

**CONCORD DRUGS LIMITED**

# **CONCORD DRUGS LIMITED**

**ANNUAL REPORT**

**2010-2011**

# CONCORD DRUGS LIMITED

## CORPORATE INFORMATION

### Board of Directors

Sri S. Nagi Reddy	-	Managing Director
Sri M. Eswar Rao	-	Director
Sri K. Ramachandra Reddy	-	Director
Sri S. Koni Reddy	-	Director
Sri U. Satish	-	Director

### Statutory Auditors:

M/s. M M Reddy & Co.,  
Chartered Accountants  
Hyderabad.

### Registered Office & Factory:

Survey No.249,  
Brahmanapally Village  
Hayatnagar Mandal  
Ranga Reddy Dist. A.P.

### Administrative Office:

H.No.3-11-1/1, L.B. Nagar  
Hyderabad – 500 074.

### Factory II:

Khasra No.165/3, Village Nalhera Ananthapur  
Paragana Bhagwanpur, Tehsil Roorkee,  
District Haridwar,  
Uttaranchal State.

### Bankers:

The Lakshmi Vilas Bank Ltd  
Kothapet Branch  
Hyderabad.

Punjab National Bank  
Roorkee Civil Lines Branch, U.A.

Punjab National Bank  
Kothapet Branch,  
Hyderabad

# CONCORD DRUGS LIMITED

## NOTICE

NOTICE is hereby given that the Sixteenth Annual General Meeting of the shareholders of the Company will be held at the Registered Office of the Company situated at Sy.No.249, Brahmanapally Village, Hayatnagar Mandal, R. R. Dist. A.P. on Friday, 15<sup>th</sup> July, 2011 at 11.00 a.m. to transact the following business:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Profit & Loss account for the year ended 31<sup>st</sup> March, 2011 and the Balance Sheet as on that date and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. K. Ramachandra Reddy, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint M/s. M.M. Reddy & Co., Chartered Accountants as Auditors of the Company and to hold office from the conclusion of this Annual General Meeting until conclusion of the next Annual General Meeting and to authorize the Board to fix their remuneration.

### **SPECIAL BUSINESS:**

4. To consider and if thought fit, to pass, with or without modification(s) the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT Mr. S. Koni Reddy, who was appointed as additional director of the company pursuant to the provisions of Section 260 of the companies act, 1956 by the board of directors w.e.f 10.06.2011 and who holds the office up-to date of the ensuing annual general meeting and in respect of whom the Company has received a notice in writing under section 257 read with section 190 of the said Act, along with requisite deposit proposing him as candidate for the office of director of the company, be and is hereby appointed as a director of the company whose period of office is liable to be determined by retirement of directors by rotation.”

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

“RESOLVED THAT Mr. U. Satish, who was appointed as additional director of the company pursuant to the provisions of Section 260 of the companies act, 1956 by the board of directors w.e.f 10.06.2011 and who holds the office up-to date of the ensuing annual general meeting and in respect of whom the Company has received a notice in writing under section 257 read with section 190 of the said Act, along with requisite deposit proposing him as candidate for the office of director of the company, be and is hereby appointed as a director of the company whose period of office is liable to be determined by retirement of directors by rotation.”

## CONCORD DRUGS LIMITED

For and on behalf of the Board of  
Concord Drugs Limited

S/d-

S.Nagi Reddy  
Managing Director

Place: Hyderabad.  
Date: 16.06.2011

### NOTES:-

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIM SELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument appointing the Proxy should however be deposited at the Registered Office of the company not less than 48 hours before the commencement of the meeting.
3. Members/Proxies should bring the attendance slip sent here with duly filled in for attending the meeting.
4. All documents referred to in the Notice are open for inspection at the Registered Office of the Company between 11.00 A.M. to 1.00 P.M on any working day prior to the date of the meeting and also at the meeting.
5. Member intending to require information about Accounts to be explained at the meeting are requested to write the company at least ten days in advance of the Annual General Meeting.
6. Register of Members and share Transfer Books remain closed from 11.07.2011 to 15.07.2011 (Both days inclusive).
7. The Company connectivity with Depositories i.e. NSDL & CDSL with ISIN INE858L01010. Members are requested to demat their physical shares and also arrange to submit E-mail ID for doing future correspondence through soft copies as part of Green initiative adopted by MCA to make the system paperless and conserve paper.

For and on behalf of the Board of  
Concord Drugs Limited

Sd/-

**S.Nagi Reddy**  
Managing Director

Place: Hyderabad.  
Date: 16.06.2011

## CONCORD DRUGS LIMITED

### Explanatory Statement (Pursuant to section 173 (2) of the Companies Act, 1956)

#### ITEM No.4

The members may note that Mr. S. Koni Reddy was inducted into Board as an Additional Director of the company, with effect from 10.06.2011 pursuant to the provisions of section 260 of the Companies Act, 1956 and holds the office as such up to the date of ensuing Annual General Meeting. The Company has received notice in writing from a member of the Company along with the requisite deposit under Section 257 read with section 190 of the Companies Act, 1956 proposing the candidature of the above said person for the Office of Director whose period of office is determinable by retirement of Directors by rotation.

As per the provisions of section 257 of the Act, any such proposal ought to be approved by the members in their General Meeting.

Hence, the Board recommends the resolution for your approval.

None of Directors except Mr. S. Koni Reddy may be deemed to be concerned or interested in the resolution.

#### ITEM No.5

The members may note that Mr. U. Satish was inducted into Board as an Additional Director of the company, with effect from 10.06.2011 pursuant to the provisions of section 260 of the Companies Act, 1956 and holds the office as such up to the date of ensuing Annual General Meeting. The Company has received notice in writing from a member of the Company along with the requisite deposit under Section 257 read with section 190 of the Companies Act, 1956 proposing the candidature of the above said person for the Office of Director whose period of office is determinable by retirement of Directors by rotation.

As per the provisions of section 257 of the Act, any such proposal ought to be approved by the members in their General Meeting.

Hence, the Board recommends the resolution for your approval.

None of Directors except Mr. U. Satish may be deemed to be concerned or interested in the resolution.

For and on behalf of the Board of  
Concord Drugs Limited

Place: Hyderabad.  
Date: 16.06.2011

Sd/-  
**S.Nagi Reddy**  
Managing Director

# CONCORD DRUGS LIMITED

## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Sixteenth Annual report together with Audited accounts for the year ended 31<sup>st</sup> March, 2011.

### **PROJECT IMPLEMENTATION:**

During the year under review the company achieved the Sales turnover of Rs. 2412.83 Lakhs and the Job Works income of Rs.9.90 Lakhs and arrived Gross profit of Rs.212.97 Lakhs and arrived Net Profit of Rs. 162.90 Lakhs and paid an amount of Rs. 55.37 Lakhs towards Income tax.

The Company has recorded a turnover of Rs. 2459.88 Lakhs in the current year against the turnover of Rs. 995.20 lakhs in the previous financial year ending 31.03.10. The Company has earned net profit of Rs. 162.90 lakhs against the profit of Rs.38.33 lakhs in the previous year.

### **FINANCIAL RESULTS:**

(Rs. In Lacs)

Description	2010-11	2009-10
Gross Income	<b>2459.88</b>	995.20
Total Expenditure	<b>2186.43</b>	872.03
Profit before Depreciation & Interest	<b>273.44</b>	123.17
Less: Interest & Fin. Charges	<b>17.77</b>	12.96
Less: Depreciation	<b>42.69</b>	39.55
Less: Provision for Tax including Deferred Tax	<b>7.62</b>	(32.59)
Net Profit	<b>162.90</b>	84.31

### **DIVIDEND:**

Your Directors do not recommend any Dividend for the current Financial Year- 2010-11.

### **PUBLIC DEPOSITS:**

Your Company has not accepted any deposits during the year under review.

### **DIRECTORS:**

During the year Mr. S. Koni Reddy and Mr. U. Satish was appointed as additional director on the Board of the Company w.e.f. 10.06.2011.

Mr. K. Ramachandra Reddy is retiring by rotation and has expressed his willingness for reappointment.

## CONCORD DRUGS LIMITED

### PREFERENTIAL ALLOTMENT:

The Company has allotted 16,33,750 equity shares of Rs.10/- each on 05.04.2011 to Promoters and others on preferential basis, The Company has obtained listing approval and submitted the Corporate Action forms to NSDL and CDSL and approval for the same is awaited.

### PAID UP CAPITAL:

The Paid up Capital of the Company stands at Rs. 5,61,00,000 divided into 56,10,000 equity shares of Rs. 10 each.

### DIRECTORS RESPONSIBILITY STATEMENT

Your Directors confirm:

(a) That in preparation of the annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material department.

(b) That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the affairs of the company at the end of the financial year ended on 31st March 2011 and of the profit of the company for that year.

(c) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records for the year ended 31st March 2011 in accordance with the provisions of the companies Act, 1956 for safe guarding the assets of the company and for prevention and detection of fraud and other irregularities.

(d) That the Directors had prepared the Annual Accounts on an ongoing basis.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUT GO

The required information as per Sec.217 (1) (e) of the Companies Act 1956 is provided hereunder:

#### A. Conservation of Energy

Adequate measures have been taken to reduce energy consumption, wherever possible. Total energy consumption and energy consumption per unit of production is not applicable as company is not included in the industries specified in the schedule.

#### B. Technology Absorption

1. Research and Development (R&D):	:	Nil
2. Technology absorption, adoption and innovation	:	Nil

#### C. Foreign Exchange Earnings and Out Go

Foreign Exchange Earnings	:	Nil
Foreign Exchange Outgo	:	Nil

## CONCORD DRUGS LIMITED

### **PARTICULARS OF EMPLOYEES:**

None of the employees are in receipt of remuneration exceeding the limit and whose particulars are required to be given as prescribed under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

### **AUDITORS:**

M/s. M. M. Reddy & Co., Chartered Accountants, Hyderabad, the Company's Auditors retire at the conclusion of this Annual General Meeting and are eligible for re-appointment. Your Directors recommend their appointment.

### **REPORT ON CORPORATE GOVERNANCE:**

As a listed company, necessary measures have been taken to comply with the listing agreements of Stock Exchanges. A report on Corporate Governance, along with a certificate of compliance from the Auditors, is attached elsewhere in the annual report.

### **LISTING:**

The Company's present Equity shares are listed on Ahmedabad Stock Exchange, Pune Stock Exchange and Madras Stock Exchange.

### **ACKNOWLEDGEMENTS:**

Your directors would like to express their grateful appreciation for assistance and co-operation received from clients, banks, investors, Government, other statutory authorities and all others associated with the company. Your directors also wish to place on record their deep sense of appreciation for the excellent contribution made by the employees at all levels, which enabled the company to achieve sustained growth in the operational performance during the year under review.

### **Declaration by Managing Director of affirmation by Directors and senior Management personnel of compliance with the code of conduct**

The shareholders

I, S.Nagi Reddy, Managing Director of the Company do hereby declare that the directors and senior management of the Company have exercised their authority and powers and discharged their duties and functions in accordance with the requirements of the code of conduct as prescribed by the company and have adhered to the provisions of the same.

For and on behalf of the Board of  
Concord Drugs Limited

**Place: Hyderabad**  
**Date: 16.06.2011**

**Sd/-**  
**S. Nagi Reddy**  
**Managing Director**



## CONCORD DRUGS LIMITED

### REPORT ON CORPORATE GOVERNANCE:

#### Company's philosophy on Corporate Governance:

Your Company strongly believes that the system of corporate governance protects the interests of all the stakeholders by inculcating transparent business operations and accountability from management. The core values viz. Customer Focus, Team Work, Leadership, Innovation, Respect for People, Integrity, Performance and Community - guide the Company towards fulfilling the consistently high standard of Corporate governance in all facets of the Company's operations.

#### Board of Directors Composition:

Your Board comprises of Five directors – Three executive and two non executive independent directors. Various committees support the Board in its functions. The Board of Directors and its committees meet at regular intervals.

#### Attendance of Directors in the Board and Annual General Meeting:

Sl.No.	Name and category of directors	No. of directorships held in other Public companies	No. of Memberships/ Chairmanships held in Committees of other Companies
1.	Mr. S. Nagi Reddy Promoter, Executive	Nil	-
2.	Mr. K. Ramachandra Reddy Promoter, Executive	Nil	-
3.	Mr. M. Easwar Rao Independent, Non executive	Nil	-
4.	* Mr. S. Koni Reddy Non executive	Nil	-
5.	* Mr. U. Satish Non -Independent, Executive	Nil	-

\* Appointed w.e.f. 10.06.2011

## CONCORD DRUGS LIMITED

### A brief profile of the directors appointed are as follows:

- Mr. S. Koni Reddy, aged about 22 years, is a commerce Graduate with 2 years experience in Pharmaceuticals business. He has been associated with the distribution and sales of various pharmaceuticals brands.
- Mr. U. Satish, aged about 29 years, is a commerce Graduate with 5 years experience in Pharmaceuticals business. He has been associated with the distribution, sales and marketing of various pharmaceuticals brands.

The board duly met 7 times during the financial year 2010-2011; the dates are 30.04.2010, 08.05.2010, 29.05.2010, 31.07.2011, 30.10.2010, 31.01.2011 and 12.02.2011 the attendance of the board of directors are as follows.

Name of the directors	No of meetings held during the tenure of the Director	No of meetings attended by the Director	Whether present at the previous AGM	No. of shares held in the company
Mr. S. Nagi Reddy	7	7	Yes	
Mr. K. Ramachandra Reddy	7	7	Yes	
Mr. M. Easwar Rao	7	7	Yes	
* Mr. S. Koni Reddy	-	-	No	
* Mr. U. Satish	-	-	No	

\* Appointed w.e.f. 10.06.2011

### Audit Committee:

As per Section 292A of the Companies Act, 1956 constituting Audit committee is mandatory in case of companies whose paid up capital is more than 5 crores and also as per Clause 49 of the Listing Agreement, accordingly the board constituted the audit committee, with the following composition.

Composition: This committee consists of 3 members consisting of

1. Mr. M. Eswar Rao - Chairman
2. Mr. K. Ramachandra Reddy - Member
3. \* Mr. S. Koni Reddy - Member

\* Appointed w.e.f. 10.06.2011

## CONCORD DRUGS LIMITED

Headed by Mr. M. Eswar Rao, role of Audit committee:

The terms of reference stipulated by the Board to the Audit Committee contained under clause 49 (II) of the Listing Agreement, are as follows:

- 1) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- 2) Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- 3) Reviewing with management the annual financial statements before submission to the Board, focusing primarily on:
  - a) Any changes in accounting policies and practices.
  - b) Major accounting entries based on exercise of judgement by management.
  - c) Qualification in draft audit report.
  - d) Significant adjustments arising out of audit.
  - e) The going concern assumption.
  - f) Compliance with accounting standards.
  - g) Compliance with stock exchange and legal requirements concerning financial statements.
  - h) Any related party transactions i.e. transactions of the Company of material nature with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the company at large.
- 4) Reviewing with the management, external and internal auditors, the adequacy of the internal control systems.
- 5) Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- 6) Discussion with internal auditors any significant findings and follow up thereon.
- 7) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- 8) Discussion with the external auditors before the audit commences nature and scope of audit as well as have post audit discussion to ascertain any area of concern.
- 9) Reviewing the company's financial and risk management policies.
- 10) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

The Audit committee met 4 times in the financial year, the dates are 30.04.2010; 31.07.2010; 30.10.2010 and 31.01.2011 attendance are as follows:

## CONCORD DRUGS LIMITED

### Attendance of Audit Committee Members at their Meetings:

Sl. No	Name of the Director	Audit Committee meetings held during the tenure of the director	Attended at the Audit committee Meeting
1.	Mr. M. Easwar Rao	4	4
2.	Mr. K. Ramachandra Reddy	4	4
3	* Mr. S. Koni Reddy	-	-

\* Appointed w.e.f. 10.06.2011

### Remuneration committee:

Composition of compensation committee:

1. Mr. M. Easwar Rao - Chairman
2. Mr. K. Ramachandra Reddy - Member
3. Mr. S. Nagi Reddy - Member

**b) Remuneration Policy:** The remuneration of the whole time director(s) appointee(s) is decided by the Remuneration Committee based on criteria such as industry benchmark, the Company's performance, performance/track record of the whole time Director(s)appointee(s). The Company pays remuneration by way of salary, perquisites and allowances (fixed component), incentive, remuneration and commission (variable component) to its whole time directors. Annual increments are decided by the Remuneration Committee within the salary scale approved by the Members and are effective from 1st April, annually. The Remuneration Committee decides on the Commission payable to the whole time directors on determination of profits for the financial year with the ceilings on net profits prescribed under Sections 198 & 309 of the Companies Act, 1956 (the Act) as also the incentive remuneration.

A sitting fee of Rs.1,000/- per meeting of the Board, Audit Committee, and is paid for attendance at the said Board /Committees to its Members (excluding Executive Directors).

The sitting fees paid/payable to the non whole time Directors is excluded while calculating the above limits in accordance with Section 198 of the Act.

**c) Remuneration to Directors:** in respect of the financial year 2010-11 the following remuneration and sitting fees were paid to the Directors:

### Directors:

Name	Remuneration for FY 2010-11	Sitting fees paid during FY 2009-10
Mr. S. Nagi Reddy	240000	240000
Mr. M. Eswar Rao	--	-
Mr. K. Ramachandra Reddy	--	-
Mr. S. Koni Reddy	--	-

## CONCORD DRUGS LIMITED

### Share transfers and Investors Grievance Committee:

The committee was formed with the object of providing immediate attention to the shareholders grievance and to look into the matter relating to share transfers, replacement of lost/ stolen/ mutilated share certificates, issue of duplicate share certificates, to attend shareholders complaints, to take care the conversion of physicals to demat.

Composition of compensation committee:

1. Mr. M. Easwar Rao - Chairman
2. Mr. K. Ramachandra Reddy - Member
3. \*S. Nagi Reddy - Member

\* Appointed w.e.f. 10.06.2011

During the year company has not received any complaints, as on the date of the Directors' Report there are no pending transfers. There were held 2 Committee meetings, the dates are as follows 30.04.2010 and 30.10.2010.

The Investors' Grievance Committee of the Board is empowered to oversee the redressal of investor's complaints pertaining to share transfers, non-receipt of annual reports, issue of duplicate certificates, transmission (with and without legal representation) of shares. Its scope also includes delegation of powers to the executives of the Company share transfer agents to process share transfers and other investor allied matters.

Mr. S.Nagi Reddy, is the Compliance Officer can be contacted at:  
H.No.3-11-1/1, L.B. Nagar  
Hyderabad – 500 074.

### Disclosures:

- a) Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.

There are no materially significant transactions made by the Company with its promoters, directors or the management their subsidiaries or relatives etc. which have potential conflict with the interests of the Company at large.

- b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years **NONE**

### GENERAL BODY MEETINGS:

- Location and time of General Meetings:

Year	Type	Date	Venue	Time	Special resolutions passed
2009-10	AGM	30 <sup>th</sup> Sept, 2010	At Regd. Office	11.30 a.m.	NIL
2008-09	AGM	30 <sup>th</sup> Sept, 2009	At Regd. Office	11.30 a.m.	NIL
2007-08	AGM	30 <sup>th</sup> Sept, 2008	At Regd. Office.	11.30 a.m.	NIL

## CONCORD DRUGS LIMITED

### **Means of Communication:**

The quarterly results are published in the newspapers and annual reports are sent to all the shareholders yearly.

### **General Shareholder Information :**

16<sup>th</sup> Annual General Meeting:

Date: Friday, 15<sup>th</sup> July, 2011

Time: 11.00 A.M.

Venue: Survey No. 249, Brahmanapally(V), Hayathnagar(M),  
Ranga Reddy (Dist), Andhra Pradesh.

**Financial Year:** April 1<sup>st</sup>, to March 31<sup>st</sup>

### **Date of Book Closure:**

The Share Transfer books and Members Register of the company will remain closed from July 11<sup>th</sup> to July 15<sup>th</sup>, 2011 (both days inclusive).

### **Stock exchanges where shares are listed:**

Ahmedabad Stock Exchange, Madras Stock Exchange and Pune Stock exchange.

**Market Price Date:** Not traded.

### **Registrars & Share Transfer Agents:**

Aarthi Consultants.

1-2-285, Domalguda,

Hyderabad – 500 029.

### **Address for correspondence:**

H.No.3-11-1/1, L.B. Nagar, Hyderabad – 500 074

### **Exemption from applicability of provision of SEBI Regulations**

The following is the list of persons constituting "Group" (within the meaning as defined in the Monopolies and Restrictive Trade Practices Act, 1969) for the purpose of availing exemption from applicability of the provisions of Regulation 10 to 12 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (the said Regulations) as provided in Clause 3(1) (e) of the said Regulations:

1. S.Nagi Reddy
2. M.Eswar Rao
3. K.Ramachandra Reddy
4. S. Koni Reddy
5. U. Satish

## CONCORD DRUGS LIMITED

### Share Transfer System:

-Securities lodged for transfers are normally processed within 15 days from the date of lodgment. If the documents are clear in all respects. Senior Executives of the Company are empowered to approve transfer of shares. Grievances received from investors and other miscellaneous correspondence on change of address, mandates etc. are processed by the Registrars within 30 days.

### -Share Holding Pattern:

Category	As on 31st March, 2011		As on 31st March, 2010	
	No. of Shares	%	No. of Shares	%
<b>A) Promoters Holding:</b>				
1. Promoters:				
- Indian Promoters	2000500	35.66	2000500	35.66
- Foreign Promoters	-	-	-	-
2. Persons acting in concert	-	-	-	-
<b>Sub Total</b>	<b>2000500</b>	<b>35.66</b>	<b>2000500</b>	<b>35.66</b>
<b>B) Non-promoters Holding:</b>				
1. Institutional Investors	-	-	-	-
2. Mutual Funds and UTI	-	-	-	-
3. Banks, Financial Institutions, Insurance Companies, Central/State Govt. Institutions/ Non Government Institutions	-	-	-	-
4. FIIs	-	-	-	-
5. Private Corporate Bodies	-	-	-	-
6. Indian Public	3609500	64.34	3609500	64.34
7. NRIs/OCBs	-	-	-	-
8. Any other	-	-	-	-
<b>Sub Total</b>	<b>3609500</b>	<b>64.33</b>	<b>3609500</b>	<b>64.33</b>
<b>GRAND TOTAL:</b>	<b>5610000</b>	<b>100.00</b>	<b>5610000</b>	<b>100.00</b>

Dematerialization of Shares: The Company has applied for Demat connectivity from both CDSL and NSDL.

### Address for Correspondence:

**M/s Concord Drugs Limited**

H.No.3-11-1/1, L.B. Nagar

Hyderabad – 500 074.

## CONCORD DRUGS LIMITED

Dear Shareholder,

Please find below the Managing Director certificate as per Clause 49(V) of the Listing Agreement:

### MANAGING DIRECTOR CERTIFICATE

I, S. Nagi Reddy, Managing Director of M/s Concord Drugs Limited certify that:

1. We have reviewed the financial statements for the year and that to the best of our knowledge and belief:
  - (a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (b) These statements present a true and fair view of the state of affairs of the Company and of the results of the operations and cash flows. The financial statements have been prepared in conformity, in all material respects, with the existing generally accepted accounting principles including accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of Company's code of conduct.
3. We accept overall responsibility for establishing and monitoring the Company's internal control system for financial reporting and evaluating its effectiveness. Internal Audit function monitors the internal control system for financial reporting, which encompasses the examination and evaluation of the adequacy and effectiveness. Internal Audit works with all levels of management and Statutory Auditors, and reports significant issues to the Audit Committee of the Board. The Auditors and Audit Committee are apprised of any corrective action taken with regard to significant deficiencies and material weakness.
4. We indicate to the Auditors and to the Audit Committee:
  - (a) Significant changes in internal controls over financial reporting during the year;
  - (b) Significant changes in the accounting policies during the year;
  - (c) No instances of significant fraud of which we have become aware of and which involve the management or other employees who have significant role in the Company's internal control system over financial reporting.

However, during the year there were no such changes and instances.

For and on behalf of the Board of  
Concord Drugs Limited

Sd/-

**S.Nagi Reddy**  
Managing Director

Place: Hyderabad.  
Date: 16.06.2011



## CONCORD DRUGS LIMITED

### MANAGEMENT DISCUSSIONS AND ANALYSIS

#### **Industrial Structure & Development**

The Indian pharmaceutical sector continuous to demonstrate strong growth despite the global economic slowdowns, due to inherent strength of the Indian domestic markets economic growth, healthcare infrastructure expansion, rising incidence of chronic diseases and increase in healthcare access in the urban and rural markets. The potential of the Indian pharmaceutical market is recognized by most of the major players, which is manifested in diverse strategies being adopted by various organizations.

#### **Opportunities:**

The Indian pharmaceutical companies today are mainly focusing on global generic business, increasing focus on R&D activities and alliance with multinational companies. This shall act as a future growth drivers for Indian Pharma Industry.

#### **Threats, Risks and Concerns :**

Though Indian Pharmaceutical market is growing at a healthy growth rate but on account of continuously price-cost squeeze, largely due to relentless increase in raw material cost, energy cost, volatile foreign exchange are all affecting overall profitability of the company.

#### **Internal Control System Adequacy:**

There are documented and well established operating procedures in the Company. The Company has team of well qualified and experienced professionals that conduct regular audits covering the company's operations. The finance function of the company is also adequately staffed and with qualified and experienced personnel.

#### **Financial Operation:**

During the year under review the company achieved the Sales turnover of Rs. 2412.83 Lakhs and the Job Works income of Rs.9.90 Lakhs and arrived Gross profit of Rs.212.97 Lakhs and arrived Net Profit of Rs. 149.97 Lakhs and paid an amount of Rs. 55.37 Lakhs towards Income tax.

The Company has recorded a turnover of Rs. 2459.88 Lakhs in the current year against the turnover of Rs. 995.20 lakhs in the previous financial year ending 31.03.10. The Company has earned net profit of Rs. 149.97 lakhs against the profit of Rs.38.33 lakhs in the previous year.

#### **Human Resources Development and Research Activities:**

The company's success depends to a great extent on its ability to recruit, train and retain high quality people. The company places special emphasis on the human resources function in the organization. It believes that its strong brand name, industry leadership position, wide range of growth opportunities and performance linked compensation give it significant advantages in

## **CONCORD DRUGS LIMITED**

attracting and retaining skilled employees. The company employed people and enjoys cordial relations with all.

### **Health and Safety Measures:**

The Company is fully committed to the safety, health and well-being of its employees and to minimizing the environmental impact of its business operations. A safe and healthy environment is maintained, and appropriate steps are taken with the object of minimizing the environmental impact on all processes and practices. The Company has a range of policies, including on quality, safety and health aspects to guide the employees work practices, actions and decisions.

The Company strive to continuously improve the effectiveness of its policies and employees are encouraged to contribute their mite in this direction.

### **Cautionary Statement:**

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could influence the Company's operations include input availability and prices, demand and pricing of finished goods in the Company's principal markets, changes in government regulations, tax laws, economic developments within the country and other incidental factors.

## CONCORD DRUGS LIMITED

### AUDITOR'S CERTIFICATE REGARDING CORPORATE GOVERNANCE

To  
The Members of Concord Drugs Limited  
Hyderabad.

We have examined the compliance of conditions of corporate governance by Concord Drugs Limited for the year ended on 31.03.2011 as stipulated in Clause 49 of Listing Agreement of the said company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the 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 corporate governance except with the appointment of Independent Directors as the company has only one Independent Director, as stipulated in the above mentioned listing agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the investor Grievance Committee.

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.M. REDDY & CO.,  
Chartered Accountants**

PLACE : HYDERABAD  
DATE : 30.05.2011

**Sd/-  
M. Madhusudhana Reddy  
Proprietor**

## CONCORD DRUGS LIMITED

### The Members of CONCORD DRUGS LIMITED

1. We have audited the balance sheet of **CONCORD DRUGS LIMITED** as at March 31, 2011 the Profit and Loss Account and also the related Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our Audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes an examination on test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates and judgments made by the management in the preparation of financial statements and evaluating the overall financial statement presentation.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) order, (Amendment) 2004 issued by the Central Government in terms of Sub Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matter specified in Paragraphs 4 and 5 of the said order.
4. Further to the comments in the Annexure referred to in paragraph 3 above:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) 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;
  - (iii) The Balance Sheet, Profit and Loss Accounts and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion, the Balance Sheet, Profit and Loss Accounts and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act.
  - (v) On the basis of written representations received from the directors, as on March 31, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon 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, 2011;
    - (b) In the case of Profit and Loss Account, of the profit for the year ended on that date;and

**CONCORD DRUGS LIMITED**

(c) In the case of the Cash Flow Statement, the cash flows for the year ended on that date;

For M M REDDY & CO.,  
Chartered Accountants  
Firm Reg. No.010371S

Place: Hyderabad  
Date: 30.05.2011

(M. Madhusudhana Reddy)  
Partner  
Membership No.213077

## CONCORD DRUGS LIMITED

### Annexure to the Auditors' Report (referred to in paragraph 3 of our Report of even date to the Members of CONCORD DRUGS LIMITED for the year ended March 31, 2011)

1. In respect of its fixed assets
  - a) The Company has maintained proper records to show full particulars including quantitative details and situation of its Fixed Assets on the basis of available information wherein the fixed asset register is in the process of being updated. .
  - b) The Fixed Assets of the Company were physically verified by the management at reasonable intervals and no material discrepancies between the books/records and the physical inventory were noticed on such verification.
  - c) In our opinion, the Company has not disposed off a substantial part of its fixed assets during the year and the going concern status of the Company is not affected.
2. In respect of its inventories:
  - a) The Inventory of the Company have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c) The Company has maintained proper record of inventories. As explained to us, there were no material discrepancies notices on physical verification of inventories as compared to the book records.
3. In respect of loans, secured or unsecured, granted or taken by the Company to/ from Companies, firms or other parties covered in the register maintained under Section 301 of the Company's Act, 1956.
  - a) The Company has not granted any loans during the year to Companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Consequently, the requirements of clauses (iii) (b),(c),(d) of paragraph 4 of the order are not applicable.
  - b) As informed, the Company has not taken loans from parties covered in the register maintained under Section 301 of the Act1956. Consequently, the requirements of clauses (iii) (c),(d) of paragraph 4 of the order are not applicable.
4. In our opinion and according to the information and explanation given to us, the Company has an adequate internal control procedure commensurate with the size and nature of business of the company for the purchase of inventory, fixed assets and the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956, in our opinion and according to the information and explanations given to us, there are no transactions made in pursuance of contracts or arrangements , that need to be entered in the

## CONCORD DRUGS LIMITED

6. Register maintained under Section 301 of the Companies Act, 1956 . Consequently, clause 4(v) of the order is not applicable.
7. According to the information and explanation given to us, the Company has not accepted any deposits contemplated under Sec. 58A of the Companies Act, 1956 from the public. Therefore the provisions of clause 4(vi) of the order are not applicable.
8. In our opinion, the Company has an internal audit system which needs to be strengthened.
9. We have been informed that the Central Government has not prescribed maintenance of cost records U/s 209 (l)(d) of the Companies Act, 1956 (1 of 1956) for the Company's services.
10. In respect of statutory dues:
  - (a) According to the records of the company, the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, Income Tax, Wealth Tax, Customs Duty, Excise duty, cess and other material statutory dues applicable at the end of the year for a period of more than six months from the date they became payable.
  - (b) According to the information and explanation given to us, there are no dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute. There were no dues on account of cess under 441A of the Companies Act 1956, since the date from which the aforesaid section comes into force has not yet been notified by the Central Government.
11. The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.
12. Based on the audit procedures, and according to the information and explanation given to us, we are of the opinion that, the Company has during the year delayed on few occasions in repaying term loan instalments due to the banks and financial institutions.
13. In our opinion and according to the explanation given to us and based on the information available, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
14. In our opinion, the Company is not a Chit Fund, Nidhi or Mutual Benefit fund / Societies. Therefore the provisions clause (xiii) of paragraph 4 of the order are not applicable to the Company.
15. The Company is not dealing or trading in shares, securities, debentures.

**CONCORD DRUGS LIMITED**

16. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
17. The term loans and working capital loans obtained from the banks have been applied for the purpose for which they were taken.
18. According to the information and explanations given to us and on an overall examination of the Balance Sheet and Cash Flow statement, the funds raised on short term basis have not been used for long term purposes.
19. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.
20. The Company has not issued any debentures.
21. The Company has not raised any money by way of public issues during the year.
22. In our opinion and according to the explanation given to us, no fraud, on or by the Company, has been noticed or reported during the year.

For M M REDDY & CO.,  
Chartered Accountants  
Firm Reg. No.010371S

Place: Hyderabad  
Date: 30.05.2011

(M. Madhusudhana Reddy)  
Partner  
Membership No.213077



**CONCORD DRUGS LIMITED**

<b>Balance Sheet As At</b>			(Amount in Rs)
<b>Particulars</b>	<b>Sch No</b>	<b>As At 31.03.2011</b>	<b>As At 31.03.2010</b>
<b>SOURCES OF FUNDS</b>			
Shareholder's Funds			
Share Capital	1	5,61,00,000	5,61,00,000
Share application money (pending allotment)		2,78,00,000	-
Reserves & Surplus	2	2,07,54,520	44,64,487
Secured Loans	3	2,03,98,043	1,94,00,929
Un-secured Loans	4	55,46,619	-
Deferred Tax Liability	5	(24,82,436)	(32,45,205)
<b>TOTAL</b>		<b>12,81,16,746</b>	<b>7,67,20,210</b>
<b>APPLICATION OF FUNDS</b>			
Fixed Assets			
Gross Block	6	10,08,51,239	6,80,26,170
Less: Depreciation		3,76,30,504	3,33,60,834
Net Block		6,32,20,735	3,46,65,336
Current Assets, Loans & Advances			
Inventories	7	1,49,87,707	91,60,518
Sundry debtors	8	5,69,62,654	4,06,05,888
Cash & bank balances	9	48,50,156	31,84,820
Loans & advances	10	56,60,404	11,04,074
		8,24,60,921	5,40,55,300
Less: Current liabilities & provisions	11	1,81,04,145	1,28,09,277
<b>Net Current Assets</b>		<b>6,43,56,777</b>	<b>4,12,46,023</b>
<b>Misc. not written off</b>			
<b>TOTAL</b>		<b>12,81,16,746</b>	<b>7,67,20,210</b>
Accounting Policies & Notes to Accounts	19		

As per our report of even date attached

**CONCORD DRUGS LIMITED**

For and on behalf of the board of directors  
CONCORD DRUGS LIMITED

For M M REDDY & CO.,  
**Chartered Accountants**  
Firm Reg.No.010371S

MANAGING DIRECTOR  
DIRECTOR

M Madhusudhana Reddy  
Partner  
Membership No.213077  
Place:Hyderabad  
Date : 30.05.2011

**CONCORD DRUGS LIMITED**

Profit & Loss account for the period ended			(Amount in Rs)	
PARTICULARS	Sch No	For the year ended as at 31.03.2011	For the year ended as at 31.03.2010	
<b>INCOME</b>				
Net Sales		24,12,83,787	9,73,54,360	
Job Work Charges		9,90,360	6,65,894	
Increase / decrease in stock	13	37,14,335	15,00,384	
<b>TOTAL</b>		<b>24,59,88,482</b>	<b>9,95,20,638</b>	
<b>EXPENDITURE</b>				
Raw materials consumed	14	19,46,67,030	7,70,41,314	
Personnel costs	15	22,63,869	7,14,874	
Other direct expenses	16	1,34,99,502	57,28,226	
Administration and selling expenses	17	82,13,275	37,18,846	
<b>TOTAL - B</b>		<b>21,86,43,676</b>	<b>8,72,03,260</b>	
Operating profit before Interest & depreciation		2,73,44,806	1,23,17,378	
Interest & finance charges	18	17,77,634	12,96,268	
Operating profit before depreciation		2,55,67,172	1,10,21,110	
Depreciation	6	42,69,670	39,55,767	
Operating profit after depreciation		2,12,97,502	70,65,342	
Other Income		-	-	
<b>Net profit before tax</b>		<b>2,12,97,502</b>	<b>70,65,342</b>	
Provision for current IT & FBT		42,44,699	18,92,970	
Provision for deferred tax		7,62,770	(32,59,263)	
Profit after tax (PAT)		1,62,90,034	84,31,636	
Balance Brought forward from Previous Year		3,64,487	(80,67,149)	
<b>Net profit transferred to balance sheet</b>		<b>1,66,54,520</b>	<b>3,64,487</b>	
Profit & Loss for the Year		1,62,90,034	84,31,636	
Earnings per share - Basic / Diluted		2.90	1.50	
Significant Accounting Policies & Notes to Accounts	19			

As per our report of even date attached

**CONCORD DRUGS LIMITED**

For and on behalf of the board of directors

CONCORD DRUGS  
LIMITED

For M M REDDY & CO.,  
Chartered Accountants  
Firm Reg.No.010371S

M Madhusudhana Reddy  
Partner  
Membership No.213077  
Place:Hyderabad  
Date : 30.05.2011

Managing Director

Director

## CONCORD DRUGS LIMITED

Schedules forming part of the Balance Sheet and Profit & Loss Account		(Amount in Rs)	
Particulars	Year ended 31.03.2011	Year ended 31.03.2010	
<b>Schedule No 1</b>			
<b>Authorised Capital</b>			
60,00,000 No of Equity Shares of Rs.10/- each	6,00,00,000	6,00,00,000	
Issued,subscribed and paid up capital			
56,10,000 No of Equity Shares of Rs.10/- each	5,61,00,000	5,61,00,000	
<b>TOTAL</b>	<b>5,61,00,000</b>	<b>5,61,00,000</b>	
<b>Schedule No 2</b>			
<b>Reserves &amp; Surplus</b>			
Opening Balance	41,00,000	41,00,000	
Reserves & Surplus (Subsidy)	-	-	
	41,00,000	41,00,000	
Profit & Loss account	1,66,54,520	3,64,487	
	<b>2,07,54,520</b>	<b>44,64,487</b>	
<b>Schedule No 3</b>			
<b>Secured Loan</b>			
PNB, Term Loan	6,39,615	14,09,880	
OCC from PNB, Roorkee	1,24,01,590	1,10,08,536	
Interest free Sales tax Loan	73,56,838	69,82,513	
<b>TOTAL</b>	<b>2,03,98,043</b>	<b>1,94,00,929</b>	
<b>Schedule No 4</b>			
<b>Un-secured Loan</b>			
Un-secured loans from Directors	55,46,619	-	
	<b>55,46,619</b>	-	
<b>Schedule No 5</b>			
<b>Deffered tax liability</b>			
Opening Balance	(32,45,205)	14,058	

**CONCORD DRUGS LIMITED**

For the year	7,62,770	(32,59,263)
<b>Net Deferred tax liability / (asset)</b>	<b>(24,82,436)</b>	<b>(32,45,205)</b>
<b><u>Schedule No 7</u></b>	-	
<b><u>INVENTORIES</u></b>	-	
(valued at lower of cost or net realisable value as certified by the management)		
Raw material	53,31,050	30,83,008
Work-in-process	42,77,830	25,26,589
Finished goods	31,40,950	11,77,856
Packing Material	22,37,877	23,73,065
<b>Total</b>	<b>1,49,87,707</b>	<b>91,60,518</b>
<b><u>Schedule No 8</u></b>	-	
<b><u>Sundry Debtors</u></b>	-	
(Un secured and considered goods)		
Debts outstanding for more than six months	72,36,120	64,23,705
Othr Debts	4,97,26,534	3,41,82,183
<b>Total</b>	<b>5,69,62,654</b>	<b>4,06,05,888</b>
<b><u>Schedule No 9</u></b>	-	
<b><u>CASH &amp; BANK BALANCES</u></b>	-	
Cash on Hand	2,82,760	13,57,353
With Scheduled Bank accounts		
In current accounts	45,67,396	18,27,467
in margin money deposit accounts	-	-
<b>TOTAL</b>	<b>48,50,156</b>	<b>31,84,820</b>
<b><u>Schedule No 10</u></b>	-	
<b><u>Loans &amp; Advances</u></b>		
(Unsecured, considered good) (advances recoverable in cash or kind or for value to be received)		
Advances for purchases / rendering services	6,94,730	4,60,000
EMD and othr deposits	3,12,400	2,26,172
other advances	46,53,274	4,17,902
<b>TOTAL</b>	<b>56,60,404</b>	<b>11,04,074</b>
	-	

**CONCORD DRUGS LIMITED**

**Schedule No 11**

**Current Liabilities & Provisions**

Sundry creditors for services and expenses

Dues to SSLunits

Dues to Others

Creditors for expenses

Other Liabilities

**PROVISIONS**

Provision for tax - Income Tax

Provision for tax - FBT

**TOTAL**

1,24,73,842

7,87,630

5,93,864

42,48,809

-

**1,81,04,145**

1,19,88,394

4,01,148

4,15,625

4,110

-

**1,28,09,277**

**Schedule No 12**

**MISCELLANEOUS EXPENSES**

(to the extent not written off or adjusted)

Preliminary Expenses

Less: W/o during the year

**TOTAL**

-

8,08,851

2,69,616

**5,39,235**

10,78,467

2,69,616

**8,08,851**

**Schedule No 13**

**INCREASE / (DECREASE) IN STOCKS**

Opening stock:

Work In Process

Finished goods

**TOTAL**

Closing stock

Work In Process

Finished goods

**TOTAL**

INCREASE / (DECREASE) IN STOCKS

-

-

25,26,589

11,77,856

**37,04,445**

42,77,830

31,40,950

**74,18,780**

**37,14,335**

7,13,258

14,90,803

**22,04,061**

25,26,589

11,77,856

**37,04,445**

**15,00,384**

**Schedule No 14**

**RAW MATERIAL CONSUMED**

**Raw material consumed**

Opening stock

Add: Purchases

Less: Closing Stock

Consumption

30,83,008

15,59,09,958

**15,89,92,966**

53,31,050

**15,36,61,916**

58,61,046

5,86,94,508

**6,45,55,554**

30,83,008

**6,14,72,546**

**CONCORD DRUGS LIMITED**

**Packing Materials Consumed**

Opening stock	23,73,065	20,28,465
Add: Purchases	4,08,69,926	1,59,13,368
	<b>4,32,42,991</b>	<b>1,79,41,833</b>
Less: Closing Stock	22,37,877	23,73,065
Consumption	<b>4,10,05,114</b>	<b>1,55,68,768</b>
Stock Tr. From Branch ( Stock of Fin. Goods )	-	-
<b>TOTAL</b>	<b>19,46,67,030</b>	<b>7,70,41,314</b>

**Schedule No 15**

**PARSONNAL COSTS**

Salaries, allowances, wages and bonus	3,28,190	1,22,000
Directors remuneration	18,00,000	4,80,000
staff welfare expenses	63,289	46,087
Provident Fund	72,390	66,787
	-	-
<b>TOTAL</b>	<b>22,63,869</b>	<b>7,14,874</b>

**Schedule: 16**

**OTHER DIRECT EXPENSES**

Cousumable Stores	1,64,654	76,684
Carriage Inwards	4,63,227	2,15,738
Factory Expenses	70,63,725	28,24,048
Power Charges	18,72,576	10,58,403
Diesel for Boiler & Generator	17,81,451	8,29,672
Transport Charges	8,82,351	1,31,499
Analytical Report Charges	2,76,078	1,28,578
Repairs and maintenance charges	9,95,439	4,63,604
	-	-
<b>TOTAL</b>	<b>1,34,99,502</b>	<b>57,28,226</b>

**Schedule: 17**

**ADMINISTRATION AND SELLING EXPENSES**

Business Promotion Expenses	29,48,193	3,88,079
Repairs & maintenance	2,14,131	1,47,617
Rent, Rates and taxes	10,79,007	7,27,322
Communication expenses	2,81,764	2,02,568
General Office Expensess	2,91,417	1,67,843
Professional & Consultancy Fee	8,72,653	77,678
Printining & Stationary	1,63,920	1,27,849
Tavelling and conveyance	17,24,974	6,09,376
Audit Fee	2,20,600	1,10,300
Technical Know How W/off	1,47,000	1,47,000
	-	-



**CONCORD DRUGS LIMITED**

Bad Debts written off  
Preliminary exp.

-  
2,69,616

7,43,599  
2,69,616

**TOTAL**

**82,13,275**

**37,18,846**

**Schedule No 18**

**INTEREST AND FINANCE CHARGES**

Bank Charges  
Interest on term loans  
Interest on working capital loans

82,974

1,07,395

90,279

2,01,998

16,04,381

9,86,875

**TOTAL**

**17,77,634**

**12,96,268**

**CONCORD DRUGS LIMITED**

**Schedule No.6**

**DEPRECIATION STATEMENT FOR THE PERIOD ENDED 31.12.2011**

**As per Companies Act**

S. N o	Name of the Asset	Fixed Assets			Depreciation		
		Op Balance As on 01.04.10	Additions during the year	Total	Opening Balance	Deprecia tion for the year	Total
1	Land & Land Development	45,30,641	-	45,30,641	-	-	-
2	Building	2,45,99,416	12,98,330	2,58,97,746	99,68,711	15,92,903	1,15,61,615
3	Furniture & Fixtures	4,73,483	-	4,73,483	3,46,174	23,043	3,69,217
4	Plant & Machinery	2,17,29,002	39,18,540	2,56,47,542	1,25,70,151	18,19,065	1,43,89,216
5	Office equipment	5,93,170	1,01,125	6,94,295	3,66,301	45,624	4,11,925
6	Vehicles	7,20,692	-	7,20,692	5,84,500	35,260	6,19,760
7	Air Handling Systems	72,78,011	-	72,78,011	49,08,695	3,29,572	52,38,266
8	Lab Equipment	28,71,605	23,624	28,95,229	18,83,442	1,40,740	20,24,181
9	Electrical Installations	43,25,072	-	43,25,072	24,31,431	2,63,405	26,94,837
10	Generator Capital WIP incl.	4,45,625	-	4,45,625	3,01,430	20,057	3,21,488
11	advances	4,59,453	2,74,83,450	2,79,42,903	-	-	-
	<b>TOTAL</b>	<b>6,80,26,170</b>	<b>3,28,25,069</b>	<b>100851239</b>	<b>3,33,60,834</b>	<b>42,69,670</b>	<b>3,76,30,504</b>

# CONCORD DRUGS LIMITED

## Schedules forming part of Balance Sheet and Profit & Loss Account

### SCHEDULE: 19

#### 1. Significant Accounting Policies:

##### a. Basis of Preparation

The financial statements are prepared under the historical cost convention, in accordance with the generally accepted accounting principles and the Provisions of the Companies Act, 1956.

##### b. Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known /materialized.

##### c. Fixed Assets:

Fixed assets are stated at cost net of cenvat, less accumulated depreciation. Direct costs are capitalized until fixed assets are ready for use. Capital work in progress comprise outstanding advances paid to acquire fixed assets and the cost of fixed assets that are not yet ready for their intended use before the balance sheet date are recorded at the consideration paid for acquisition.

##### d. Depreciation:

Depreciation has been provided on the basis of Written Down Value method at the rates prescribed in Schedule XVI of the Companies Act, 1956.

##### e. Foreign Currency Transactions

Exchange differences relating to fixed assets are adjusted in the cost of the assets. Any other exchange differences are dealt with in the Profit & Loss A/c.

##### f. Investments:

Long term investments are stated at cost and provisions for diminution in the value of long term investments are made only if such a decline is other than temporary in the opinion of the management.

##### g. Inventories

###### a) Raw Material & Components

It is valued at Purchase cost including central sales tax and other cost incurred to bring the inventory to present condition and location or market price whichever is less. The Central Excise duty and AP value added tax paid on purchase are not considered in the valuation of inventories.

###### b) Consumable stores: At Cost on Weighted Average Basis or Market price whichever is less.

## CONCORD DRUGS LIMITED

- c) Stock in Process: It is valued at Raw Material cost plus production cost to bring the inventory to present condition or net realizable value whichever is less.
- d) Machinery spares & maintenance materials are charged out as expenses in the year of purchase.

### h. Revenue Recognition:

In appropriate circumstances, revenue income is recognized when no significant uncertainty as to determination or realization exists.

### i. Sales:

Sales includes sale of goods, services, net of excise duty and net of sales tax.

### j. Purchase:

Purchase of raw material and components consumable stores are accounted excluding excise duty but including Central Sales tax and purchase tax paid on purchases.

### k. Excise duty:

The excise duty is applicable to Raw Material and finished goods of the company. The company is eligible for Cenvat credit for excise duty paid on purchase of Raw material, Components and Stores. The Balance of Cenvat credit remained unavailed at the end of the year is eligible for carry forward for the purpose of set-off against excise duty payable on sales in subsequent year.

The amount eligible for CENVAT credit set- off is accounted separately in CENVAT- Input Credit Account and not included in the purchases of the company. The amount of Cenvat credit available during the year is set off by debiting Cenvat credit receivable account, which is shown under the head Loans and advances under the schedule of Current assets, Loans and Advances forming part of Balance Sheet.

### l. Sales tax:

The company is eligible for Set off of Value Added tax paid on purchases made from parties situated in the state of AP as per the Provision of AP Value Added Tax Act, 2003. The amount eligible for sales-tax set- off is accounted separately in VAT- Input Credit Account and not included in the purchases of the company.

Value Added Tax collected on sales and eligible for VAT set-off as per the provision of AP Value Added Tax Act, 2003 and is accounted separately in VAT- Input Credit Account and not included in the sales of the company. The Debit balance of VAT- Input Credit Account represents the excess of VAT paid on purchase over the VAT collected on sales and is shown under the head Loans and Advances under the schedule of Current Assets, Loans and Advances forming part of Balance Sheet.

### m. Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying assets is one that necessarily takes substantial period of time to get ready for its indented use. All other borrowing costs are charged to revenue.

## CONCORD DRUGS LIMITED

### n. Provision for Current and Deferred Tax

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income-tax Act, 1961. Deferred tax resulting from "timing difference" between book and taxable profit is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the asset will be realized in future.

### o. Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

## 2. Notes to the Accounts

### a. Contingent Liabilities:

Outstanding Bank Guarantees: Nil

There are no claims outstanding against company as on 31.03.2011.

### b. The Company has provided benefits to the employees during the year as per the management estimates in the books of accounts.

### c. Secured Loans:

Term Loan & Cash Credit (Hypothecation) taken from Punjab National Bank, Civil Lines, Roorkee are Secured by equitable mortgage of immovable property i.e. Factory, Land & Building situated at Roorkee and Hypothecation of Machinery, Vehicles, other assets, raw materials, semi finished goods, finished goods and book debts.

### d. In view of insufficient information from suppliers regarding their status as SSI Units, amount due to such undertakings could not be ascertained.

### e. Balance of Debtors, Creditors, Advances and Loans etc., are subject to confirmations and reconciliations.

### f. Particulars of Remuneration paid to Auditors

Statutory Audit fees: Rs.2,20,600 p.a. (previous Year Rs.110,300)

### g. Directors remuneration: Rs.18,00,000 p.a. (Previous year Rs.4,80,000)

### h. Deferred Tax liability comprise of the following:

Particulars	Rs.	
	2010-11	2009-10
Opening Balance	(3,245,205)	14,058
For the year	762,770	(3,259,263)
<b>Net Deferred tax liability / (asset)</b>	<b>(2,482,436)</b>	<b>(3,245,205)</b>

## CONCORD DRUGS LIMITED

i. As per Accounting Standard 18, the disclosures of transactions with the related parties as defined in the Accounting Standard are given below:

i. List of related parties where control exists and related parties with whom transactions have taken place and relationships

S.No.	Name of the related party	Relationship
1.	S.Nagi Reddy	Key Managerial Personnel
2.	N.Lakshmana Reddy	

ii. Transactions during the year with related parties

Nature of transaction	Amount Rs.
Remuneration paid	18,00,000

j. Segmental Reporting:

The Company's operations relate to formulation of drugs. As the Company operates only in one segment as such reporting is done on a single segment basis.

k. Additional information pursuant to paragraphs 3 & 4 of part II of schedule VI to the Companies Act, 1956 as certified by management.

### A. Capacities of Production:

#### i. INSTALLED CAPACITY :

Iso Amyl 2-Cyanoacrylate : 500 Lts.

ii.

#### Small Volume Parenterals:

a. Automatic Ampoules Line 3 Nos. : 1.50 Crores  
 b. 4 Stroke Automatic Liquid vial line : 60 Lakhs  
 c. 4 Head Automatic Sterile Powder filling line : 1.50 Crores

iii.

Licensed Capacity : As above

### B. Details of Raw Materials Consumed, opening stock & closing stocks:

S.No.	Name of the Material	Opening Balance		Purchases		Closing Balance		Consumption	
		Qty(kg)	Value	Qty(kg)	Value	Qty(Kg)	Value	Qty(Kg)	Value
1	Cefixime	-	-	875	10,609,375	10	121,250	865	10,488,125
2	Cefpodoxime Proxetil	12	404,430	370	6,902,350	8	149,240	374	7,157,540
3	Azithromycin Dihydrate	20	435,690	535	6,321,025	12	141,780	543	6,614,935
4	Diclofenac Sodium	420	551,496	5,225	5,094,375	250	243,750	5,395	5,402,121
5	Paracetamol	1,870	540,360	58,750	16,861,250	1,225	351,575	59,395	17,050,035
6	Etorcoxib	-	-	160	7,874,400	-	-	160	7,874,400
7	Acedofenac	150	405,593	3,250	3,152,500	175	169,750	3,225	3,388,343
8	Methylcobalamine	-	-	50	12,442,500	-	-	50	12,442,500
9	Cyanocobalamine	-	-	25	12,386,625	-	-	25	12,386,625
10	Others	-	745,439	-	74,265,558	-	4,153,705	-	70,857,292
	<b>Total -</b>	-	<b>3,083,008</b>	-	<b>155,909,958</b>	-	<b>5,331,050</b>	-	<b>153,661,916</b>

## CONCORD DRUGS LIMITED

### I. Foreign Currency/Exchange Transactions

a.	Value of imports	Rs.Nil
b.	Value of exports	Rs.Nil
c.	Expenditure in foreign currency	Rs.Nil

m. Preliminary expenses to be written off over a period of ten years commencing of operations.

n. The previous years have been reworked, regrouped, rearranged and reclassified wherever necessary. Accordingly, amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

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As per our report of even date attached  
For M M REDDY & CO.,  
Chartered Accountants  
Firm Reg.No.010371S

Sd/-  
M. Madhusudhana Reddy  
Membership No.213077  
Partner  
Place: Hyderabad  
Date : 30.05.2011

For and on behalf of the board of directors  
CONCORD DRUGS LIMITED

Sd/-  
Managing Director  
  
Sd/-  
Director

**CONCORD DRUGS LIMITED**

<b>Cash Flow Statement for the year ended</b>		
PARTICULARS	For the year ended as at 31.03.2011	For the year ended as at 31.03.2010
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net profit before taxation, and extraordinary items	2,12,97,502	70,65,342
Adjusted for :		
Depreciation	42,69,670	39,55,767
Bad debts written off	-	7,43,599
Public issue expenses w/o	2,69,616	2,69,616
Operating profits before working capital charges	2,58,36,788	1,20,34,325
<b>Changes in current assets and liabilities</b>		
Inventories	(58,27,189)	9,33,054
Sundry debtors	(1,63,56,766)	(81,92,924)
Loans and advances	(42,07,252)	6,08,259
Current liabilities and provisions	10,50,169	(28,10,699)
Cash generated from operations	4,95,750	25,72,015
Income taxes paid (net of provisions)	3,49,078	15,30,688
Net cash generated from operating activities	1,46,672	10,41,327
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of fixed assets and change in capital work-in-progress	(3,28,25,069)	(22,45,739)
Proceeds on sale of fixed assets	-	-
Purchase of investments	-	-
Interest & Other Income received	-	-
Net cash used in investing activities	(3,28,25,069)	(22,45,739)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from equity capital	-	-
Proceeds from share application money	2,78,00,000	-
Proceeds from secured loans (net of repayments)	9,97,114	12,25,358



**CONCORD DRUGS LIMITED**

Proceeds from un-secured loans	55,46,619	
Dividends and dividend tax paid during the year	-	-
Net Cash generated from financing activities	3,43,43,733	12,25,358
<b>D. Net increase / (decrease) in cash and cash equivalents</b>	16,65,336	20,946
<b>E. Cash and cash equivalents at the beginning of the year</b>	31,84,820	31,63,874
<b>F. Cash and cash equivalents at the end of the year</b>	48,50,156	31,84,820

As per our report of even date attached

For and on behalf of the board of directors  
CONCORD DRUGS  
LIMITED

For M M REDDY & CO.,  
Chartered Accountants  
Firm Reg.No.010371S

Sd/-  
M Madhusudhana Reddy  
Partner  
Membership No.213077  
Place:Hyderabad  
Date : 30.05.2011

Sd/-  
Managing Director

Sd/-  
Director

## CONCORD DRUGS LIMITED

### BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

#### 1. Registration Details:

Registration No: 01-20093

State Code: 01

Balance Sheet Date: 31.03.2011

#### 2. Capital Raised during the year:

Public Issue	NIL	Rights Issue	NIL
Bonus Shares	NIL	Preferential Allotment	1633750

#### 3. Position of Mobilization and Deployment of Funds:(Rs.in'000)

Total Liabilities	128116	Total Assets	128116
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##### Source of Funds:

Paid up capital	56100	Reserves & Surplus	20754
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Secured Loans	20398	Unsecured Loans/DTL	5546
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##### Application of Funds:

Net Fixed Assets	63221	Investments	NIL
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Net Current Assets	64357	Misc. Expenditure	539
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Unallocated Expenditure	-	Accumulated Losses	NIL
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#### 4. Performance of the Company (Rs. in'000)

Turnover :	245988	Total Expenditure :	218643
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Profit before Tax :	21297	Profit After Tax :	16290
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Earning per share :	2.90	Dividend -	Nil
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#### 5. Generic names of three principal products/services of Companies (as per monetary terms)

Item Code (ITC Code) -

Product Description -

As per our Report of even date  
For M.M. Reddy & Co.,

For and on Behalf of the Board  
For CONCORD DRUGS LIMITED

**CONCORD DRUGS LIMITED**

Chartered Accountant

Firm Registration No. 010371S

Sd/-

(CA M. Madhusudhana Reddy)

Proprietor

M.No. 213077

Place: Hyderabad

Date : 30.05.2011

Sd/-

Managing Director

Sd/-

Director

**CONCORD DRUGS LIMITED**

**CONCORD DRUGS LIMITED**

Survey No. 249, Brahmanapally(V), Hayathnagar(M), Ranga Reddy (Dist), A.P. India.

**PROXY FORM**

Folio No:----- Dp ID:----- Client ID:-----

I/We-----of-----

In the District of-----being a member/members of the above named company, hereby appoint Mr/Mrs/Ms-----in the District of -----as my/our Proxy to attend and vote for me /us on my/ our behalf at the 16<sup>th</sup> Annual General Meeting of the Company to be held at Survey No. 249, Brahmanapally (V), Hayathanagar(M), Ranga Reddy (Dist) – 501 511 at 11.00 A.M on Friday, 15.07.2011 and at any adjournment there of.

Signed this-----day of -----2011

Address-----

Signature-----

**Note:** The proxy form duly signed completed must be signed deposited at the Registered Office of the Company not less than 48 hours before the time of holding the meeting. A proxy need not be a member.

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**CONCORD DRUGS LIMITED**

Survey No. 249, Brahmanapally (V), Hayathnagar (M), Ranga Reddy (Dist), A.P. India.

**ATTENDANCE SLIP**

I hereby record my presence at the 16<sup>th</sup> Annual General Meeting of the Company at the registered office on

**Day& Date**

Friday,  
15.07.2011

**Venue**

Survey No. 249,  
Brahmanapally(V), Hayathnagar(M),  
Ranga Reddy (Dist), A.P. India

**Time**

11.00 A.M

**Name of the share holder /proxy**

**Folio No./DP No. of shares & Client id**

**Member's/Proxy Signature**

Note: Shareholder/Proxy holder wishing to attend the meeting must bring the Admission Slip and hand over at the entrance duly signed.

NO GIFTS WILL BE DISTRIBUTED AT THE AGM