

27th ANNUAL REPORT

2012 - 2013

COMBAT DRUGS LIMITED

Regd Office: 185, 186 Yellampet, Medchal Mandal, R.R.District
Andhra Pradesh, INDIA

27th

ANNUAL GENERAL MEETING

Date: 30-09-2013
Day : Monday
Time : 11.00 AM
Venue : 185, 186 Yellampet, Medchal Mandal, R.R.District
Andhra Pradesh, INDIA

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No Gifts will be distributed at the meeting.

BOARD OF DIRECTORS

Sri SUCHIT MOHAN LAL
Managing Director

Shri ANJANI KUMAR AGARWAL
Shri SUSHANT MOHAN LAL
Shri SANJAY AGARWAL
Shri S.S.MARTI
Shri B.N. GNANA PRAKASH

Auditors:

Anandam & Company
Chartered Accountants
Secunderabad.
Andhra Pradesh, India.

Registered Office:

185,186, Yallampet,
MedchalMandal,
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. Rajeshekar Reddy
Advocates
Flat No. 204, 2nd Floor
HilinePratap Apartments
Kachiguda 'X' Road, Hyderabad

NOTICE

Notice is hereby given that the Twenty Seventh Annual General Meeting of the members of Combat Drugs Limited will be held on **Monday, 30th day of September, 2013 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 31st March, 2013 and the Profit and Loss Account for the period ended as on that date and the Report of Directors and the Auditors thereon.
2. To appoint a Director in place of Shri Sanjay Agarwal, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of S.S. Marthi, who retires by rotation and being eligible offers himself for re-appointment.
4. To re-appoint M/s **Anandam & Company**, the Statutory Auditors of the Company to hold the 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**

Sd/-

Place: Hyderabad

SUCHIT MOHAN LAL

Date: 05.09.2013

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 25th September, 2013 to 30th September, 2013 (both days inclusive).
3. Members who hold shares in dematerialized form are requested to write their Client ID and DPID Number and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.
4. In case of joint holders attending the meeting, only such joint holder who is higher in the order of name will be entitled to vote.
5. Members are requested to quote their Registered Folio No. on all correspondence(s) with the Company.
6. 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/-

Place: Hyderabad
Date: 05-09-2013

SUCHIT MOHAN LAL
MANAGING DIRECTOR

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

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

SRI SANJAY AGARWAL:

Sri Sanjay Agarwal, S/o Sri Dayanand Agarwal aged about 35 years, is a resident of Plot No. 68, A.P. Text Book Colony, Gunrock, Karkhana, Secunderabad – 500 009. He completed his graduation in He is a technical graduate and occupies himself into the business. He was co-opted as Additional Director on the Board considering his expertise 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, DRS Labs (India) Private Limited, and other companies.

Shareholding in the Company as on 31st March, 2013 : **10,00,000 Equity Shares.**

SHRI S.S.MARTHI:

Shri S.S.Marthi aged about 57 years, is a practicing company secretary since last 21 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 31st March 2013 : Nil

DIRECTORS' REPORT

Dear Members,

Your Directors feel pleased to present before you the **Twenty Seventh Annual Report** of the Company for the financial year ended 31st March, 2013.

FINANCIAL RESULTS:

(Rs. In Lakhs)

Particulars	2012-13	2011-2012 (6 Months period ended 31st March, 2012)
Net Sales	50.07	92.56
Other Income (including sundry balances written back)	5.41	0.32
Total Expenditure	48.76	127.05
Profit before Interest, Depreciation & Tax	6.73	34.17
Interest and Financial Charges	-----	0.05
Depreciation	20.80	7.17
Profit before Tax	(-) 14.07	(-)41.39
Provision for Tax	-----	-----
Provision for FBT	-----	-----
Net Profit (After Tax)	(-) 14.07	(-)41.39

DIVIDEND:

Your Directors do not recommend any dividend for the financial year ended 31stMarch, 2013.

OPERATIONS & PROSPECTS FOR THE FUTURE:

During the year under review your company has been in discussions with various Companies for utilizing the Spare capacities in the Company besides augmenting the Market operations. The company is very confident of building a very decent business volume in due course of time.

DIRECTORS:

In accordance with the provisions of the Companies Act, 1956, Shri Sanjay Agarwal and Shri 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 financial year.

AUDITORS:

The term of office of M/s Anandam & Co., 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 reappointment.

The Company has received a declaration from M/s Anandam & Co., Chartered Accountants, 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 ended 31stMarch, 2013
- 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 31st March, 2013 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 B**”.

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 C**”.

LISTING & TRADING:

The Equity Shares of the Company are listed at The Bombay Stock Exchange Limited, Mumbai. Your Directors are happy to inform you that its equity shares are listed on exchange with effect from Thursday 8th November 2012.

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 financial year 2012-2013.

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.

For and on behalf of the Board

For **COMBAT DRUGS LIMITED**

Sd/-

Sd/-

Place: Hyderabad

SUCHIT MOHANLAL

ANJANI KUMAR AGARWAL

Date: 05.09.2013

MANAGING DIRECTOR

DIRECTOR

Annexure – “A”

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	75922	56302
Total amount (in Rs.)	487420	361460
Rate/unit (in Rs.)	6.42	6.42
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:

- 1. Efforts, in brief, made towards technology absorption, adoption and innovation: Nil
- 2. Benefits derived as a result of the above efforts, Eg. Product Improvement, Cost Reduction, Product Development, Import Substitution etc. : Nil
- 3. Import of Technology (Imported Technology during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:
 - (a) Technology imported : Nil
 - (b) Year of import : Nil
 - (c) Has technology been fully absorbed : Nil
 - (d) 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**

	Sd/-	Sd/-
Place: Hyderabad	SUCHIT MOHANLAL	ANJANI KUMAR AGARWAL
Date: 05.09.2013	MANAGING DIRECTOR	DIRECTOR

“Annexure - B”**MANAGEMENT DISCUSSION & ANALYSIS****A. INDUSTRY STRUCTURE & DEVELOPMENT :**

The Indian pharmaceutical Industry has witnessed a robust growth of around 14% since the beginning of the 11th Plan in 2007 from about Rs 71000 crores to over Rs1 lac crores in 2009-10 comprising of Rs 62,055 crores of domestic market and exports of over Rs 42,154 crores. This also amounts around 20% of total volume of global generics.

There are more than 32000 pharmaceutical companies presently operating in the Indian market, either as sole manufacturer or as marketers or both, and the number is growing day by day because of the ever growing demand, for medicines to cater to the extreme rural areas of our country.

B. OPPORTUNITIES, THREATS, RISKS & CONCERNS :

India with a population of over a billion is a largely untapped market. In fact the penetration of modern medicine is less than 30% in India. To put things in perspective, per capita expenditure on health care in India is US\$ 93 while the same for countries like Brazil is US\$ 453 and Malaysia US\$189. The growth of middle class in the country has resulted in fast changing lifestyles in urban and to some extent rural centers. This opens a huge market for lifestyle drugs, which has a very low contribution in the Indian markets. Indian manufacturers are one of the lowest cost producers of drugs in the world. With a scalable labor force, Indian manufactures can produce drugs at 40% to 50% of the cost to the rest of the world. In some cases, this cost is as low as 90%.

It is often said that the pharmacy sector has no cyclical factor attached to it. Irrespective of whether the economy is in a downturn or in an upturn, the general belief is that demand for drugs is likely to grow steadily over the long-term.

There are huge opportunity to tap rural market where buying capacity has increased in view of health consciousness. Working capital has become a major issue as our Industry is working capital intensive and in order to streamline our working, we have mostly completed the capital project and due to this, the working capital should not be affected due to burden of capital expenditure.

The Indian pharmacy companies are marred by the price regulation. Over a period of time, this regulation has reduced the pricing ability of companies. The NPPA (National Pharmacy Pricing Authority), which is the authority to decide the various pricing parameters, sets prices of different drugs, which leads to lower profitability for the companies. The companies, which are lowest cost producers, are at

advantage while those who cannot produce have either to stop production or bear losses.

But, the migration into a product patent based regime is likely to transform industry fortunes in the long term. The new patent product regime will bring with it new innovative drugs. This will increase the profitability of MNC pharmacy companies and will force domestic pharmacy companies to focus more on R&D. This migration could result in consolidation as well. Very small players may not be able to cope up with the challenging environment and may succumb to giants.

C. PRODUCT WISE PERFORMANCE:

The Company's main concentration is on Formulation Marketing. 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 position itself as a low-cost manufacturer of various high class Finished dosage forms and therapeutic products. Towards this end, the Company has initiated discussions and Agreements with exporters for Exporting the Branded products of the Company which will enable the products and the company to establish itself in various countries as The Company products have been exported to various countries by Merchant Exporters successfully.. Your company is also negotiating with established companies for manufacturing their products on Loan Licence basis besides Marketing their own Branded formulations.

D. COMPANY'S OUTLOOK & CONCERNS:

Notwithstanding the earlier setbacks, with the completion of Scheme of Arrangement your company looks forward to a strong performance in the coming years.

In line with our stated philosophy and strategy, we will continue to pursue various options to achieve faster 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 financial year 1st April 2012 to 31st March 2013 stood at Rs. 50.07 Lakhs as against Rs.92.56 Lakhs for the 6 months Period year ended 31.03.2012.

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 financial year 2012-13.

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.

Disclaimer

Some of the statements in this Management Discussion & Analysis, describing the Company's objectives, projections, estimates and expectations may be "forward looking statement" within the meaning of applicable laws and regulations. Actual results might differ substantially from those expressed or implied. Important developments that could affect the Company's operation including changes in the industry structure, significant changes in political and economic environment in India, tax laws, import duties, litigation and labour relations.

“Annexure - C”

CORPORATE GOVERNANCE REPORT

The following are the details furnished in the form as required under the 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 obligated 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.

The Company’s philosophy on Corporate Governance is thus connected 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 Battula Narasimha Gnana Prakash who was appointed as the Chairman of the meetings, continues to hold the said office.

The Board of Directors met Five times during the financial year 1st April 2012 to 31st March 2013 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 financial year 1st April 2012 to 31st March 2013 are as follows:

15.05.2012	14.08.2012	07.09.2012	14.12.2012	14.02.2013
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The attendance at the Board Meetings conducted during the financial year ended 31st March , 2013 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.	ShriSuchit Mohan Lal	Promoter & Executive	Managing Director	5	Yes	Nil	Nil
2.	Shri S. S. Marthi	Independent & Non -Executive	Director	5	Yes	2	3
3.	ShriSushant Mohan Lal	Promoter & Executive	Director	5	Yes	Nil	Nil
4.	ShriAnjani Kumar Agarwal	Promoter & Non-Executive	Director	5	Yes	Nil	Nil
5.	Shri Sanjay Kumar Agarwal	Promoter & Non-Executive	Director	5	Yes	Nil	Nil
6.	ShriBattulaNarasimhaGnanaPrakash	Independent & Non -Executive	Director	5	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 Sanjay Kumar Agarwal - Member
 Shri S SMarthi - 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.
- d. To discuss problems and reservations arising from the statutory audit and any matters the statutory auditor may wish to discuss.
- e. 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 financial year ended 31st March 2013, Audit Committee met four times, viz., 14.05.2012, 12.08.2012, 14.10.2012, 03.02.2013.

Directors Name & Committee Position	Meetings attended
Shri Battula Narsimha Gnana Prakash (Chairman)	4
Shri Sanjay Kumar Agarwal	4
Shri S S Marthi	4

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.

The Committee performs the functions of Remuneration Committee as recommended in the Listing Agreement to be entered into with the stock exchanges. It will determine the Company's policy on specific packages for Executive Directors. The company pays sitting fees to the Non-Executive Directors and reimburses the out of pocket expenses incurred by the Directors for attending meetings.

Details of the Remuneration:

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

	Name of the Director	Total (in Rs.)
1	Shri Suchit Mohan Lal	2,40,000/-
2	Shri SS Marthi	Nil
3	Shri Sushant Mohan Lal	2,40,000/-
4	Shri Anjani Kumar Agarwal	Nil
5	Shri Sanjay Kumar Agarwal	Nil
6	Sri Battula Narasimha Gnana Prakash	Nil

Shareholding of Non-Executive Director:

As on 31st March, 2013 Mr. B.N.Gnana Prakash and Mr. S.S.Marti, Non-Executive Directors of the Company do not hold any shares 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.Marthi	--	Member
Shri Anjani Kumar Agarwal	--	Member

The Committee met **2 times** during the financial year ended 31st March, 2013

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:

- ShriSuchit Mohan Lal - Chairman
- Shri S SMarthi, and - Member
- ShriAnjani KumarAgarwal - Member

Four Meetings of the Share Transfer Committee were held during the year on 10.05.2012, 14.08.2012, 15.11.2012, 14.02.2013

7. MANAGEMENT DISCUSSION & ANALYSIS REPORT:

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

8. GENERAL BODY MEETINGS :

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

AGM	Date	Location	Time
26 th	29.09.2012 Saturday	185, 186, Yellampet, MedchalMandal, R.R. District, (AP)	11.30 A. M.
25 th	31.12.2011 Saturday	185, 186, Yellampet, MedchalMandal, R.R. District, (AP)	11.00 A. M.
24 th	30.09.2010 Thursday	185, 186, Yellampet, MedchalMandal, 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 05.09.2013.

10. MEANS OF COMMUNICATION:

www.combatdrugs.in is the website of the company, wherein all the official news releases and the developments in relation to the Company are be updated and displayed.

Quarterly Results:

The Quarterly results of the company are generally published in "Business Standard" and "Andhra Prabha". The Results are displayed on the website of the Stock Exchange shortly after its submission.

11. GENERAL SHAREHOLDER INFORMATION:

Annual General Meeting	: 30 TH September, 2013 at 11.30 A.M. at the registered office of the Company at 185/186, Yellampet, Medchal. R.R. District, A.P.
Financial Year	: 1 st April 2012 to 31 st March, 2013
Dates of Book Closure	: 25.09.2013 (Wednesday) to 30.09.2013 (Monday)
Listing	: The Bombay Stock Exchange Ltd.
Stock Code	: 524752
Registrar & Transfer Agents	: Venture Capital & Corporate Investments Pvt Ltd 12-10-167, Bharat Nagar, Hyderabad - 500 018 Ph: +91-40+23818475 / 23818476 Fax: +91-40-23868024 E-mail: info@vccilindia.com Contact: Mr. E.S.K.Prasad / Mr. P. Srinivas Reddy
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 company was allotted ISIN INE643N01012 by CDSL and NSDL and trading is being done in Dematerialized form in BSE.
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

Address for Correspondence:

Registered Office : 185, 186, Yellampet, Medchal Mandal,
& Works Office 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 31st March , 2013

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		11,840	99.18740	2362600	47.57690	
5001 - 10000		37	0.30996	272550	9.68001	
10001 - 20000		14	0.11728	207200	6.10262	
20001 - 30000		1	0.00838	21700	4.27988	
30001 - 40000		1	0.00838	31600	3.00179	
40001 - 50000		0	0.00000	0	2.47261	
50001 - 100000		2	0.01675	154360	8.21006	
100001 and above		42	0.35185	76949990	18.67612	
TOTAL		11,937	100	80000000	100	

13. SHAREHOLDING PATTERN FOR THE QUARTER ENDED 31ST MARCH, 2013

No.	Category	No. of Shares held	Percentage Shareholding
A	Promoter's Holding		
1	<u>Indian Promoters:</u> Individuals/HUF's Bodies Corporate	3215928 2080000	40.20% 26.00%
2	Foreign Promoters	NIL	NIL
	Sub-Total	5295928	66.20%
B	Non-promoters Holding		
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	0.00%
C	FII's	NIL	NIL
	Sub-Total	300	0.00%
4	Others		
a.	Private corporate Bodies	494968	6.18%
b.	Indian Public	2208804	27.61%
c.	NRIs/OCBs	NIL	NIL
d.	Any other (Please Specify) Directors & Relatives	NIL	NIL
	Sub-Total	2703772	33.80%
	Grand Total	8000000	100.00%

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

Place: Hyderabad
Date: 05.09.2013

Sd/-
SUCHIT MOHANLAL
MANAGING 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 6 months period ended 31st March 2013.

By the Order of the Board

For **COMBAT DRUGS LIMITED**

Place :Hyderabad

Date :05.09.2013

Sd/-

SUCHIT MOHANLAL
MANAGING DIRECTOR

CEO and CFO Certification

The Board of Directors
Combat Drugs Limited
185,186, Yellampet, Medchal Mandal
R.R.Dist, A.P

I, Suchit Mohanlal, Managing Director of the Company certify that

- a. I have reviewed financial statements and the cash flow statement for the year and that to the best of my knowledge and belief and within the limitations :
 - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading as per the record placed before me by the Directors;
 - ii. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations as per the information given by the Board.
- b. There are, to the best of my knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct as per the information given by the Board.
- c. I accept responsibility for establishing and maintaining internal controls for financial reporting to the extent known to me and within the limitations and that I evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and the Members of the Board have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or proposed to take to rectify these deficiencies.
- d. I have not come across any fraud in the financial statements prepared by the management and placed before me or material changes in the policies or internal control measures.
- e. I have verified the above issues within the limitations and limited accessibility.

Sd/-

Place: Secunderabad
Date: 05.09.2013

Suchit Mohan Lal
Managing Director

AUDITORS' REPORT

To

The Members of Combat Drugs Limited

We have audited the financial statements of **Combat Drugs Limited** ('the Company') which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then and a summary of the significant accounting policies and other explanatory information.

Managements Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of financial position, performance and cash flows of the company in accordance with the accounting standards referred to in sub section (3C) of section 211 of the Companies Act 1956 ("The Act"). This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depended on the auditor's judgement including the assessment of risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments the auditor considers the internal controls relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the management as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information as required by the act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

- a) In case of the Balance sheet, of the state of affairs of the company as at 31 March 2013,
- b) In the case of the statement of Profit & Loss of the loss of the year ended on that date.
- c) In the case of the Cash Flow, of the Cash Flow for the year ended on that date.

Report on Other Legal & Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.

2. As required by section 227(3) of the Act, 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 purpose 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, Statement of Profit and Loss and Cash Flow Statement comply with the accounting standards referred to in Sub-section (3C) of section 211 of the Companies Act, 1956
- d) The Balance Sheet, Statement of Profit and Loss Account and Cash flow statement dealt with by this report are in agreement with the books of account;
- e) On the basis of written representations received from the directors as on 31 March 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013 from being appointed as a director of the Company under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

For M. Anandam & Co.,
Chartered Accountants

(Firm Regn.No.000125S)

Place: Secunderabad

Date: 30th May 2013

Sd/-
A.V. SADASIVA
Partner
M.No: 18404

Annexure to Auditors' Report**Referred to in paragraph under the heading of "Report on Other Legal & Regulatory Requirements 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.
(b) As explained to us, the Fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable having regard to the size of the company and the nature of its business. No material Discrepancies were noticed on such physical verification.
(c) The Company has not disposed off any substantial part of its fixed assets so as to effect its going concern status.

- ii. (a) As per the information and explanations given to us, the management has physically verified the inventory but count sheets were not available for verification.
(b) In the light of clause 4(II)(a), it is hard to comment if the procedure for physical verification of inventories followed by the management are reasonable and adequate in nature to the size and relation of the company.
(c) In the light of clause 4(II)(a), it is hard to comment if the company has maintained proper records of its inventory and if there are any material discrepancies between the physical stocks and the book records.

- iii. (a) The company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

(b) The company has unsecured loan from two party covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year and the year-end balance is Rs. 5.18 Lakhs.

(c) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from the parties covered in the register maintained under Section 301 of the Companies Act, 1956 are not prima facie prejudice to the interest of the company.

(d) The company is regular in repaying the principal amounts as stipulated.

- 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 for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.

- v. (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the companies Act, 1956 have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act 1956, exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

- vi. In our opinion and according to the information and explanations given to us the Company has not accepted deposits from the public..
- vii. According to the information and explanations given to us, the Company has an internal audit system which is commensurate with the size and nature of its business.
- viii. Maintenance of cost records by the company has not been prescribed by the Central Government under Section 209(1) (d) of the Companies Act, 1956.
- ix. (a) On verification it was found that the company was not regular in depositing undisputed statutory dues relating to Employee State Insurance, Professional Tax, & Income Tax with the appropriate authority and Rs.5,21,792 stood outstanding for 6 months or more as on the last day of the financial year.

(b) According to the information and explanations given to us, records of company examined by us particulars of sales tax as on 31st March, 2013 for amounts involved on account of dispute pending are as under:

Name of the Statute	Nature of the Dues	Amount (Rs. In lakhs)	Period of Amount	Forum Where Dispute is pending
Central Sales tax Act 1956	Central Sales Tax	1.30	2012-2013	Appellate Deputy Commissioner (CT), Hyderabad

- x. The company has no accumulated losses and it has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, the company has not taken any loan from any financial institutions, banks or through debentures. Accordingly the provisions of the clause 4(xi) of the companies (Auditors Report) order, 2003 are not applicable to the company.
- xii. According to the information and explanation given to us and based on the documents and records produced to us, the company has not granted loans and advances on the basis of securities by way of pledges of shares, debentures and other securities.

- xiii. In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/society. Accordingly the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 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 in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4 (xiv) of the companies (Auditor's report) order, 2003 are not applicable to the company.
- xv. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly, the provisions of Clause 4 (xv) of the companies (Auditor's report) order, 2003 are not applicable to the company.
- xvi. The company has not taken any term loans; hence this clause is not applicable.
- xvii. In our opinion and according to the information and explanations given to us, and on an overall examination of the balance sheet of the company, we report that no funds raised on short term basis were applied for long-term investment.
- xviii. The company has not made any preferential allotment of shares during to the year to parties and companies covered in register maintained under section 301 of the Companies Act, 1956..
- xix. The company has not issued any debentures during the year.
- xx. The company has not raised any funds on public issue and hence disclosure on the end use of money raised by the public issue is not applicable to the Company.
- xxi. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year.

(Firm Regn.No.000125S)

For M. Anandam & Co.,
Chartered Accountants

Sd/-
A.V. SADASIVA

Partner

Place: Secunderabad
Date: 30th May 2013

M.No: 18404

AUDITORS' REPORT ON CORPORATE GOVERNANCE

To
The Board of Directors
Combat Drugs Limited

We have examined the compliance of conditions of Corporate Governance by Combat Drugs Limited for the period 1st April, 2012 to 31st March, 2012 as stipulated in Clause 49 of the Listing Agreement of the said company with stock exchanges.

The compliance of condition of Corporate Governance is the responsibility of management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned listing Agreement.

We state that in respect of investor grievances received during the period ended 31st March, 2013, no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

(Firm Regn. No. 000125S)
Place: Secunderabad
Date: 30th May, 2013

For M. Anandam & Co.,
Chartered Accountants
Sd/-
A.V. SADASIVA
Partner
M.No. 18404

COMBAT DRUGS LIMITED

Balance Sheet as at March 31, 2013

PARTICULARS	NOTES	31.03.2013 (12 Months)	31.03.2012 (6 Months)
		Rs	Rs
EQUITY AND LIABILITIES			
1. Shareholders' Funds			
a) Share capital	2	8,00,00,000	8,00,00,000
b) Reserves and Surplus	3	(13,58,929)	22,147
		7,86,41,071	8,00,22,147
2. Non-current Liabilities			
a) Long term borrowings	4	5,18,073	2,88,163
		5,18,073	2,88,163
3. Current Liabilities			
a) Short term borrowings	5	-	3,10,359
b) Trade payables	6	60,27,735	63,30,458
c) Other current liabilities	7	15,78,874	36,86,767
		76,06,609	1,03,27,564
TOTAL EQUITY AND LIABILITIES		8,67,65,753	9,06,37,894
B - ASSETS			
1. Non-Current Assets			
a) Fixed Assets	8	4,26,76,572	4,47,56,701
b) Long term loans and advances	9	2,21,65,388	2,21,65,388
		6,48,41,960	6,69,22,089
2. Current Assets			
a) Inventories	10	1,17,39,369	1,03,49,869
b) Trade Receivables	11	59,11,636	72,59,752
c) Cash and bank balances	12	25,913	10,29,698
d) Short term loans and advances	13	42,46,875	50,76,486
		2,19,23,793	2,37,15,805
TOTAL ASSETS		8,67,65,753	9,06,37,894
		-	-

Significant Accounting policies

1

The Notes referred to above and the statement on significant accounting policies form an integral part of the Balance Sheet

In terms of our report attached

for ANANDAM & CO

Chartered Accountants

Firm No. 000125S

Sd/-

A V SADASIVA

Partner

M No: 18404

Place: Secunderabad

for and on behalf of the Board

Sd/-

Suchit Mohal Lal

Director

Sd/-

Anjani Kumar Agarwal

Director

Date: 30th May, 2013

COMBAT DRUGS LIMITED

Profit & Loss account for the year ended March 31, 2013

PARTICULARS	NOTES	31.03.2013 (12 Months)	31.03.2012 (6 Months)
Revenue from operations	16	50,07,797	92,56,053
Other income	17	5,41,622	31,851
TOTAL INCOME		55,49,419	92,87,904
EXPENDITURE			
Consumption of raw material	18	23,16,752	91,80,690
Employee Benefits	19	10,35,716	18,89,325
Other expenditue	20	15,23,998	16,40,188
Depreciation	9	20,80,129	7,16,798
TOTAL		69,56,595	1,34,27,001
Profit Before Tax		(14,07,176)	(41,39,097)
Current tax			
Deferred tax			
Profit after tax		(14,07,176)	(41,39,097)

Significant Accounting policies

1

The Notes referred to above and the statement on significant accounting policies form an integral part of the Balance Sheet

In terms of our report attached

for ANANDAM & CO
Chartered Accountants
Firm No. 000125S

for and on behalf of the Board

Sd/-
Suchit Mohal Lal
Director

A V SADASIVA
Partner
M No: 18404

Sd/-
Anjani Kumar Agarwal
Director

Place: Secunderabad

Date: 30th May, 2013

NOTES FORMING PART OF THE FINANCIAL STATEMENTS**Note 1: Significant Accounting policies****a) Basis of preparation**

The financial statements have been prepared in accordance with the applicable accounting standards and are based on historical cost convention.

b) 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.

c) Depreciation

Depreciation on fixed assets is provided on Straint 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.

d) Deferred tax liability / Asset

To provide and recognize Deferred tax on timing differences between taxable income and accounting income subject to consideration of prudence.

e) Inventories

Inventories are valued at lower of the cost or net realizable value.

f) Revenue Recognition

Sale of goods is recognized at the point of despatch of finished goods to the customers. Sales are inclusive.

g) Miscellaneous expenditure

To amortize preliminary expenses equally over a period of 10 years.

h) Public Issue expense

To write off public issue expenses in ten equal installments from the year following the year of Public Issue

i) 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.

Notes to the Financial statements for the year ended March 31, 2013

Note 2: Share Capital

PARTICULARS	2013 (12 Months)	2012 (6 Months)
AUTHORIZED 80,00,000 Equity Shares of Rs.10/- each	8,00,00,000	8,00,00,000
ISSUED AND SUBSCRIBED 80,00,000 Equity Shares of Rs.10/- each	8,00,00,000	8,00,00,000
PAID UP : 80,00,000 Equity Shares of Rs.10/- each	8,00,00,000	8,00,00,000
	-	-

The details of shareholders holding more than 5% equity shares

Name	As on 31.03.2013		As on 31.03.2012	
	Qty	% of Holding	Qty	% of Holding
Sushant Mohan Lal	6,13,828	7.67	6,13,828	7.67
Anjani Kumar Agarwal	10,00,000	12.50	10,00,000	12.50
Sanjay Kumar Agarwal	10,00,000	12.50	10,00,000	12.50
DRS Labs (India) Pvt Ltd	20,80,000	26.00	20,80,000	26.00
Indian Public	-	-	-	-
TOTAL	46,93,828	58.67	46,93,828	58.67

Note 3: Reserves & Surplus

PARTICULARS	2013 (12 Months)	2012 (6 Months)
Surplus		
Opening balance	2,30,947	(1,80,69,956)
Add: Net profit transferred from Profit & Loss account	(14,07,176)	(41,39,097)
	(11,76,229)	(2,22,09,053)
Less: Appropriated under "Scheme of Arrangement" towards reduction of share capital	-	2,24,40,000
Closing Balance	(11,76,229)	2,30,947
Preliminary expenses	(1,82,700)	(2,08,800)
TOTAL	(13,58,929)	22,147

NOTE 4: Long Term Borrowings

PARTICULARS	2013 (12 Months)	2012 (6 Months)
From Directors	5,18,073	2,88,163
TOTAL	5,18,073	2,88,163

5.1 Note: Deferred tax liability has not been provided

NOTE 5: Short Term Borrowings

PARTICULARS	2013 (12 Months)	2012 (6 Months)
Sales tax deferrment	-	3,10,359
TOTAL	-	3,10,359

NOTE 6: Trade Payables

PARTICULARS	2013 (12 Months)	2012 (6 Months)
Dues to MSMED	-	-
Others	59,46,375	63,30,458
TOTAL	59,46,375	63,30,458

NOTE 7: Other Current Liabilites

PARTICULARS	2013 (12 Months)	2012 (6 Months)
Advances from Customers	1,11,272	-
Statutory Liabilities	4,58,252	4,26,740
Expenses payable	10,90,710	32,60,027
TOTAL	16,60,234	36,86,767

NOTE 9: Long Term Loans and Advances

PARTICULARS	2013 (12 Months)	2012 (6 Months)
Deposits	2,21,65,388	2,21,65,388
TOTAL	2,21,65,388	2,21,65,388

NOTE 10: Inventories

PARTICULARS	2013 (12 Months)	2012 (6 Months)
Raw materials & Excepients	28,13,799	28,76,611
Packing materials	13,73,594	16,82,311
In process formulations	31,93,293	37,76,403
Finished formulations	43,58,683	20,14,544
TOTAL	1,17,39,369	1,03,49,869

COMBAT DRUGS LIMITED
Notes to the Financial statements for the year ended March 31, 2012
Note - 8: FIXED ASSETS

Sl. No.	Name of the Asset	GROSS BLOCK			DEPRECIATION			NET BLOCK		
		As At 31.03.12	Additions	Deletions/ Adjustments	As At 31.03.13	As On 31.03.12	For the Year	Deletions/ Adjustments	As At 31.03.13	As At 31.03.12
1	Leased Building	3,12,68,074	-	-	3,12,68,074	5,52,475	10,44,354	-	15,96,829	13,20,922
2	Furniture	4,54,723	-	-	4,54,723	4,54,722	-	-	4,54,722	6,816
3	Computers	4,92,700	-	-	4,92,700	62,735	79,867	-	1,42,602	53,304
4	Plant & Machinery	1,71,21,409	-	-	1,71,21,409	61,25,358	8,13,267	-	69,38,625	19,64,831
5	Lab Equipment	10,32,911	-	-	10,32,911	1,46,376	49,063	-	1,95,439	8,37,472
6	Office Equipment	2,91,815	-	-	2,91,815	2,14,726	13,861	-	2,26,587	81,962
7	Electrical Fittings	16,78,251	-	-	16,78,251	26,790	79,717	-	1,06,507	-
	Total Rs.	5,23,39,883	-	-	5,23,39,883	75,83,182	20,80,129	-	96,63,311	35,19,925
	Previous Year	5,23,39,883	4,19,53,574	-	9,42,93,457	68,66,384	7,16,798	4,19,53,574	4,95,36,756	4,54,73,499

NOTE 10: Inventories

PARTICULARS	2013 (12 Months)	2012 (6 Months)
Raw materials & Excepients	28,13,799	28,76,611
Packing materials	13,73,594	16,82,311
In process formulations	31,93,293	37,76,403
Finished formulations	43,58,683	20,14,544
TOTAL	1,17,39,369	1,03,49,869

NOTE 11: Trade Receivables

PARTICULARS	2013 (12 Months)	2012 (6 Months)
Over 6 months		
Unsecured, considered good	59,11,636	72,59,752
- Others		
Secured, considered good	-	-
Unsecured, considered good		
TOTAL	59,11,636	72,59,752

NOTE 12: Cash and Bank balances

PARTICULARS	2013 (12 Months)	2012 (6 Months)
A. Cash on Hand	16,335	1,89,295
B. Balances with Scheduled Banks	9,577	8,40,156
TOTAL	25,912	10,29,451

NOTE 13: Short Term Loans and Advances

PARTICULARS	2013 (12 Months)	2012 (6 Months)
Advances to staff	1,00,000	1,00,000
Advances to Suppliers for Capital Works	23,32,098	23,32,098
Advances to Suppliers for other works	9,46,000	11,96,000
Advances to Suppliers	55,023	45,023
Advance with Govt, Departments	8,13,754	14,03,365
TOTAL	42,46,875	50,76,486

NOTE 14: SALES

PARTICULARS	2013 (12 Months)	2012 (6 Months)
Pharma Sales	50,07,797	1,14,02,807
Less: Sales returns	-	21,46,754
Net sales	50,07,797	92,56,053

NOTE 15: Other Income

PARTICULARS	2013 (12 Months)	2012 (6 Months)
Miscellaneous Income	5,41,622	31,851
TOTAL	5,41,622	31,851

NOTE 16: Raw Material Consumed

PARTICULARS	2013 (12 Months)	2012 (6 Months)
Opening stock	1,03,49,869	1,23,67,176
Add: Purchases	37,06,252	71,63,383
	1,40,56,121	1,95,30,559
Less: Closing stock	1,17,39,369	1,03,49,869
Raw material consumption	23,16,752	91,80,690

NOTE 17: Employee Benefits

PARTICULARS	2013 (12 Months)	2012 (6 Months)
Directors Remuneration	4,80,000	2,40,000
Employer's Contribution - E S I	10,655	24,785
Salaries - Others	5,05,323	16,12,833
Staff Welfare	39,738	11,707
Wages	-	-
TOTAL	10,35,716	18,89,325

NOTE 18: Other Expenditure

PARTICULARS	2013 (12 Months)	2012 (6 Months)
Advertisement & Business Promotion	2,355	9,139
Audit Fees	1,24,720	1,00,000
Bank & Service Charges	3,071	4,943
Carriage Inward	350	1,22,889
Communication Expenses	1,000	21,251
Computer Maintenance	2,492	-
Consumables	27,833	8,508
Consultancy Charges	36,500	5,950
Conveyance & Vehicle Maintenance	21,385	61,097
Donation	5,116	-
Factory Expenses	16,119	57,849
Fuel, Power & Light	4,87,420	3,61,460
Legal Expenses	4,000	1,60,000
Office Expenses	33,840	50,575
Packing expenses	2,72,448	-
Postage & Telegrams	1,09,875	1,60,886
Preliminary expenses written off	26,100	26,100
Printing & Stationery	1,04,792	1,32,515
Professional Charges	1,10,715	1,02,355
Rent	76,417	43,328
Rates & Taxes	28,309	16,395
Repairs & Maintenance	21,641	62,999
Sundry Debts Written Off	-	50,000
Travelling - Directors & Others	7,500	81,949
	-	-
TOTAL	15,23,998	16,40,188

NOTE 19: Payment to Auditor forming part of Note 18

PARTICULARS	2013 (12 Months)	2012 (6 Months)
As Auditor		
For Statutory Audit	1,00,000	1,00,000
For Quaterly Review	81,360	

NOTE 20: Earning Per Equity Share

PARTICULARS	2013 (12 Months)	2012 (6 Months)
Profit for the Year After Tax	14,07,176	41,39,097
Number of Equity Shares	80,00,000	80,00,000
Earning per Share (Basic & Diluted)	(0.18)	(0.52)
Face Value of Each Equity Share	10	10

NOTE 21: Comparative Figures of previous year have been regrouped / rearranged wherever necessary

In terms of our report attached

For M.ANANDAM & CO

Chartered Accountants

Firm No. 000125S

Sd/-

A V SADASIVA

Partner

M No: 18404

Place: Secunderabad

Date : 30th May, 2013

for and on behalf of the Board

Sd/-

Suchit Mohal Lal

Director

Sd/-

Anjani Kumar Agarwal

Director

CONSOLIDATED STATEMENT OF FORMULATIONS

(Tablets, Liquids & Capsules)

CATEGORY	OPENING BALANCE		PRODUCTION		TOTAL		SALES		CLOSING BALANCE	
	Qty	Value	Qty	Value	Qty	Value	Qty	Value	Qty	Value
Pharma Goods	22.02	20.14	67.2	73.53	89.23	93.67	52.57	50.08	36.66	43.59

CONSOLIDATED STATEMENT OF RAW MATERIAL & PACKING MATERIAL

OPENING BALANCE	PURCHASE	CONSUMPTION	CLOSING STOCK
83.55	83.55	83.55	83.55

COMBAT DRUGS LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2013

Particulars	31.03.2013	31.03.2012
	12 Months	6 Months
A) CASH FLOW FROM OPERATING ACTIVITIES:	Rs	Rs
Net Profit before Tax	-14,07,176.00	-41,39,097.00
Adjustment for :		
Add: Depreciation	20,80,129.00	7,16,798.00
Add: Sundry Debtors W/off	0.00	50,000.00
Add: Preliminary expenses written off	76,417.00	26,100.00
Loss/Profit on Sale of Assets	0.00	0.00
Operating Profit Before Working Capital Changes	6,99,053.00	-33,46,199.00
Changes in Working Capital		
(Increase)/Decrease in Trade and other Receivables	13,48,116.00	22,34,831.00
(Increase)/Decrease in Inventories	-13,89,500.00	0.00
(Increase)/Decrease in Loans & Advances	8,29,611.00	0.00
Increase/(Decrease) in liabilities & Provisions	-24,10,616.00	85,612.00
Cash Generated from Operations	-9,23,336.00	-10,25,756.00
Direct taxes paid	0.00	0.00
Net Cash Flow from Operating Activities	-9,23,336.00	10,25,756.00
B. CASH FLOW FROM INVESTING ACTIVITIES:		
(Increase) / Decrease in Fixed Assets	0.00	0.00
(Increase) / Decrease in Capital work In Progress	0.00	0.00
Preliminary Expenses	0.00	0.00
Net Cash Flow from Investing Activities	0.00	0.00
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Increase / (Decrease) in BOD	-80,449.00	-66,022.00
Net Cash Flow from Financing Activities	-80,449.00	-66,022.00
D) NET INCREASE / (DECREASE) IN		
CASH AND CASH EQUIVALENTS:		
Cash and Cash Equivalents at the beginning of the year	10,29,698.00	21,21,476.00
Cash and Cash Equivalents at the close of the year	25,913.00	10,29,698.00

For M.ANANDAM & CO
Chartered Accountants
Firm No. 000125S
Sd/-
A V SADASIVA
Partner
M No: 18404

Place: Secunderabad
Date : 30th May, 2013

for and on behalf of the Board

Sd/-
Suchit Mohal Lal
Director

Sd/-
Anjani Kumar Agarwal
Director

AUDITORS CERTIFICATE

We have verified the above Cash Flow Statements of COMBAT DRUGS LIMITED derived from the Audited Financial Statements for the year ended 31.03.2013 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 M. Anandam & Co.,
Chartered Accountants

(Firm Regn. No. 000125S)

Place: Secunderabad

Date: 30th May, 2013

Sd/-
A.V. SADASIVA
Partner
M.No. 18404

COMBAT DRUGS LIMITED

(Regd. Office: 185/186 Yellampet, MedchalMandal, 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 Company hereby appoint _____

of _____ in the

District of _____ as

my/our Proxy to attend and to vote for me/us on my/our behalf at the 27th Annual General Meeting of the Company to be held on the 30th September, 2013 at 11.30 A.M. at the Registered Office of the Company at 186, 186, Yellampet, MedchalMandal, R.R. District, Andhra Pradesh and at any adjournment thereof.

Signed this _____ day of _____ Two Thousand and Thirteen 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, MedchalMandal, RR District, Andhra Pradesh-501401)

ATTENDANCE SLIP

(Please present this slip at the Meeting Venue)

27TH ANNUAL GENERAL MEETING – 30th SEPTEMBER, 2013

Regd. Folio No.: _____ No. of Shares held: _____

I hereby record my presence at the 27TH ANNUAL GENERAL MEETING of the Members of the Company held on 30th September, 2013 at 11.30 A.M at the Registered Office of the Company at 185/186 Yellampet, MedchalMandal, RR District, Andhra Pradesh-501401.

Signed this: _____

Name of the Shareholder: _____

Name of the Proxy _____

Signature of the Member/Proxy _____

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COMBAT DRUGS LIMITED

Regd. Office: 185,186, Yellampet, Medchal Mandal,

R.R.District, Andhra Pradesh, INDIA

Corp. Office: 203, Kabra Complex, 61, M.G. Road,

Secunderabad-500003