the Twenty Fourth Annual Report of the Company for the financial year ended 31<sup>st</sup> March, 2010.

**FINANCIAL RESULTS:**

| <b>Particulars</b>                         | <b>(Rs. In Lakhs)</b> |                    |
|--|-----------------------|--------------------|
|  | <b>2009 – 2010</b>    | <b>2008 – 2009</b> |
| Net Sales                                  | 39.25                 | 38.51              |
| Other Income                               |                       |                    |
| (including sundry balances written back)   | -                     | 1.10               |
| Total Expenditure                          | 33.89                 | 33.68              |
| Profit before Interest, Depreciation & Tax | 5.36                  | 5.93               |
| Interest and Financial Charges             | 0.07                  | 0.16               |
| Depreciation                               | 4.86                  | 4.23               |
| Profit before Tax                          | 0.42                  | 1.54               |
| Provision for Tax                          | -                     | -                  |
| Provision for FBT                          | -                     | 0.31               |
| Net Profit (After Tax)                     | 0.42                  | 1.23               |

**DIVIDEND:**

Your Directors are unable to recommend any dividend for the financial year 2009-2010 due to inadequate profits during the year.

**OPERATIONS & PROSPECTS FOR THE FUTURE:**

During the year under review your company has successfully completed the envisaged and planned renovations to the buildings as required by the latest Gmp standards and the necessary additions of Machineries and Quality Assurance equipment has been mostly completed.

The Directors take pleasure in informing that your company's manufacturing facilities were Audited by the Drugs Control Administration and a Certificate of GMP has been awarded to the unit.

Your company has commenced the manufacturing activities and the production in Betalactum section has already commenced.

Your company has also successfully completed the Non Beta Facilities and is awaiting the requisite GMP Licences for various sections.

During the year under review your Company, concentrated on the upgradation of the unit which was successfully implemented and the process of appointing Distributors and

Marketing Franchise Partners in most of the unrepresented areas has been successfully completed.

**CORPORATE RESTRUCTURING:**

Your Directors have drawn up plans to restructure the equity and operations of the Company and to wipe of the entire accumulated losses of the company.

In this regard a draft scheme of arrangement between the company, its shareholders and its unsecured creditors has been drawn up by the Board. In the due course of time, your Board shall finalise the same and complete the necessary formalities in this regard.

**DIRECTORS:**

In accordance with the provisions of the Companies Act, 1956, Shri Sushant Mohan Lal and Shri B.N. Gnana Prakash, Directors of the Company are liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. (Rotational Directors)

**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 financial year.

**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. However being eligible they offer themselves for re-appointment.

The Company has received a certificate from M/s Mahesh, Virender & Sriram, stating that their re-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 re-appointment.

**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 2009-2010.
- 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 31<sup>st</sup> March 2010 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 enunciated in 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:**

**Disclosure about Re-Listing:**

The Equity Shares of the Company are listed on The Bombay Stock Exchange Limited, Mumbai, and Hyderabad Stock Exchange Ltd., Hyderabad.

**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.2,00,000/- per month, if employed for the part of year or Rs.24,00,000/- per annum during the financial year 2009-2010.

**SECRETARIAL COMPLAINT CERTIFICATE:**

Pursuant to the provisions of Section 383A and all other applicable provisions, if any, of the Companies Act, 1956, M/s Marthi & Company, Company Secretaries, Hyderabad were appointed by the Board of Directors to issue the Compliance Certificate for the financial year 2009-2010. 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 hardwork and dedicated support.

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

Place: Hyderabad  
Date: 06.09.2010

Sd/-  
SUCHIT MOHANLAL  
MANAGING DIRECTOR

Sd/-  
SUSHANT MOHAN LAL  
DIRECTOR