

28th ANNUAL REPORT 2013 - 2014



COMBAT DRUGS LIMITED

**Regd Office: 185, 186 Yellampet, Medchal Mandal,
R.R.District, Telangana, INDIA**

28th ANNUAL GENERAL MEETING

Date : 30-09-2014

Day : Tuesday

Time : 11.30 AM

Venue : 185, 186 Yellampet,
Medchal Mandal, R.R.District
Telangana, INDIA

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No Gifts will be distributed at the meeting.

CORPORATE INFORMATION: COMBAT DRUGS LIMITED

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,
Telangana, INDIA.

Registered Office:

185,186, Yallampet,
MedchalMandal,
R.R.District,
Telangana, INDIA

Bankers

HDFC Bank Limited
Central Bank of India
Secunderabad
Telangana, India

Corporate Office:

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

Legal Advisors:

N. Rajeshekar Reddy,
Advocates
Flat No. 204, 2nd Floor,
Hiline Pratap Apartments,
Kachiguda 'X' Road,
Hyderabad . Telangana, INDIA

REGISTRARS &

TRANSFER AGENTS:
M/s Venture Capital & Corporate
Investments Pvt. Ltd.
12-10-167, Bharatnagar,
Hyderabad- 500 018.
Telangana, INDIA
Ph: (+ 91)-40-23818475/476
Fax: + 91 40 23868024
Email Id: Info@vccipl.com

CIN No.: CL23230TG1986PLC006781

NOTICE

Notice is hereby given that the Twenty Eighth Annual General Meeting of the members of Combat Drugs Limited will be held on Tuesday, 30th day of September, 2014 at 11:30 A.M. at the Registered Office of the Company at 185/186, Yellampet, Medchal, R.R. District, TELANGANA. to transact the following items of business:

ORDINARY BUSINESS:

1. To receive, consider approve and adopt the Audited Balance Sheet of the Company as at 31st March, 2014 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 Anjani Kumar Agarwal, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Battula Gnana Prakash, who retires by rotation and being eligible offers himself for re-appointment as Independent Director.
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.

"RESOLVED THAT M Anandam & Co, Chartered Accountants, Hyderabad, Firm Registration No 000125S be and are hereby appointed as Auditors of the Company to hold the office from the conclusion of this annual General Meeting 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. "

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

Sd/-

SUCHIT MOHAN LAL
MANAGING DIRECTOR

Place: Hyderabad
Date: 05.09.2014

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.

A proxy form is enclosed herewith. Proxies submitted on behalf of companies, societies, etc must be supported by an appropriate resolution/ authority, as applicable. A person shall not act as a Proxy for more than 50 members and holding in the aggregate not more than ten percent of the total voting share capital of the Company. However, a single person may act as a proxy for a member holding more than ten percent of the total voting share capital of the Company provided that such person shall not act as a proxy for any other person.
2. The Register of Members and Share Transfer Books shall remain closed from 25th September, 2014 to 30th September, 2014 (both days inclusive).
3. The Securities and Exchange Board of India (SEBI) has mandated the submission of income tax Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are therefore, requested to submit the PAN details to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/Registrar and Share Transfer Agent, M/s. Venture Capital and Corporate Investments Private Limited.
4. In order to send all communications including Notices, Annual Reports and other communications through Email, we request Members to send a confirmation to the Registrars (RTA) mentioning your name, DP/Client ID or Folio number and Email ID for communication and also inform any changes in the Email address. Further, Members are requested to visit the Company's website, i.e. www.combatdrugs.in for viewing the quarterly, half-yearly and annual financial results and for more information on the Company.
5. Members holding shares in physical form may please note that the Securities and Exchange Board of India has made trading in the shares of the Company compulsorily in dematerialised form for all investors. Hence, Members are requested to open a beneficiary owner account with a depository participant, if not done so far, and may get their physical shares dematerialised.
6. Details under Clause 49 of the Listing Agreement with the stock exchanges in respect of Directors seeking appointment/re-appointment at the Annual General Meeting, forms an integral part of the Notice. The particulars of the aforesaid directors are also annexed.
7. Members desiring any information as regards the accounts for the year 2013-14 are requested to send their queries in writing to the Company's registered office not less than 72 hours before the commencement of the AGM, for effective participation in the proceedings.

8. As an austerity measure, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the Meeting. Members/Proxies are requested to kindly take note of the following:
- Attendance slip, as sent herewith, is required to be brought at the venue duly filled in and signed, for attending the meeting.
 - Folio No./DP & Client ID No. may please be quoted in all correspondence with the Company and/or the Registrar and Share Transfer Agent.
9. Green Initiative
- Electronic copy of the Notice of the 28th Annual General Meeting of the Company inter alia indicating the process and manner of E-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email Ids are registered with the Company/Depository Participant(s) for communication purposes unless any Member has requested for a hard copy of the same. For Members who have not registered their Email address, physical copies of the Notice of the 28th Annual General Meeting of the Company inter alia indicating the process and manner of E-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode. Members may also note that the Notice of the 28th Annual General Meeting and the Annual Report for 2013-14 will also be available on the Company's website www.combatdrugs.in for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Hyderabad for inspection between 2:00 p.m. to 4:00 p.m. on all working days from Monday to Friday. Even after registering for E-communication, Members are entitled to receive such communication in physical form, upon making a request for the same, by post, free of cost. For any communication, the Members may also send requests to the Company or to its Registrar and Share Transfer Agent, at the following Email ID: info@vccipl.com / investorinfo@combatdrugs.in
10. Electronic voting (Voting through electronic means): In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 read with Clause 35B of the Listing Agreement, the Company is pleased to provide to the Members the facility to exercise their right to vote on all resolutions set forth in this Notice, convening the 28th Annual General Meeting (AGM) by electronic means and the business will be transacted through E-voting service provided by National Securities Depository Limited (NSDL). The detailed instructions for E-voting are given as a separate attachment to this Notice.
11. Members are requested to quote their Registered Folio No. on all correspondence(s) with the Company.

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

Sd/-
SUCHIT MOHAN LAL
MANAGING DIRECTOR

Place: Hyderabad
Date: 05.09.2014

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

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

SRI ANJANI KUMAR AGARWAL:

Sri Anjani Kumar Agarwal, S/o Sri Dayanand Agarwal aged about 38 years, is a resident of Plot No. 68, A.P. Text Book Colony, Gunrock, Karkhana, Secunderabad – 500 009. He completed his graduation in Management studies. He has vast experience in the field of Logistics, Customer Relationship Management and Marketing as he is presently handling the Marketing activities of a multi faceted organization and has created brands of repute in Logistics and education sector. He was first appointed as Director of the company on 17-01-2008.

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, 2014: 9,99,189 Equity Shares.

SHRI BATULLA NARASIMHA GNANA PRAKASH:

Shri Batulla Gnana Prakash , aged about 65 years, is a resident of 10-3-68/A/6, Humayun Nagar, Hyderabad – 500 028, Andhra Pradesh. He is an Retired Government Officer having retired as Assistant Commissioner of Income Tax Department. He was first appointed as Director of the company on 17-01-2008.

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

Shareholding in the company as on 31st March 2014: Nil

INSTRUCTIONS FOR E-VOTING

E-Voting Process:

I. Pursuant to provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies(Management and Administration) Rules, 2014, read with Clause 35 B of the Listing Agreement, the Company is pleased to offer E-voting facility to the Members to cast their votes electronically on all resolutions set forth in the Notice convening the 28th Annual General Meeting to be held on Monday, the 30th September, 2014 at 11.30 p.m. The Company has engaged the services of National Securities Depository Limited (NSDL) to provide the E-voting facility. The E-voting facility is available at the link <https://www.evoting.nsdl.com>

The E-voting Event Number and period of E-voting are set out below / at the bottom of the Attendance Slip for the AGM:

EVEN (E-VOTING-EVENT NUMBER)	COMMENCEMENT OF E-VOTING	END OF E-VOTING
101163	18/09/2014	20/09/2014

The instructions for E-voting are as under:

- A. In case a Member receives an Email from NSDL [for members whose email IDs are registered with the company/Depository Participant(s)]:
 - i. Open email and open PDF file viz; Combat Drugs e-Voting.pdf with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for E-voting. Please note that the password is an initial password.
 - ii. Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
 - iii. Click on Shareholder - Login
 - iv. Type user ID and password as initial password/PIN noted in step (i) above. Click Login.
 - v. Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/ characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - vi. Home page of E-voting opens. Click on e-voting: Active Voting Cycles.
 - vii. Select 'EVEN' of The Combat Drugs Limited.
 - viii. Now you are ready for E-voting as Cast Vote page opens.
 - ix. Cast your vote by selecting appropriate option and click on 'submit' and also 'confirm' when prompted.
 - x. Upon confirmation, the message 'Vote cast successfully' will be displayed.
 - xi. Once you have voted on the resolution, you will not be allowed to modify your vote.

- xii. Institutional Members (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant board resolution/ authority letter etc. Together with attested specimen signature of the duly authorised signatory (ies) who are authorised to vote, to the Scrutinizer through Email to cdlscrutinizer2014@gmail.com with a copy marked to evoting@nsdl.co.in
- B. In case a Member receives physical copy of the Notice of AGM [for members whose Email IDs are not registered with the Company/Depository Participant(s) or requesting physical copy]:
- i. Initial password is provided below / at the bottom of the Attendance Slip for the AGM:
- ii. Please follow all steps [from Sl.No.(ii) to (xii)] as mentioned above, to cast your vote.
- II. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and e-voting user manual for Members available at the Downloads Section of <https://www.evoting.nsdl.com> or contact NSDL at the following telephone number: +91 22 2499 4600.
- III. If you are already registered with NSDL for E-voting, then you can use your existing user ID and password/PIN for casting your vote.
- IV. You can also update your mobile number and Email ID in the user profile details of the folio which may be used for sending future communication(s).
- V. The E-voting period commences on September 18, 2014 (9.00 a.m.) and ends on September 20, 2014 (6:00 p.m.). During this period, Members of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date (record date) of August 23, 2014, may cast their vote electronically. The E-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
- VI. The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of August 23, 2014.
- VII. Mr. T.K. Murthy, Practicing Company Secretary has been appointed as the Scrutinizer to scrutinise the evoting process in a fair and transparent manner.
- VIII. The Scrutiniser shall within a period not exceeding three working days from the conclusion of the E-voting period unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- IX. The result shall be declared on or after the Annual General Meeting of the Company. The results declared along with Scrutinizer's Report shall be placed on the Company's website www.combatdrugs.in and the website of NSDL within two days of passing the resolution at the Annual General Meeting of the Company and communicated to the stock exchanges.

DIRECTORS' REPORT

Dear Members,

Your Directors feel pleased to present before you the Twenty Eighth Annual Report of the Company for the financial year ended 31st March, 2014.

FINANCIAL RESULTS:

(Rs. In Lakhs)

Particulars	2013-14	2012-2013
Net Sales/	4.60	50.07
Other Income (including sundry balances written back)	2.83	5.41
Total Expenditure	66.49	48.76
Profit before Interest, Depreciation & Tax	(59.06)	6.73
Interest and Financial Charges	----	-----
Depreciation	20.80	20.80
Profit before Tax	(79.86)	(14.07)
Provision for Tax	----	-----
Provision for FBT	----	-----
Net Profit (After Tax)	(79.86)	(14.07)

DIVIDEND:

Your Directors do not recommend any dividend for the financial year ended 31st March, 2014.

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 Anjani Kumar Agarwal and Shri B.N. Gyana 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.

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 31st March, 2014
- 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, 2014 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.

CORPORATE SOCIAL RESPONSIBILITY:

In line with the provisions of the Companies Act, 2013 and rules made there under (“the Act”), a Corporate Social Responsibility (CSR) Committee has been formed by the Board of Directors through circular resolution dated 10th May, 2014. Shri Batulla Narsimha Gyana Prakash, Mr. Sanjay Agarwal and Mr.Sushant Mohan Lal are the members of the CSR Committee. The Board of Directors at their meeting held on 7th June, 2014 approved a CSR policy as recommended by the CSR Committee which include inter alia, the CSR activities falling under the purview of Schedule VII of the Act.

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”.

Comments on Annexure of Auditor Report (ix(a)(b): The company has received the pending Form C from the Commercial Tax Department and is in the process of cleaning the liabilities during the current year.

LISTING & TRADING:

The Equity Shares of the Company are listed at The Bombay Stock Exchange Limited, Mumbai. The Market price of the Share as on 20th August, 2014 was Rs.13.24 per share.

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 2013-2014.

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/-
SUCHIT MOHANLAL	ANJANI KUMAR AGARWAL
MANAGING DIRECTOR	DIRECTOR

Place: Hyderabad

Date: 05.09.2014

**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	24521	75922
Total amount (in Rs.)	171648	487420
Rate/unit (in Rs.)	7.00	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/-

SUCHIT MOHANLAL
MANAGING DIRECTOR

Sd/-

ANJANI KUMAR AGARWAL
DIRECTOR

Place: Hyderabad

Date: 05.09.2014

MANAGEMENT DISCUSSION & ANALYSIS

A. INDUSTRY STRUCTURE & DEVELOPMENT :

The Indian pharmaceutical market (IPM) is valued at INR 75,000 crores approximately as at March 2014. The year has seen deceleration of industry growth rate from 12% in 2013 to 6% in 2014. This has primarily been due to implementation of new DPCO 2013 coupled with the ensuing stalemate of stocks stuck at various levels in the distribution chain during the year. The products which were brought under price control showed the growth compared to products which were not under price control.

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 :

In the year 2013-2014, Global Pharma Market is estimated to have crossed USD 1 trillion. The key growth drivers continue to shift towards the use of generic medicines accompanied by patent expiries in the US and volume driven growth in Pharma emerging markets. The Global Pharma Market is expected to reach around USD 1.2 trillion by 2017 increasing about USD 205-235Bn between the years 2012-17 compared to USD 234 Bn over last five years which shows that the absolute spending is expected to be same over next five years as it was in previous five years.

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%.

At present 348 bulk drugs and 654 formulations are covered under National List of Essential Medicines (NLEM). It is likely that the government may bring more such drugs and formulations under price control or change the mechanism of calculating the ceiling price of the Drugs which are under the ambit of the revised policy, which in turn will affect the net margins of the Company. The Company manages its product portfolio so as to minimize the product weightage of drugs under price control. 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 is 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 are in the process of negotiating with Banks for Working Capital Requirements.

The new patent product regime will bring with it new innovative drugs. However, very few new drugs have been licensed during the year under review and hence there are major takeovers and Merger & Acquisitions in the Industry which 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 with major distributors in India for Marketing its Products and are in discussions 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 earlier to various countries by Merchant Exporters successfully.

D. COMPANY'S OUTLOOK & CONCERNS:

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. Your company is putting strenuous efforts to revive and to maximize shareholders wealth.

E. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

Your Company believes that Internal auditing is a catalyst for improving an organization's governance, risk management and management controls by providing insight and recommendations based on analyses and assessments of data and business processes.

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 Manufacturing Licence of the Company has attained the maturity period and your company has applied for Renewal of its Manufacturing facilities which is pending with the Govt authorities and hence Product wise income from operations for the financial year 1st April 2013 to 31st March 2014 is negligible as against Rs.50.07 Lakhs for the previous financial ended 31.03.2013.

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 2013-14.

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.

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:

It is the Company’s endeavor to attain highest level of governance to enhance the stakeholder’s value as the Company believes that the management is the trustee of all Investors’ capital and thereby needs to preserve the interests of all its Stakeholders. 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 Gyana 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 2013 to 31st March 2014 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 2013 to 31st March 2014 are as follows:

30.05.2013 14.08.2013 05.09.2013 15.11.2013 15.02.2014

The attendance at the Board Meetings conducted during the financial year ended 31st March , 2014 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 Ltd. Companies)	
						Board	Committee
1.	Shri Suchit Mohan Lal	Promoter & Executive	Managing Director	5	Yes	Nil	Nil
2.	Shri S. S. Marthi	Independent & Non –Executive	Director	5	Yes	2	3
3.	Shri Sushant Mohan Lal	Promoter & Executive	Director	5	Yes	Nil	Nil
4.	Shri Anjani Kumar Agarwal	Promoter & Non-Executive	Director	5	Yes	Nil	Nil
5.	Shri Sanjay Kumar Agarwal	Promoter & Non-Executive	Director	5	Yes	Nil	Nil
6.	Shri Battula Narasimha Gnana Prakash	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 broad terms of reference of the Committee as per Clause 49 of the Listing Agreement are to review and recommend the financial statements and to review the adequacy of internal control systems and internal audit function.

The Board has at their meeting held on 7th August, 2014 reviewed and revised the existing terms of reference of the Committee, in view of changes made in the provisions of the Companies Act, 2013 and Listing Agreement.

The detailed terms of reference of the Committee as approved by the Board and as revised / updated from time to time by the Board, are given below:

- i. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- ii. Recommendation to the Board for appointment, re-appointment, remuneration and terms of appointment and, if required, the replacement or removal of statutory auditors of the Company.
- iii. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- iv. 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:
 - (a) Any changes in accounting policies and practices.
 - (b) Compliance with accepted accounting standards.
 - (c) Compliance with the Listing and other Legal requirements
 - (d) Major Judgmental Decisions; etc.
- v. To discuss with the Statutory Auditor, before the audit commences, the nature and scope of the Audit. and any matters the statutory auditor may wish to discuss.
- vii. 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 2014, Audit Committee met four times, viz., 14.05.2013, 09.08.2013, 14.10.2013, 11.02.2013.

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.Marthi	–	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

No sitting fee or out of pocket expenses was paid to any of the Directors during the year in view of the financial constraints and performance of the company.

Shareholding of Non-Executive Director:

As on 31st March, 2014 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:

Pursuant to requirement of provisions of the Companies Act, 2013, the Board constituted an exclusive committee to resolve the grievances of security holders / investors of the Company 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. . During the year, the Committee met Four times on 20th June, 2013, 11th September, 2013, 27th December,2013 and 13th March, 2014 and All members attended the meetings.

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 4 times during the financial year ended 31st March, 2014 and All members attended the meetings.

6. SHARE TRANSFER COMMITTEE:

The process of Share transfers is entrusted with the Registrars and Share Transfer Agents of the Company M/s. Venture Capital and Corporate Investments Private Limited who attends to the said tasks as and when required.

The Share Transfer Committee consists of the following Directors:

• Shri Suchit Mohan Lal	-	Chairman
• Shri S.S. Marti	-	Member
• Shri Anjani Kumar Agarwal	-	Member

Four Meetings of the Share Transfer Committee were held during the year on 10.05.2013, 14.08.2013, 15.11.2013, 14.02.2014 and All members attended the meetings.

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
27th	30.09.2013 Monday	185, 186, Yellampet, Medchal Mandal, R.R. District, (AP)	11.30 A.M
26th	29.09.2012 Saturday	185, 186, Yellampet, Medchal Mandal, R.R. District, (AP)	11.30 A. M.
25th	31.12.2011 Saturday	185, 186, Yellampet, Medchal Mandal, R.R. District, (AP)	11.00 A. M.

No Special Resolution was passed in the previous 3 AGMS.

Postal Ballot:

No Special Resolution was passed during the previous year, through Postal Ballot process. As on date no Postal Ballot process is under progress or proposal.

9. DISCLOSURES :

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

Details of non-compliance

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

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

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

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

C.E.O. Certification:

The C.E.O. {Managing Director} certified to the Board on the prescribed matters as required under Clause 49 of the Listing Agreement and the said Certificate was considered by the Board at its meeting held on 05.09.2014

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: 30th September, 2014 at 11.30 A.M. at the registered office of the Company at 185/186, Yellampet, Medchal. R.R. District, A.P.

Financial Year	: 1st April 2013 to 31st March, 2014
Dates of Book Closure	: 25.09.2014 (Wednesday) to 30.09.2014 (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/ : Nil

Warrant or any convertible instruments, conversion date and likely impact on equity

Address for Correspondence:

Registered Office : 185, 186, Yellampet, Medchal Mandal,
& Works Office R.R. District, Andhra Pradesh

Corporate Office : Kabra Complex, 61, M.G. Road,
Secunderabad – 500 003.

11A. MARKET PRICE DATA

The closing market price of equity share on 31st March, 2014 (last trading day of the financial year) was Rs.6.59/- on BSE and Rs.13.24/- as on 20th August, 2014.

12. DISTRIBUTION OF SHAREHOLDING :

Distribution of Shareholding as on 31st March, 2014

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)	(2)	(3)	(4)	(5)
Upto - 5000		11,890	98.11	2647430	3.31
5001 - 10000		87	0.72	682200	0.85
10001 - 20000		39	0.32	636320	0.80
20001 - 30000		13	0.11	332190	0.42
30001 - 40000		9	0.07	315790	0.39
40001 - 50000		10	0.08	491370	0.61
50001 - 100000		28	0.23	2355380	2.94
100001 and above		43	0.35	72539320	90.67
TOTAL		12,119	100	80000000	100

13. SHAREHOLDING PATTERN FOR THE QUARTER ENDED 31ST MARCH, 2014

Sl. No.	Category	No. of Shares held	Percentage of Shareholding
A	Promoter's Holding		
1	Indian Promoters: Individuals/HUF's Bodies Corporate	3215117 2080000	40.19% 26.00%
2	Foreign Promoters	NIL	NIL
	Sub-Total	5295117	66.19%
B	Non-promoters Holding		
3	Institutional investors		
A	Mutual Funds and UTI (Govt. Financial Institutions)	NIL	NIL
B	Banking, Financial Insurance Companies (Central/ State Government Institutions/ Non-Government Institutions)	Institutions/ 300	 0.00%
C	FII's	NIL	NIL
	Sub-Total	300	0.00%
4	Others		
a.	Private corporate Bodies	415196	5.19%
b.	Indian Public	2288637	28.61%
c.	NRI's/OCBs	750	0.01
d.	Any other (Please Specify)		
	Directors & Relatives	NIL	NIL
	Sub-Total	2704583	33.81%
	Grand Total	8000000	100.00%

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

Sd/-

SUCHIT MOHANLAL
MANAGING DIRECTOR

Place: Hyderabad

Date: 05.09.2014

**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 2014.

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

Place: Hyderabad
Date: 05.09.2014

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 Mohan Lal, 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.

Place: Secunderabad
Date: 05.09.2014

Sd/-
Suchit Mohan Lal
Managing Director

AUDITORS' REPORT

To the Members of
Combat Drugs Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Combat Drugs Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial 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") read with General Circular 8/2014 dated 4th April, 2014 issued by Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control 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 the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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 the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the 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 dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, 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 read with general circular 8/2014, dated 4th April, 2014 issued by Ministry Corporate Affairs;
 - e) On the basis of written representations received from the directors as on March 31 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **M. Anandam & Co.,**
Chartered Accountants
(Firm Regn.No.000125S)

Sd/-

A.V.SADASIVA
Partner - M.No.018404

Place: Hyderabad
Date: 30th May' 2014.

ANNEXURE TO AUDITORS REPORT

Referred to in Paragraph 1 under the heading of "Report on Other Legal and 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 affect its going concern status.
- ii.
 - a. According to the information and explanations given to us, the management has physically verified the inventory but the count sheets were not available for verification.
 - b. In the light of clause 4(ii)(a), it is hard to comment if the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size and nature of Company.
 - c. In the light of clause 4(ii)(a), it is hard to comment if the Company has maintained proper records of its inventories and if there are any material discrepancies between physical stock and book records.
- iii.
 - a. The Company has not granted any loans to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
 - b. The Company has taken unsecured loans from two parties 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 of loans taken 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 prejudicial to the interest of the Company.
 - d. The Company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system 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 and 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 the 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 any deposits from public.
- vii. According to the information and explanations given to us, the Company has an internal audit which is commensurate with the size and nature of its business.
- viii. Maintenance of cost records by the company has not been prescribed by central government of India 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 and Income tax with the appropriate authorities and Rs.5,21,792 stood outstanding for six months or more as on the last day of the financial year.
- b. According to the information and explanations given to us and records of the Company examined by us, particulars of sales tax, as at 31st March, 2014 for the amounts involved on account of dispute pending, are as under:

Name of the Statute	Nature of the Dues amount relates	Amount (Rs. In Lakhs)	Period to which the	Forum where dispute is pending
Central Sales Tax Act, 1956	Central Sales Tax	1.30	2012-13	Appellate Deputy Commissioner (CT), Hyderabad

- x. The company has accumulated losses not exceeding fifty percent of its net worth and incurred cash losses during the financial year covered by our audit but not incurred cash loss 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 financial institutions, bank or through debentures. Accordingly, the provisions of clause 4(xi) of

Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

- xii. According to information and explanations given to us and based on the documents and records produced to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the Company is not a chit fund / nidhi/ mutual benefit fund/ society. Accordingly the provisions of clause 4(xiii) if the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- xiv. In our opinion and according to the information and explanation given to us, the Company is not dealing in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditors' 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 loan taken by others from banks or financial institutions. Accordingly, the provisions of clause 4(xv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- xvi. In our opinion and according to the information and explanation given to us, the Company has not taken any term loans. Accordingly, the provisions of clause 4(xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xvii. In our opinion and according to the information and explanation 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 have been used for long term investments.
- xviii. The Company has not made any preferential allotment of shares during the year to parties or Companies covered in the 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)

Place: Secunderabad

Date: 30th May, 2014

For M. Anandam & Co.,
Chartered Accountants

Sd/-

A.V.Sadasiva

Partner M.No.18404

AUDITORS' REPORT ON CORPORATE GOVERNANCE

To
The Members
Combat Drugs Limited

We have examined the compliance of conditions of Corporate Governance by Combat Drugs Limited for the year ended 31st March, 2014 as stipulated in Clause 49 of the Listing Agreement of the said company with stock exchanges.

The compliance of conditions 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 year ended 31st March, 2014, 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.

For **M. Anandam & Co.**,
Chartered Accountants
(Firm Regn. No. 000125S)

Place: Secunderabad
Date: 30th May, 2014

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

COMBAT DRUGS LIMITED

Balance Sheet as at March 31, 2014

PARTICULARS	NOTES	31.03.2014 Rs	31.03.2013 Rs
EQUITY AND LIABILITIES			
1. Shareholders' Funds			
a) Share capital	2	80,000,000	80,000,000
b) Reserves and Surplus	3	(9,162,087)	(1,358,929)
		70,837,913	78,641,071
2. Non-current Liabilities			
a) Long term borrowings	4	518,073	518,073
		518,073	518,073
3. Current Liabilities			
a) Trade payables	5	6,196,472	5,946,375
b) Other current liabilities	6	1,734,642	1,660,234
		7,931,114	7,606,609
TOTAL EQUITY AND LIABILITIES		79,287,100	86,765,753
B - ASSETS			
1. Non-Current Assets			
a) Fixed Assets	7	40,596,443	42,676,572
b) Long term loans and advances	8	22,165,388	22,165,388
		62,761,831	64,841,960
2. Current Assets			
a) Inventories	9	8,790,609	11,739,369
b) Trade Receivables	10	3,723,490	5,911,636
c) Cash and bank balances	11	14,294	25,913
d) Short term loans and advances	12	3,996,875	4,246,875
		16,525,268	21,923,793
TOTAL ASSETS		79,287,100	86,765,753
		-	-

Significant Accounting policies 1

The Notes referred to above and the statement on significant accounting policies form an integral part of the Balance Sheet As per our report of even date

For M. ANANDAM & CO
Chartered Accountants

For and on behalf of the Board

Sd/-
A V SADASIVA
Partner M No: 018404
Place: Secunderabad

Sd/-
Suchit Mohal Lal
Managing Director

Sd/-
Anjani Kumar Agarwal
Director

Date: 30.05.2014

COMBAT DRUGS LIMITED

Profit & Loss statement for the year ended March 31, 2014

PARTICULARS	NOTES	31.03.2014 Rs	31.03.2013 Rs
Revenue from operations	13	459,775	5,007,797
Other income	14	283,608	541,622
TOTAL INCOME		743,383	5,549,419
EXPENDITURE			
Obsolete stocks written off /			
Consumption of raw material	15	2,948,760	2,316,752
Employee Benefits	16	660,000	1,035,716
Other expenditue	17	2,857,653	1,497,898
Preliminary expenses written off		182,700	26,100
Depreciation	7	2,080,129	2,080,129
TOTAL		8,729,242	6,956,595
Profit / Loss before Tax		(7,985,859)	(1,407,176)
Profit / Loss after tax		(7,985,859)	(1,407,176)
Earnings Per Equity share			
- Basic EPS		(1.00)	(0.18)
- Diluted EPS		(1.00)	(0.18)

Significant Accounting policies 1

The Notes referred to above and the statement on significant accounting policies form an integral part of the Profit & Loss statement

As per our report of even date

For M. ANANDAM & CO
Chartered Accountants

For and on behalf of the Board

Sd/-
A V SADASIVA
Partner M No: 018404
Place: Secunderabad

Sd/-
Suchit Mohal Lal
Managing Director

Sd/-
Anjani Kumar Agarwal
Director

Date: 30.05.2014

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 Straight Line Method on pro-rata basis at the rates prescribed in schedule XIV of the Companies Act, 1956 as amended from time to time on the original cost of all the Assets including the existing assets.

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, 2014

Note 2: Share Capital

PARTICULARS	2014 Rs	2013 Rs
AUTHORIZED		
80,00,000 Equity Shares of Rs.10/- each	80,000,000	80,000,000
ISSUED AND SUBSCRIBED		
80,00,000 Equity Shares of Rs.10/- each	80,000,000	80,000,000
PAID UP :		
80,00,000 Equity Shares of Rs.10/- each	80,000,000	80,000,000

The details of shareholders holding more than 5% equity shares

Name of the shareholder	As on 31.03.2014		As on 31.03.2013	
	No. of equity shares	% of holding	No. of equity shares	% of holding
1 Sushant Mohan Lal	613,828	7.67	613,828	7.67
2 Anjani Kumar Agarwal	999,189	12.49	1,000,000	12.50
3 Sanjay Kumar Agarwal	1,000,000	12.50	1,000,000	12.50
4 DRS Labs (India) Pvt Ltd	2,080,000	26.00	2,080,000	26.00
5 Indian Public	-	-	-	-
	4,693,017	58.66	4,693,828	58.67

Note 3: Reserves & Surplus

PARTICULARS	2014 Rs	2013 Rs
Surplus / Deficit		
Opening balance	(1,176,229)	230,947
Add: Net profit transferred from Profit & Loss account	(7,985,859)	(1,407,176)
	(9,162,087)	(1,176,229)
	-	-
Closing Balance	(9,162,087)	(1,176,229)
Preliminary expenses	-	(182,700)
TOTAL	(9,162,087)	(1,358,929)

NOTE 4: Long Term Borrowings

PARTICULARS	2014 Rs	2013 Rs
From Directors	518,073	518,073
TOTAL	518,073	518,073

5.1 Note: Deferred tax liability has not been provided

NOTE 5: Trade Payables

PARTICULARS	2014 Rs	2013 Rs
Dues to MSMED		
Others	6,196,472	5,946,375
TOTAL	6,196,472	5,946,375

NOTE 6: Other Current Liabilities

PARTICULARS	2014 Rs	2013 Rs
Statutory Liabilities	521,792	521,792
Expenses payable	1,212,850	1,027,170
Advances received from customers	-	111,272
TOTAL	1,734,642	1,660,234

NOTE 8: Long Term Loans and Advances

PARTICULARS	2014 Rs	2013 Rs
Deposits	22,165,388	22,165,388
TOTAL	22,165,388	22,165,388

NOTE 9: Inventories

PARTICULARS	2014 Rs	2013 Rs
Raw materials & Excipients	2,397,002	2,813,799
Packing materials	1,373,594	1,373,594
In process formulations	2,881,213	3,193,293
Finished formulations	2,138,800	4,358,683
TOTAL	8,790,609	11,739,369

COMBAT DRUGS LIMITED

Notes to the Financial statements for the year ended March 31, 2014

Note - 7: FIXED ASSETS

Sl. No.	Name of the Asset	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		As At 31.03.13	Additions	Deletions/ Adjustments	As At 31.03.14	As On 31.03.13	For the Year	Deletions/ Adjustments	As On 31.03.14	As At 31.03.14	As At 31.03.13
1	Leased Building	31,268,074	-	-	31,268,074	1,596,829	1,044,354	-	2,641,183	28,626,891	29,671,245
2	Furniture	454,723	-	-	454,723	454,722	-	-	454,722	1	1
3	Computers	492,700	-	-	492,700	142,602	79,867	-	222,469	270,231	350,098
4	Plant & Machinery	17,121,409	-	-	17,121,409	6,938,625	813,267	-	7,751,892	9,369,517	10,182,784
5	Lab Equipment	1,032,911	-	-	1,032,911	195,439	49,063	-	244,502	788,409	837,472
6	Office Equipment	291,815	-	-	291,815	228,587	13,861	-	242,448	49,367	63,228
7	Electrical Fittings	1,678,251	-	-	1,678,251	106,507	79,717	-	186,224	1,492,027	1,571,744
	Total Rs.	52,339,883	-	-	52,339,883	9,663,311	2,080,129	-	11,743,440	40,596,443	42,676,572
	Previous Year	52,339,883	-	-	94,293,457	6,866,384	716,798	41,953,574	49,536,756	44,756,701	45,473,499

NOTE 10: Trade Receivables

PARTICULARS	2014 Rs	2013 Rs
Over 6 months		
Unsecured, considered good	3,723,490	5,911,636
- Others		
Secured, considered good	-	-
Unsecured, considered good	-	-
TOTAL	3,723,490	5,911,636

NOTE 11: Cash and Bank balances

PARTICULARS	2014 Rs	2013 Rs
A. Cash on Hand	4,359	16,335
B. Balances with Scheduled Banks	9,936	9,577
TOTAL	14,295	25,912

NOTE 12: Short Term Loans and Advances

PARTICULARS	2014 Rs	2013 Rs
Advances to staff	100,000	100,000
Advances to Suppliers for Capital Works	1,832,098	2,332,098
Advances to Suppliers for other works	1,196,000	946,000
Advances to Suppliers	55,023	55,023
Advance with Govt, Departments	813,754	813,754
TOTAL	3,996,875	4,246,875

NOTE 13: SALES

PARTICULARS	2014 Rs	2013 Rs
Jobwork charges / Pharma Sales	459,775	5,007,797
	-	-
Net sales	459,775	5,007,797

NOTE 14: Other Income

PARTICULARS	2014	2013
	Rs	Rs
Miscellaneous Income	283,608	541,622
TOTAL	283,608	541,622

NOTE 15: Raw Material Consumed / Stocks written off

PARTICULARS	2014	2013
	Rs	Rs
Opening stock	11,739,369	10,349,869
Add: Purchases	-	3,706,252
	11,739,369	14,056,121
Less: Closing stock	8,790,609	11,739,369
Stock written off / Raw material consumption	2,948,760	2,316,752

NOTE 16: Employee Benefits

PARTICULARS	2014	2013
	Rs	Rs
Directors Remuneration	480,000	480,000
Employer's Contribution - E S I	-	10,655
Salaries - Others	180,000	505,323
Staff Welfare	-	39,738
TOTAL	660,000	1,035,716

NOTE 17: Other Expenditure

PARTICULARS	2014	2013
	Rs	Rs
Advertisement & Business Promotion	-	2,355
Audit Fees	28,090	124,720
Bad debts written off	2,159,273	-
Bank & Service Charges	2,439	3,071
Carriage Inward	-	350
Communication Expenses	-	1,000
Computer Maintenance	-	2,492
Consumables	-	27,833
Consultancy Charges	25,000	36,500
Conveyance & Vehicle Maintenance	39,000	21,385
Donation	-	5,116
Factory Expenses	60,000	16,119
Fuel, Power & Light	171,648	487,420

Legal Expenses	-	4,000
Office Expenses	13,000	33,840
Packing expenses	-	272,448
Postage & Telegrams	112,000	109,875
Printing & Stationery	183,000	104,792
Professional Charges	-	110,715
Rent	-	76,417
Rates & Taxes	64,203	28,309
Repairs & Maintenance	-	21,641
Travelling - Directors & Others	-	7,500

TOTAL	2,857,653	1,497,898
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NOTE 19: Payment to Auditor forming part of Note 18

PARTICULARS	2014 Rs	2013 Rs
As Auditor		
For Statutory Audit	25,000	100,000
For Quarterly review	-	81,360

NOTE 20: Earnings Per Equity Share

PARTICULARS	2014 Rs	2013 Rs
Profit / Loss for the year after tax	7,910,619	1,407,176
Number of equity shares	8,000,000	8,000,000
Earnings per share (Basic and Diluted)	(1.00)	(0.18)
Face value of each equity share	10	10

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

As per our report of even date
For M. ANANDAM & CO
Chartered Accountants

For and on behalf of the Board

Sd/-
Sd/-
A V SADASIVA
Partner M No: 018404
Place: Secunderabad

Sd/-
Suchit Mohal Lal
Managing Director

Sd/-
Anjani Kumar Agarwal
Director

Date: 30.05.2014

COMBAT DRUGS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2014

Particulars	31-03-2014	31-03-2013
Cash Flows from Operating Activities		
Net profit before tax and extraordinary items	(7,985,859)	(1,407,176)
Adjustments for :		
Depreciation	2,080,129	2,080,129
Bad debts written off	2,159,273	-
Preliminary Expenses Written Off	182,700	26,100
Loss / (Profit) on sale of assets	-	-
Operating profit before working capital changes	(3,563,757)	699,053
Adjustments for :		
(Increase)/Decrease in Trade and Other Receivables	28,873	1,348,116
(Increase)/Decrease in Inventories	2,948,760	(1,389,500)
(Increase)/Decrease in Loans and Advances	250,000	829,611
Increase/(Decrease) in liabilities and Provisions	324,505	(2,410,616)
Cash generated from operations	(11,619)	(923,336)
Taxes Paid	-	-
Net Cash from operating activities	(11,619)	(923,336)
Cash flows from Investing Activities		
Purchase of Fixed Assets (Include CWIP)	-	-
Sale of Fixed Assets	-	-
Net Cash flow from Investing Activities	-	-
Cash flows from Financing Activities		
Increase/Decrease in BOD	-	(80,449)
Net Cash Flow from Financing Activities	-	(80,449)
Net Increase in cash and cash equivalents	(11,619)	(1,003,785)
Cash and Cash equivalents at the beginning of the year	25,913	1,029,698
Cash and Cash equivalents at the ending of the year	14,294	25,913

As per our report of even date

For M. ANANDAM & CO
Chartered Accountants

For and on behalf of the Board

Sd/-
A V SADASIVA
Partner M No: 018404
Place: SecunderabadSd/-
Suchit Mohal Lal
Managing Director

Date: 30.05.2014

Sd/-
Anjani Kumar Agarwal
Director

COMBAT DRUGS LIMITED

185/186 Yellampet, Medchal
Mandal, R.R District, Telangana

ATTENDANCE SLIP

28th ANNUAL GENERAL MEETING
30th SEPTEMBER, 2014

Regd. Folio No.:..... No. of Shares: MEMBER / PROXY

DP ID No.:.....

Client ID No.:

I hereby record my presence at the 28th ANNUAL GENERAL MEETING of the Members of the Company held on 30th September, 2014 at 11.30 A.M at the Registered Office of the Company at 185/186 Yellampet, Medchal Mandal, R.R District, Telangana.

Name: Name of Proxy:.....



Sign:..... Sign:.....

Note: 1. Only Members of the Company or their proxies will be allowed to attend the Meeting ON PRODUCTION OF ATTENDANCE SLIP duly completed and signed. 2. Please fill this admission slip and hand it over at the entrance of the hall duly signed. 3. Members are requested to bring their copies of Annual Report with them. 4. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the Meeting.

COMBAT DRUGS LIMITED

185/186 Yellampet, Medchal
Mandal, R.R District, Telangana

PROXY FORM

28th ANNUAL GENERAL MEETING
30th SEPTEMBER, 2014

Regd. Folio No.:.....No. of Shares:DP ID No.:.....Client ID No:....

I/We of in the District of being a Member(s) of the above Company hereby appoint.....of in the District ofas my/our Proxy to attend and to vote for me/us on my/our behalf at the 28th Annual General Meeting of the Company to be held on the 30th September, 2014 at 11.30 A.M. at the Registered Office of the Company at 186, 186, Yellampet, Medchal Mandal, R.R. District, Telangana and at any adjournment thereof.



Signed this day of Two Thousand and Fourteen. Affix: Revenue Stamp

I hereby record my presence at the 28th ANNUAL GENERAL MEETING of the Members of the Company held on 30th September, 2014 at 11.30 A.M at the Registered Office of the Company at 185/186 Yellampet, Medchal Mandal, R.R District, Telangana.

Name: Name of Proxy:.....

Sign:..... Sign:.....

Note: 1. 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. 2. Only Members of the Company or their proxies will be allowed to attend the Meeting ON PRODUCTION OF ATTENDANCE SLIP duly completed and signed. 3. Please fill this admission slip and hand it over at the entrance of the hall duly signed. 4. Members are requested to bring their copies of Annual Report with them. 5. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the Meeting.

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Telangana, INDIA

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Secunderabad-500003