

# **CONCORD DRUGS LIMITED**

**19th  
ANNUAL REPORT  
2013-14**

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# CONCORD DRUGS LIMITED

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS:

Mr. S. Nagi Reddy	-	Managing Director (DIN 01764665)
Mr. K. Ramchandra Reddy	-	Director (DIN 02285257)
Mr. S. Koni Reddy	-	Director (DIN 02829319)
Mr. M. Eswar Rao	-	Director (DIN 03177152)
Mr. P. Venkatram Reddy	-	Director (DIN 07001606)

### REGISTERED OFFICE:

Survey No.249,  
Brahmanapally Village,  
Hayathnagar Mandal, R.R.Dist-501511

### ADMINISTRATIVE OFFICE:

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

### FACTORY:I

Survey No.249,  
Brahmanapally Village,  
Hayathnagar Mandal,  
R.R.Dist - 501511

### FACTORY:II

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

### AUDIT COMMITTEE

Mr. M. Eswar Rao  
Mr. P. Venkatram Reddy  
Mr.K.Ramachandra Reddy

### NOMINATION & REMUNERATION COMMITTEE

Mr. M. Eswar Rao  
Mr. S.Koni Reddy  
Mr. P. Venkatram Reddy

### STAKEHOLDER RELATIONSHIP COMMITTEE

Mr. M. Eswar Rao  
Mr. S.Koni Reddy  
Mr. P. Venkatram Reddy

## **CONCORD DRUGS LIMITED**

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### **STATUTORY AUDITORS:**

M/s. M M REDDY & CO.,  
Chartered Accountants  
Hyderabad.

### **BANKERS:**

STATE BANK OF INDIA  
Ramakrishna Puram  
Kothapet, Hyderabad

### **REGISTRARS & SHARE TRANSFER AGENTS:**

AARTHI CONSULTANTS PRIVATE LIMITED  
1-2-285, Domalguda, Hyderabad  
Ph No: 040-27638111/27634445

Madras Stock Exchange (MSE)  
Pune Stock Exchange (PSE)

### **LISTED:**

Ahmedabad Stock Exchange (ASE)

### **CORPORATE IDENTITY NUMBER**

L24230TG1995PLC020093

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## CONCORD DRUGS LIMITED

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### NOTICE

Notice is hereby given that the 19<sup>th</sup> Annual General Meeting of the Shareholders of M/s Concord Drugs Limited will be held on Tuesday, the 30<sup>th</sup> day of September, 2014 at 11.00 A.M. at the registered office of the Company situated at Survey No.249, Brahmanapally Village, Hayathnagar Mandal, R.R.Dist-501511 to transact the following business:

#### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date together with the Notes attached thereto, along with the Report of Auditors and Directors thereon.
2. To appoint a director in place of Mr. K Ramachandra Reddy who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s. M.M. Reddy & Co., Chartered Accountants, Hyderabad as Statutory Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting at remuneration as may be fixed by the Board of Directors of the Company.

#### **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 pursuant to the provisions of Section 149, 152 of the Companies Act, 2013 and the Rules made there under, Mr. P. Venkatram Reddy (DIN 07001606), who was appointed as Additional Director in the Board of the Company on 14.01.2014 in terms of Section 161 (1) of the Companies Act, 2013 read with Articles of Association to the Company, and whose term of office expires at the ensuing Annual General Meeting of the Company, and in respect of whom the Company has received a notice in writing from a member under section 160 of the Companies Act, 2013 proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company.

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## CONCORD DRUGS LIMITED

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

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 160 and other applicable provisions, if any, of the Companies Act, 2013(“ACT) and the Rules framed there under read with Schedule IV to the Act, as amended from time to time, Mr. Movidi Eswar Rao (DIN – 03177152), a non-executive independent director of the Company, who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, with effect from 01.04.2014, not liable to retire by rotation.”

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

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 160 and other applicable provisions, if any, of the Companies Act, 2013(“ACT) and the Rules framed there under read with Schedule IV to the Act, as amended from time to time, Mr. P. Venkatram Reddy (DIN 07001606), a non-executive director of the Company, who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, with effect from 01.04.2014 not liable to retire by rotation.”

7. To consider and if thought it, to pass with or without modification(s), the following resolution as a **Special Resolution**:

“Resolved that a new Article 186 is being inserted after the existing Article No. 185 which is as under:

186. “General Clause – Overriding effect of Companies Act, 2013”

The intention of these Articles is to be in consonance with the contemporary Act, Rules and Regulations prevailing in India. If there is an amendment in any Act, Rules and Regulations allowing what was not previously allowed under the Statute, the Articles herein shall be deemed to have been amended to the extent that Articles will not be capable of restricting what has been allowed by the Act by virtue of an

## **CONCORD DRUGS LIMITED**

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amendment subsequent to registration of the Articles. In case of any of the provisions contained in these Articles is inconsistent or contrary to the provisions of the Companies Act, 2013 and rules made there under, the provisions of Companies Act, 2013 and rules made there under shall override the provisions of these existing Articles and these Articles shall be deemed to have been amended to include such provisions of the Companies Act, 2013. All references to sections of Companies Act, 1956 shall be deemed to include the corresponding sections/provisions of the Companies Act, 2013 if any.”

**For and on behalf of the Board of  
Concord Drugs Limited**

**Place: Hyderabad  
Date: 14.08.2014**

**Sd/-  
S. Nagi Reddy  
Managing Director  
DIN: 01764665**

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### NOTES:

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The instrument of Proxy in order to be effective shall be deposited at the Corporate Office of the Company by not less than 48 hours before the commencement of the Meeting.
2. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of the Special Business to be transacted at the Annual General Meeting as set out in the Notice is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 27.09.2014 to 30.09.2014 (Both days inclusive).
4. Members holding shares in the electronic form are requested to inform any changes in address/bank mandate directly to their respective Depository Participants.
5. Members are requested to hand over the enclosed Attendance Slip, duly signed in accordance with their specimen signature(s) registered with the Company for admission to the meeting hall. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID Numbers for identification.
6. Corporate Members are requested to send to the Company's Registrar & Transfer Agent, a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the Annual General Meeting.
7. The Securities Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore requested to submit the PAN to their Depository Participant with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
8. As a measure of austerity, copies of the annual report will not be distributed at the Annual General Meeting. Members are therefore, requested to bring their copies of the Annual Report to the Meeting.
9. Members holding shares in the same name under different ledger

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folios are requested to apply for Consolidation of such folios and send the relevant share certificates to M/s. Aarthi Consultants Private Limited, Share Transfer Agents of the Company for their doing the needful.

10. Electronic copy of the Annual Report for 2013-14 is being sent to all the members whose email IDs are registered with the Company/Depository Participants(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 Annual Report for 2013-2014 is being sent in the permitted mode.
11. Members may also note that the Notice of the 19<sup>th</sup> Annual General Meeting and the Annual Report for 2013-14 will also be available on the Company's website [www.concorddrugs.in](http://www.concorddrugs.in) for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. 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 shareholders may also send requests to the Company's investor email id [concorddrugsltd@gmail.com](mailto:concorddrugsltd@gmail.com).

### **12. 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, the Company is pleased to provide members facility to exercise their right to vote at the 19<sup>th</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL).

The instructions for e-voting are as under:

#### **(A) In case of members receiving e-mail:**

- (i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (ii) Click on "Shareholders" tab to cast your votes.
- (iii) Now, select the Electronic Voting Sequence Number - "EVSN" along with "COMPANY NAME" from the drop down menu and click on "SUBMIT"



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- (iv) Enter your User ID- For CDSL: 16 digits beneficiary ID followed by 8 Digits Client ID, Members holding shares in Physical form should enter Folio Number registered with the Company and then enter the Captcha Code as displayed and click on login.
- (v) If you are holding shares in Demat form and have already voted earlier on [www.evotingindia.co.in](http://www.evotingindia.co.in) for a voting of any Company, then your existing login id and password are to be used. If you are a first time user follow the steps given below.
- (vi) Now, fill up the following details in the appropriate boxes:

	<b>For Members holding shares in Demat Form</b>	<b>For Members holding shares in Physical Form</b>
User ID	For CDSL: 16 digits beneficiary ID For NSDL: 8 Character DP I D followed by 8 Digits Client ID	Folio Number registered with the Company
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department when prompted by the system while e-voting (applicable for both demat shareholders as well as physical shareholders)	
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.	
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.	

\* Members who have not updated their **PAN** with the Company/Depository Participant are requested to use the first two letters of their name and the sequence number (available in the Address Label pasted in the cover and/or in the e-mail sent to Members) in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name. Eg. If your name is Shyam with sequence number 1 then enter SH00000001 in the PAN Field.

# Please enter any one of the details in order to login. In case both the details are not recorded with the depository or Company, please enter the Member id/folio number in the Dividend Bank details field.

- (i) After entering these details appropriately, click on "SUBMIT" tab.

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- (ii) Members holding shares in physical form will then reach directly the EVSN selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character(@ # \$ %& \*). Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Kindly note that this changed password is to be also used by the Demat holders for voting for resolutions for the Company or any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform.
- (iii) Click on the relevant EVSN on which you choose to vote.
- (iv) On the voting page, you will see Resolution Description and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (v) Click on the “Resolutions File Link” if you wish to view the entire Resolutions.
- (vi) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (vii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (viii) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (ix) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

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**(II) In case of members receiving the Physical copy of Notice of AGM [for members whose e-mail IDs are not registered with the company/ depository participant(s) or requesting physical copy]:**

- (A) Please follow all steps from sl. no. (ii) to sl. no. (xii) above, to cast vote.
- (B) Institutional shareholders (i.e., other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves, link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and POA in favour of the Custodian who they have authorized to vote on their behalf, in PDF format in the system for the scrutinizer to verify the vote.
- (C) The voting period begins on 24.09.2014 at 9.00 A.M. and ends on 26.09.2014 at 6.00.P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on 29.08.2014 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- (D) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

VI. The voting rights of shareholders 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 26.09.2014.

VII. Mr. Vivek Surana, Practicing Company Secretary, bearing C.P. Number 12901 has been appointed as the Scrutinizer to scrutinize the e-voting process.

VIII. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) 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.

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IX. The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.concorddrugs.in](http://www.concorddrugs.in) and on the website of CDSL within two(2) days of passing of the resolutions at the AGM of the Company and communicated to the BSE Limited.

**For and on behalf of the Board of  
Concord Drugs Limited**

**Place: Hyderabad  
Date: 14.08.2014**

**Sd/-  
S. Nagi Reddy  
Managing Director  
DIN: 01764665**

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### EXPLANATORY STATEMENT

(Pursuant to Section 102(2) of the Companies Act, 2013)

#### **Item No. 4:**

Mr. P. Venkatram Reddy (DIN-07001606) was appointed Additional Director on 14.01.2014, in terms of Section 161 (1) of the Companies Act, 2013, in the category of 'Non-Executive and Independent' and is continuing as 'Independent Director'. In terms of the aforesaid section of the Companies Act, 2013, an Additional Director shall hold office upto the date of the next Annual General Meeting and be eligible for appointment to the office of a director at any General Meeting in terms of Section 160 of the Companies Act, 2013.

In order to ensure compliance with the provisions of Sections 149 and 152 of the Companies Act, 2013 read with Rules made there under and Schedule IV of the Act, it is proposed that approval of the shareholders be accorded for the appointment of P. Venkatram Reddy as 'Independent Director' w.e.f 01.04.2014, and pass the resolution set out at Item No. 4. The appointment of Mr. P. Venkatram Reddy is required to be in compliance with the provisions of Section 160 of the Companies Act, 2013.

Mr. P. Venkatram Reddy has confirmed compliance with the criteria of Independence as provided under Section 149 (6) of the Act. The Board is of the opinion that his continued association with the Company would benefit to the Company. Further, in the opinion of the Board, Mr. P. Venkatram Reddy fulfills the conditions specified in the Companies Act, 2013 and the Rules made thereunder, and he is independent of the Management.

The Board commends the Ordinary Resolution as set out at item no. 4 for approval of the Members.

Except Mr. P. Venkatram Reddy none of the directors, Key Managerial Personnel of the Company or their relatives are, directly or indirectly, concerned or interested in the Resolution set out at Item No. 4. Further, Mr. P. Venkatram Reddy is not related to any other Director of the Company.

#### **Item No. 5:**

In accordance with the relevant provisions of the Articles of Association of the Company and the erstwhile provisions of the Companies Act, 1956, Mr. Movidi Eswar Rao was appointed as independent director by the Members of the Company. The provisions of the Companies Act, 2013 with respect to

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## CONCORD DRUGS LIMITED

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appointment and tenure of the Independent Director have come into effect. As per the said provisions, the Independent Director shall be appointed for not more than two terms of five years each and shall not be liable to retire by rotation at every AGM.

The Board of Directors of the Company has decided to adopt the provisions with respect to appointment and tenure of Independent Director which is consistent with the Companies Act, 2013 and Listing Agreement. Accordingly, the Independent Director will serve for not more than two terms of five years each on the Board of the Company. In line with the requirements of the Companies Act, 2013, it is therefore proposed to appoint him, as Independent Director on the Board of the Company for a term upto five consecutive years, commencing from 01.04.2014, not liable to retire by rotation. A brief profile of proposed Independent Director, including nature of their expertise, is provided in this Annual Report.

Notices have been received from Members proposing candidature of the above Director for the office of Independent Director of the Company. In the opinion of the Board, they fulfill the conditions specified in the Companies Act, 2013 and the Rules made there under for appointment as Independent Director of the Company. A copy of the draft Letter of Appointment for Independent Directors, setting out terms and conditions of their appointment, is available for inspection at the Registered Office of the Company during business hours on any working day.

The Board commends the Ordinary Resolution as set out at item no. 5 for approval of the Members.

Except Mr. Movidi Eswar Rao, none of the directors, Key Managerial Personnel of the Company or their relatives are, directly or indirectly, concerned or interested in the Resolution set out at Item No. 5. Further, Mr. Movidi Eswar Rao is not related to any other Director of the Company.

Item No 6:

Mr. P. Venkatram Reddy was appointed Additional Director on 14.08.2014 in the category of 'Non-Executive and Independent and is continuing as 'Non-Executive Director and Independent'. In terms of the aforesaid section of the Companies Act, 2013, an Additional Director shall hold office upto the date of the next Annual General Meeting and be eligible for appointment to the office of a director at any General Meeting in terms of Section 160 of the Companies Act, 2013.

In order to ensure compliance with the provisions of Sections 149 and 152 of the Companies Act, 2013 read with Rules made thereunder and Schedule IV of the Act, it is proposed that approval of the shareholders be

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## **CONCORD DRUGS LIMITED**

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accorded for the appointment of Mr. Pathakota Venkatram Reddy as 'Independent Director' of the Company and pass the resolution set out at Item No. 6. The appointment of Mr. Pathakota Venkatram Reddy is required to be in compliance with the provisions of Section 160 of the Companies Act, 2013.

Mr. Pathakota Venkatram Reddy has confirmed compliance with the criteria of Independence as provided under Section 149 (6) of the Act. The Board is of the opinion that his continued association with the Company would benefit to the Company. Further, in the opinion of the Board, Mr. Pathakota Venkatram Reddy fulfills the conditions specified in the Companies Act, 2013 and the Rules made thereunder, and he is independent of the Management.

The Board commends the Ordinary Resolution as set out at item no. 6 for approval of the Members.

Except Mr. P. Venkatram Reddy none of the directors, Key Managerial Personnel of the Company or their relatives are, directly or indirectly, concerned or interested in the Resolution set out at Item No. 6. Further, Mr. P. Venkatram Reddy is not related to any other Director of the Company.

Item No: 7

A general clause is proposed to be inserted to the effect that if any provision as mentioned in the Articles is inconsistent with the provisions of the Companies Act, 2013 and Rules made therein, then the provisions of the Companies Act, 2013 and rules made therein shall override the provisions of these Articles.

The Board commends the Special Resolution as set out at item no.7 for approval of the Members.

None of the Directors / Key Managerial Personnel and their relatives are interested or concerned in the above said resolution

**For and on behalf of the Board of  
Concord Drugs Limited**

**Place: Hyderabad  
Date: 14.08.2014**

**Sd/-  
S. Nagi Reddy  
Managing Director  
DIN: 01764665**

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## CONCORD DRUGS LIMITED

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### Details of the Directors appointed/reappointed

Particulars	P.Venkatram Reddy	M.Ramachandra Reddy	M. Eswar Rao
Date of Birth	12.02.1970	19.08.1959	30.07.1970
Date of Appointment	14.01.2014	14.04.1995	01.10.1998
Qualifications	Graduate	Graduate	B. Tech
No. of Shares held in the Company	NIL	385500	109000
Directorships held in other companies (excluding private limited and foreign companies)	NIL	NIL	NIL
Positions held in mandatory committees of other companies	NIL	NIL	NIL



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## CONCORD DRUGS LIMITED

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### DIRECTOR'S REPORT

To  
The Members of Concord Drugs Limited,

We have pleasure in presenting the Nineteenth Annual report together with Audited accounts for the year ended 31<sup>st</sup> March, 2014.

(Rupees in Lakhs)

Particulars	2013-2014	2012-2013
Income	3395.20	2806.73
Expenditure	3364.61	2698.60
Profit before Tax	42.84	108.13
Provision for Taxation	8.96	4.01
Net Profit after Tax	33.87	104.12

#### **PERFORMANCE REVIEW:**

The Company has recorded a turnover of Rs. **3395.20** Lakhs and a profit of Rs. 33.87 Lakhs in the current year against the turnover of Rs. **2806.73** Lakhs and a profit of Rs. 104.12 Lakhs in the previous financial year ending 31.03.2013.

The Company has been continuously working on quality up gradation and austerity measures for achieving efficient running of the organization.

#### **OPERATIONS:**

The performance of the company during the year under review has been satisfactory. The company is making all its efforts to get further orders apart from the existing one.

#### **DIVIDEND:**

Keeping the Company's expansion and growth plans in mind, your Directors have decided not to recommend dividend for the year.

#### **TRANSFER TO RESERVES:**

During the year,

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## **CONCORD DRUGS LIMITED**

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### **PUBLIC DEPOSITS:**

Your Company has not accepted any deposits falling within the meaning of Sec.58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, during the financial year under review.

### **LISTING:**

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

### **CAPITAL OF THE COMPANY:**

Authorized Share capital of the company stands at Rs.11,00,00,000/- (Rupees Eleven Crores Only) divided in to 1,10,00,000 equity shares of Rs.10/- each and Paid up capital of the company is Rs. 7,24,37,500/- divided in to 72,43,750 equity shares of Rs.10/- each.

### **SUBSIDIARY COMPANY:**

Your Company does not have any subsidiary.

### **INSURANCE:**

The company's properties have been adequately insured against major risks. All the insurable interests of your Company including inventories, buildings, plant and machinery, stock and liabilities under legislative enactments are adequately insured.

### **MANAGEMENT DISCUSSION AND ANALYSIS:**

A detailed review of operations, performance and future outlook of your Company and its businesses is given in the Management Discussion and Analysis, which forms part of this Report.

### **DIRECTORS:**

The Board of Directors of the Company has decided to adopt the provisions with respect to appointment and tenure of Independent Directors which is consistent with the Companies Act, 2013 and the Listing Agreement. With the changes in the Companies Act, the Company would

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not have any upper age limit of retirement of Independent Directors from the Board and their appointment and tenure will be governed by the provisions of Companies Act, 2013. In line with the requirements of the Companies Act, 2013, it is therefore proposed to appoint existing independent directors, as Independent Directors on the Board of the Company for a term up to five consecutive years. A brief profile of proposed Independent Directors, including nature of their expertise, is provided in this Annual Report.

Notices have been received from Members proposing candidature of the Directors namely P. Venkatram Reddy and Mr. Movidi Eswar Rao for the office of Independent Directors of the Company. In the opinion of the Board, they fulfil the conditions specified in the Companies Act, 2013 and the Rules made there under for appointment as Independent Directors of the Company. A copy of the draft Letter of Appointment for Independent Directors, setting out terms and conditions of their appointment, is available for inspection at the Registered Office of the Company.

Mr. K. Ramachandra Reddy will retire by rotation at the ensuing Annual General Meeting in terms of Section 152 and any other applicable provisions of the Companies Act, 2013 and being eligible offers himself for re-appointment.

During the year, Mr. U. Satish Kumar resigned from the board w.e.f. 14.01.2014. The Board placed on record its sincere appreciations for the valuable services rendered by him during his tenure as Director of the Company.

### **DIRECTORS RESPONSIBILITY STATEMENT:**

Pursuant to the provisions of Sec.217 (2AA) of the Companies Act, 1956 the Board of Directors of your Company hereby certifies and confirms that:

- i. In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. The Directors have selected such accounting policies and applied them consistently and made judgment and estimates that 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 the financial year;

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iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the Assets of the Company and for preventing and detecting fraud and other irregularities;

iv. The Directors have prepared the Annual accounts on a going concern 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 |

### **PARTICULARS OF EMPLOYEES:**

There is no employee who is falling under section 217 (2A). Therefore, the disclosures required to be made under section 217 (2A) of the Companies Act, 1956 and the rules made there under are not applicable.

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## CONCORD DRUGS LIMITED

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### **CODE OF CONDUCT:**

The Code has been circulated to all the members of the Board and Senior Management and the compliance of the same has been affirmed by them. A declaration signed by the Managing Director is given in Annexure.

### **AUDITORS:**

M/s. M M Reddy & Co., Chartered Accountants, Statutory Auditors of the Company retire at the ensuing Annual General Meeting and being eligible, have expressed their willingness for re-appointment. Your directors propose the appointment of M/s. M M Reddy & Co., Chartered Accountants, as statutory auditors to hold office until the conclusion of the next Annual General Meeting of the company.

### **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, forms part of this Report as Annexure.

### **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.

**For and on behalf of the Board of  
Concord Drugs Limited**

**Place: Hyderabad  
Date: 14.08.2014**

**Sd/-  
S. Nagi Reddy  
Managing Director  
DIN: 01764665**

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## CONCORD DRUGS LIMITED

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### MANAGEMENT DISCUSSION AND ANALYSIS

#### **Company Philosophy on Corporate Governance**

Your board of directors always believes in the principles of good corporate governance. The Board believes in transparency, accountability, financial control and believes in enhancing overall long term shareholder value and at the same time protecting the interest of other shareholders.

#### **Industrial Structure and Development**

The Indian Pharma Industry today is one of the fastest growing industries in the world. Indian Companies with strict adherence to GMP and those with regulatory approvals are the favored outsourcing partners for generic companies in regulated market. Domestic Companies see increasing potential in collaborating with foreign companies and seek to capitalize on India's renowned skills and relatively low cost. In keeping with glorious track record of yester years, your company has been successful in augmenting its international market presence in spite of its global recessionary pressure.

#### **Strengths and Opportunities**

Our healthy interest in offering of skills and expertise combined with a solid foundation in quality systems has attracted a good customer base and we are working to capitalize on this. The economies of scale with a flexibility of implementing quick manufacturing charges help us to be an ideal partner.

#### **Threats**

Pharma Industry is continuously faced with a cost price squeeze largely due to relentlessly increase in raw-material and energy cost. Foreign market is becoming more and more volatile and these factors are putting pressure on profit margin. In order to reduce the pricing pressure Company is focusing on optimization of product mix and improving the product yield.

#### **Risks and concerns**

The Company has been initiating various risk management programmes to combat strategic, operational and financial as well as compliance-related risks across various levels of the organization. It includes risk assessment and mitigation at the company level, business / functional unit level, relationship level and project level. The risk management process is continuously improved and adapted to the changing global risk scenario.

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## CONCORD DRUGS LIMITED

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The agility of the risk management process is monitored and reviewed for appropriateness with the changing risk landscape. The process of continuous evaluation of risks includes taking stock of the risk landscape on an event driven as well as quarterly basis.

### **Outlook**

The Company continues to explore the possibilities of expansion in its activities and will make the necessary investment when attractive opportunities arise.

### **Business performance and Segment Reporting**

During the year under review, the company has earned a Net profit of Rs.33.87 lakhs as against Net profit of Rs. 104.12 lakhs during the previous year 2012-13. The performance of the company is expected to improve during the coming years with increasing efforts being made in the direction of improving the working efficiency of the company.

The company is engaged in the business of pharma, which as per Accounting Standard 17 is considered the only reportable business.

### **Internal Control System and its adequacy**

The system of internal control has been established to provide reasonable assurance of safeguarding assets and maintenance of proper Accounting Records and its accuracy. The business risks and its control procedures are reviewed frequently. Systems audit is also conducted regularly to review the systems with respect to Security and its Adequacy. Reports are prepared and circulated to Senior Management and action taken to strengthen controls where necessary.

### **Human Resources and Industrial Relations**

Human resource has a significant role to play in the Company's future. Your Company has a favourable work environment that motivates performance, customer focus and innovation while adhering to the highest degree of quality and integrity. Your company continues to have cordial relations with its employees.

## **CONCORD DRUGS LIMITED**

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### **CAUTIONARY STATEMENT:**

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and international markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and other incidental factors.

### **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: 14.08.2014**

**Sd/-  
S. Nagi Reddy  
Managing Director  
DIN: 01764665**



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# CONCORD DRUGS LIMITED

## CORPORATE GOVERNANCE REPORT

### **1. Company's Philosophy on Code of Governance:**

The Company seeks to adopt good corporate governance practices and to ensure compliance with all relevant laws and regulations. The Company conducts its activities in a manner that is fair and transparent and also perceived to be such by others.

### **2. Board of Directors:**

The Board consists of 5 Members of whom two (2) are Executive and three (3) are Non-Executive Directors. The Composition of the Board is in conformity with the listing requirements.

The details of the Directors being appointed/ re-appointed on retirement by rotation at the ensuing Annual General Meeting, as required pursuant to Clause 49(IV)(G) of the Listing Agreement, are mentioned in the Notice to the Annual General Meeting, forming part of the Report.

The Board of Directors met 8 times during the year on 12.04.2013, 15.05.2013, 30.06.2013, 14.08.2013, 02.09.2013, 30.10.2013, 14.01.2014 and 13.02.2014 and the maximum gap between any two meetings was less than four months, as stipulated under Clause 49.

The details of Composition of Board of Directors, directors' attendance at Board Meetings, AGM and details of other directorships, committee chairmanships/memberships held by the Directors during the year are as follows:

## CONCORD DRUGS LIMITED

Sl. No.	Name of the Directors	Category	Attendance Particulars			No. of other Directorships and Committee memberships/chairmanships		
			No. of Board meetings held during the tenure of the director		Last AGM	Other Directorships	Committee Memberships	Committee Chairmanships
			Hel d	Attend ed				
1.	Mr. S. Nagi Reddy	Promoter Executive	8	8	Yes	Nil	Nil	Nil
2.	Mr.K.Ramachandra Reddy	Promoter Executive	8	8	Yes	Nil	Nil	Nil
3.	Mr. S. Koni. Reddy	Non-Executive	8	8	Yes	Nil	Nil	Nil
4.	Mr. M. Eswar Rao	Independent Non-Executive	8	8	Yes	Nil	Nil	Nil
5.	*Mr. U. Satish Kumar	Independent Non-Executive	7	7	Yes	2	Nil	Nil
6.	P. Venkatram Reddy	Independent Non-Executive	2	2	No	Nil	Nil	Nil

\* Resigned w.e.f. 14.01.2014

### Committees of the Board:

Currently, there are three (3) Committees of the Board, namely: Audit Committee, Nomination & Remuneration Committee and Stakeholder relationship Committee. The Board decides the terms of reference for these Committees. The minutes of the meetings of the Committees are placed before the Board for information. The details as to the composition, terms of reference, number of meetings and related attendance, etc., of these Committees are provided hereunder:

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## CONCORD DRUGS LIMITED

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### 3. Audit Committee:

- I) The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreements with the Stock Exchanges read with Section 177 of the Companies Act, 2013.
- II) The terms of reference of the Audit Committee include a review of the following:
- Overview of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.
  - Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
  - Discussion with external auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
  - Reviewing the financial statements and draft audit report including quarterly / half yearly financial information.
  - Reviewing with management the annual financial statements before submission to the Board, focusing on:
    1. Any changes in accounting policies and practices;
    2. Qualification in draft audit report;
    3. Significant adjustments arising out of audit;
    4. The going concern concept;
    5. Compliance with accounting standards;
    6. Compliance with stock exchange and legal requirements concerning financial statements and
    7. Any related party transactions
  - Reviewing the company's financial and risk management's policies.
  - Disclosure of contingent liabilities.
  - Reviewing with management, external and internal auditors, the adequacy of internal control systems.
  - Reviewing the adequacy of internal audit function, including the audit character, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
  - Discussion with internal auditors of any significant findings and follow-up thereon.
  - Reviewing the findings of any internal investigations by the internal
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## CONCORD DRUGS LIMITED

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auditors into the 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.

- Looking into the reasons for substantial defaults in payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- Reviewing compliances as regards the Company's Whistle Blower Policy.

III) The previous Annual General Meeting of the Company was held on 30.09.2013 and Chairman of the Audit Committee, attended previous AGM.

IV) The composition of the Audit Committee and the attendance of each member of the Audit Committee are given below:

The Company has complied with all the requirements of Clause 49 (II) (A) of the Listing Agreement relating to the composition of the Audit Committee. During the financial year 2013-2014, (4) four meetings of the Audit Committee were held on the **15.05.2013, 14.08.2013, 30.10.2013 and 13.02.2014**.

The details of the composition of the Committee and attendance of the members at the meetings are given below:

Name	Designation	Category	No. of meetings held during their tenure	No. of meetings attended
Mr. M. Eswar Rao	Chairman	NED (I)	4	4
Mr. PV Reddy#	Member	NED (I)	2	2
Mr.S. Koni	Member	ED(P)	4	4

# appointed in committee w.e.f. 14.01.2014

**NED (I):** Non Executive Independent Director

**ED (P):** Promoter Executive Director

### Terms of reference:

The main term of reference of the Committee is to approve the fixation/revision of remuneration of the Managing Director/Whole Time Director of the Company and while approving:

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## CONCORD DRUGS LIMITED

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- To take into account the financial position of the Company, trend in the industry, appointee's qualification, experience, past performance, past remuneration etc.
- To bring out objectivity in determining the remuneration package while striking a balance between the interest of the Company and the Shareholders.

### Remuneration Policy:

The objectives of the remuneration policy are to motivate Directors to excel in their performance, recognize their contribution and retain talent in the organization and reward merit.

The remuneration levels are governed by industry pattern, qualifications and experience of the Directors, responsibilities shouldered, individual performance etc.

The details of remuneration paid to the Executive Directors/Non-Executive Director for the financial year 2013-14 are given below:

Name of the Director	Salary	Other Perquisites and allowances	Commission
Mr. S. Nagi Reddy	Rs. 9,00,000	Nil	Nil
Mr. K. Ramachandra Reddy	Rs. 9,00,000	Nil	Nil
Mr. S. Koni Reddy	Nil	Nil	Nil
Mr. M. Eswar Rao	Nil	Nil	Nil
Mr. PV Reddy	Nil	Nil	Nil

### 5. STAKEHOLDER RELATIONSHIP COMMITTEE (SHAREHOLDERS/INVESTOR GRIEVANCE AND SHARE TRANSFER COMMITTEE):

#### Composition, meetings and the attendance during the year:

The Shareholders/Investors Grievance Committee was constituted to look into the redressing of Shareholders and Investors complaints

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## CONCORD DRUGS LIMITED

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concerning transfer of shares, non receipt of Annual Reports, and non receipt of Dividend and other allied complaints.

The Details of composition of the Committee and attendance of the members at the meetings is given below:

Name	Designation	Category	No. of meetings held during their tenure	No. of meetings attended
Mr. M. Eswar Rao	Chairman	NED (I)	4	4
Mr. S.Koni Reddy	Member	NED	4	4
Mr.K.Ramachandra Reddy #	Member	ED(P)	4	4

# appointed in committee w.e.f. 30.09.2013

**NED (I):** Non Executive Independent Director

**ED (P):** Promoter Executive Director

The Board has designated Mr. S. Nagi Reddy, Managing Director as the Compliance Officer. He can be contacted at:

Mr. S.Nagi Reddy  
H.No.3-11-1/1, L.B. Nagar  
Hyderabad – 500 074  
Email id: concorddrugsltd@gmail.com

**Complaints received and redressed by the Company during the financial year:**

Financial Year	Date	Time	Venue
2012-2013	30.09.2013	9.30 A.M	Survey No.249, Brahmanpally Village, Hayatnagar Mandal, R.R.Dist-501511
2011-2012	24.09.2012	9.30 A.M	Survey No.249, Brahmanpally Village, Hayatnagar Mandal, R.R.Dist-501511
2010-2011	15.07.2011	11.30 A.M	Survey No.249, Brahmanpally Village, Hayatnagar Mandal, R.R.Dist-501511

## CONCORD DRUGS LIMITED

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### a) Extra Ordinary General Meeting:

No extra ordinary general meeting of the Members was held during the year 2013-14.

### b) Postal Ballot:

During the year, the Company has not passed any Special Resolutions by Postal Ballot.

## 7. Other Disclosures:

- (a) There were no significant related party transactions that may have potential conflict with the interests of the Company at large.
- (b) In the preparation of financial statements, no treatment materially different from that prescribed in Accounting Standards had been followed.
- (c) There were no penalties or strictures imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets at any time during the last 3 years.
- (d) The Company has complied with all the mandatory requirements of Clause 49. As regards the non-mandatory requirements, the extent of compliance has been stated in this report against each item.
- (e) There were no material pecuniary relationships or transactions of the non-executive directors vis-à-vis the Company, other than payment of Board fees/commission and investments (if any) in shares / securities of the Company.
- (f) The requisite Certificates to the Board of Directors under Clause 49 of the Listing Agreement have been furnished.

## 8. Means of Communication:

The quarterly, half yearly and yearly financial results will be sent to the stock Exchanges immediately after the Board approves the same and these results will also be published in one English newspaper and in one vernacular newspaper.

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## CONCORD DRUGS LIMITED

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### 9. General Shareholder Information:

#### i) 19<sup>th</sup> Annual General Meeting:

Date: Tuesday, 30<sup>th</sup> September, 2014

Time: 11.00 A.M.

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

#### ii) Financial Calendar

Financial Reporting for 2014-2015 (tentative)

Financial Reporting for 2014-2015 (tentative)	On or before
The First Quarter results	Submitted on 14.08.2014
The Second quarter results	14.11.2014
The Third quarter results	14.02.2014
The Fourth quarter results	30.05.2015

iii) **Book Closure** : 27.09.2014 to 30.09.2014 (both dates inclusive).

#### iv) Listing on Stock Exchanges:

The shares of the Company are listed on the Madras, Pune & Ahmedabad Stock Exchanges.

v) **Listing Fees** : The listing fees for the year 2014-15 has been paid.

vi) **ISIN No.** : For equity shares: **INE858L01010**

#### vii) Market Price Data

The Company's shares are not traded on any Stock Exchange.



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## CONCORD DRUGS LIMITED

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viii) Registrar & Share Transfer Agents (for shares held in both physical and demat mode):

**Aarathi Consultants Pvt. Ltd.**

1-2-285, Domalguda,  
Hyderabad – 500029

**ix) Share Transfer System:**

The Physical shares transfers are processed and the share certificates are returned to the shareholder within a maximum period of 15 days from the date of receipt, subject to the document being valid and complete in all respects.

Any transferee who wishes to demat the shares may approach a Depository Participant along with a duly filled Demat Request Form, who shall, on the basis of the Share Certificate, generate a demat request and send the same to the Registrar and Share Transfer Agents (RTA). On receipt, the Depository Registrar confirms the request.

All the requests for Dematerialization and shares are processed and the confirmation is given to the respective Depositories i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within 21 days on receipt.

**x) Shareholding pattern as on 31<sup>st</sup> March, 2014**

Particulars	Category	No. of shares held	Percentage of shareholding
<b>A</b>	<b>Shareholding of Promoter and Promoter group</b>		
1.	Indian	2840500	39.21
2.	Foreign	-	-
	<b>Sub-Total A</b>	<b>2840500</b>	<b>39.21</b>
<b>B</b>	<b>Public Shareholding</b>		
1.	Institutions	-	-
2.	Non Institutions	4403250	60.79
	<b>Sub Total B</b>	<b>4403250</b>	<b>60.79</b>
	<b>GRAND TOTAL (A+B)</b>	<b>7243750</b>	<b>100.00</b>

## CONCORD DRUGS LIMITED

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### **xi) Dematerialization of shares**

The Company's shares are dematerialized on National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited. The Company's ISIN is **INE858L01010**. As on date 50,89,150 equity shares are in demat form and the balance are in physical form.

### **xii) Address for Investors Correspondence:**

The Shareholders may correspond with the Company for the redressal of their grievances, if any to the corporate office of the company.

### **M/s Concord Drugs Limited**

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

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# CONCORD DRUGS LIMITED

## 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  
DIN: 01764665**

**Place: Hyderabad  
Date: 14.08.2014**

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## CONCORD DRUGS LIMITED

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### AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members of  
Concord Drugs Limited

We have examined the Compliance with conditions of Corporate Governance of M/s. Concord Drugs Limited for the year ended 31<sup>st</sup> March, 2014 as stipulated in clause 49 of the Listing Agreement with stock Exchanges.

The Compliance with the conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to review the procedures and implementations thereof adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us and representations made by the Directors and the Management's, we certify that the company has complied with conditions of the Corporate Governance as stipulated in Clause 49 of the above mentioned Listing agreement.

As required by the guidance note issued by the institute of Chartered Accountants of India, we have to state that no grievances of investors 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 future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the company.

**For M M Reddy & Co.  
Chartered Accountants  
Firm Reg.No. 010371S**

**Place: Hyderabad  
Date : 30.05.2014**

**Sd/-  
M. Madhusudhana Reddy  
Partner  
Membership No. 213077**

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# CONCORD DRUGS LIMITED

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## Independent Auditors' Report on Financial Statements

To  
The Members of  
CONCORD DRUGS LIMITED, Hyderabad. **Report on the financial Statements**

We have audited the accompanying financial Statements of M/s. CONCORD DRUGS LIMITED which comprise the Balance Sheet as at 31<sup>st</sup> March 2014, the statement of Profit & Loss for the year ended and a summary of the significant accounting policies and other explanatory information.

### **Managements Responsibility for the Financial Statements**

The Companies management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance 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 the General Circular 15/2014 dates September 13, 2014 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2014. 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 misstatements, whether due to fraud or error.

### **Auditors Responsibility**

We have audited the attached Balance Sheet of M/s CONCORD DRUGS LIMITED., Hyderabad as at 31<sup>st</sup> March 2014, Statement of Profit & Loss for the year ended 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.

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 of material misstatements. An audit includes examining 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 made by the management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us the said accounts read with other notes to accounts and accounting policies give the information required by the Companies Act 1956, in the manner so required and give a true and fair view subject to point numbers 2 and 5 mentioned in the notes to accounts:-

- a. In the case of Balance Sheet of the state of the affairs of the Company as at 31<sup>st</sup> March 2014; and
- b. In the case of Statement of Profit & Loss of the Profit of the Company for the year ended on that date.

## CONCORD DRUGS LIMITED

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### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor Report) Order 2003, issued by the Company Law Board in terms of section 227(4A) of the Companies Act 1956, we give in annexure a statement on the matters specified in the paragraph 4 & 5 of the said order.
2. Further to our comments in the annexure referred to in paragraph 1 above, we state 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 accounts as required by the law have been kept by the company so far as appears from our examination of these accounts.
  - c. The company's Balance Sheet and Statement of Profit & Loss dealt with by the report are in agreement with the books of accounts.
  - d. In our opinion the Balance Sheet and Statement of Profit & Loss comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 (the "Act") read with the General Circular 15/2014 dated September 13, 2014 of the Ministry of Corporate Affairs in respect of section 133 of Companies Act.
  - e. On the basis of written representations received and taken on record by Board of Directors, none of the directors is disqualified under clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

**Place: Hyderabad  
Date : 30.05.2014**

**Sd/-  
M Madhusudhana Reddy  
Partner  
Membership No.213077**

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## CONCORD DRUGS LIMITED

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### **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, 2014)**

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 was 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 has 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.
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## CONCORD DRUGS LIMITED

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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 Act 1956. 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 Register maintained under Section 301 of the Companies Act, 1956. Consequently, clause 4(v) of the order is not applicable.
6. 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.
7. In our opinion, the Company has an internal audit system which needs to be strengthened.
8. We have been informed that the Central Government has not prescribed maintenance of cost records U/s 209 (I)(d) of the Companies Act, 1956 (1 of 1956) for the Company's services.
9. 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, ESI, Income Tax, 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.



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## CONCORD DRUGS LIMITED

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(b) According to the information and explanation given to us, there are dues of income tax which have not been deposited on account of dispute and no dues of 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.

Details of dues of Income Tax which have not been deposited as at March 31, 2014 on account of disputes are given below:

Particulars	Demand U/s	Period to which the amount relates	Forum where the dispute is pending	Amount in Rs.
Income Tax Act, 1961	148	A. Y. 2006-07	Commissioner of Income Tax (Appeals)-II	1,19,87,841
Income Tax Act, 1961	148	A. Y. 2007-08	Commissioner of Income Tax (Appeals)-II	22,44,779
Income Tax Act, 1961	148	A. Y. 2008-09	Commissioner of Income Tax (Appeals)-II	16,06,275
Income Tax Act, 1961	143(3)	A. Y. 2011-12	Commissioner of Income Tax (Appeals)-II	3,81,28,810

1. 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.
2. 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.
3. 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.
4. 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 is not applicable to the Company.

## CONCORD DRUGS LIMITED

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5. The Company is not dealing or trading in shares, securities, debentures.
6. 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.
7. The term loans and working capital loans obtained from the banks have been applied for the purpose for which they were taken.
8. On the basis of an overall examination of the balance sheet of the company, in our opinion and according to the information and explanations given to us, we report that funds raised on short-term basis have not been used for long-term investment.
9. 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.
10. During the period covered by our audit report, the company does not have any outstanding debentures during the year.
11. The Company has not raised any money by way of public issues during the year.
12. 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 Registration No.010371S**

**Place: Hyderabad  
Date : 30.05.2014**

**Sd/-  
M Madhusudhana Reddy  
Partner  
Membership No.213077**

# CONCORD DRUGS LIMITED

## Balance Sheet as at March 31, 2014

(All amounts in Indian Rupees except for share data or otherwise stated)

	2013-14	2012-13
Note No's	As at March 31, 2014	As at March 31, 2013
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' Funds</b>		
Share Capital	91,970,000	91,970,000
Reserves and Surplus	53,768,485	50,380,865
<b>A</b>	<b>145,738,485</b>	<b>142,350,865</b>
<b>Non - current liabilities</b>		
Long - term borrowings	116,756,676	113,450,773
Deferred tax liabilities (Net)	3,881,654	2,984,754
Long term provisions	-	-
<b>B</b>	<b>120,638,330</b>	<b>116,435,528</b>
<b>Current liabilities</b>		
Short - term borrowings	56,302,240	43,559,143
Trade Payables	105,957,337	93,280,153
Short - term provisions	6,915,085	5,803,533
Other Current Liabilities	11,287,315	9,876,031
<b>C</b>	<b>180,461,977</b>	<b>152,518,860</b>
<b>Total (A+B+C)</b>	<b>446,838,792</b>	<b>411,305,253</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
<b>Fixed assets</b>		
<b>Net block</b>		
Capital work- in- progress	-	138,360,200
<b>A</b>	<b>208,408,098</b>	<b>193,194,507</b>
Deferred tax assets (Net)	-	-
Long - term loans and advances	5,280,545	10,566,763
Non-current investments	-	-
Other Non- Current Assets	-	-
<b>B</b>	<b>5,280,545</b>	<b>10,566,763</b>
<b>Current assets</b>		
Inventories	49,235,275	35,697,265
Trade receivables	168,201,751	157,716,988
Cash and cash equivalents	1,059,346	1,342,152
Short - term loans and advances	2,214,625	2,671,125
Other current assets	12,439,152	10,116,453
<b>C</b>	<b>233,150,149</b>	<b>207,543,983</b>
<b>Total (A+B+C)</b>	<b>446,838,792</b>	<b>411,305,252</b>

The Notes referred to above are an integral part of the Balance Sheet  
This is the Balance Sheet referred to in our report of even date.

For M M REDDY & CO.,  
Firm Registration Number : 010371S  
Chartered Accountants

For and on behalf of the Board of Directors of  
Concord Drugs Limited

M Madhusudhana Reddy  
Partner  
Membership No. 213077

Managing Director

Place : Hyderabad  
Date : 30/05/2014

Director

## CONCORD DRUGS LIMITED

### Statement of Profit and Loss for the year ended March 31, 2014

(All amounts in Indian Rupees except for share data or otherwise stated)

		2013-14	2012-13
	Note No's	Year Ended Mar' 31, 2014	Year Ended Mar' 31, 2013
<b>INCOME</b>			
<b>Turnover (Gross)</b>			
Revenue from operations		339,520,746	280,673,123
Other Income		1,225,102	-
<b>Total Revenue</b>		<b>340,745,848</b>	<b>280,673,123</b>
<b>EXPENDITURE</b>			
Material Costs	18	275,113,060	234,585,166
Other Direct Expenses	19	18,847,803	11,598,574
Personal Costs	20	4,739,918	3,247,109
Administration & Selling expenses	21	8,530,244	8,098,342
Interest And Finance Charges	22	17,805,260	5,160,609
Depreciation/amortization	10	11,425,043	7,170,274
<b>Total</b>		<b>336,461,328</b>	<b>269,860,075</b>
<b>Profit / (Loss) before tax</b>		<b>4,284,520</b>	<b>10,813,048</b>
Provision for taxation			
- Current Year Tax		816,415	2,585,224
- Deferred tax		896,900	3,933,319
- MAT Credit		816,415	6,117,699
<b>Total tax expense</b>		<b>896,900</b>	<b>400,844</b>
Profit/(Loss) from continuing operations		3,387,620	10,412,203
Balance brought forward from previous year		43,013,365	32,601,162
<b>Balance carried to Balance Sheet</b>		<b>46,400,985</b>	<b>43,013,365</b>
<b>Earnings per share</b>			
Basic		0.47	1.44
Weighted Average Number of Shares		7,243,750	7,243,750
Nominal value		10	10

The Notes referred to above are an integral part of the Balance Sheet  
This is the Balance Sheet referred to in our report of even date.

For M M REDDY & CO.,  
Firm Registration Number : 010371S  
Chartered Accountants

For and on behalf of the Board of Directors of  
Concord Drugs Limited

M Madhusudhana Reddy  
Partner  
Membership No. 213077

Managing Director

Place : Hyderabad  
Date : 30/05/2014

Director

## CONCORD DRUGS LIMITED

### Cash Flow Statement for the year ended March 31, 2014

(All amounts in Indian Rupees except for share data or otherwise stated)

	2013-14	2012-13
	As at Mar' 31, 2014	As at Mar' 31, 2013
<b>A. Cash flow from operating activities</b>		
<b>Net profit / (Loss) before tax</b>	4,284,520	10,813,048
<b>Adjustments for:</b>		
Preliminary Expences Written Off	-	269,619
Depreciation	11,425,043	7,170,274
Dividend Income	-	-
Finance Charges	17,805,260	5,160,609
<b>Operating profit before working capital changes</b>	<b>33,514,823</b>	<b>23,413,550</b>
<b>Movements in working capital :</b>		
Increase in sundry debtors	(10,484,763)	(12,424,579)
Increase in inventories	(13,538,010)	(8,624,896)
Increase / (Decrease) in loans and advances	456,500	(997,834)
Increase in other current assets	(1,506,284)	(3,456,699)
Increase in current liabilities	14,383,605	16,409,743
<b>Cash generated from /(used in) operations</b>	<b>22,825,871</b>	<b>14,319,285</b>
Taxes paid	-	2,500,000
<b>Net cash used in /(generated from ) operating activities</b>	<b>22,825,871</b>	<b>11,819,285</b>
<b>B. Cash flows from investing activities</b>		
Purchase of fixed assets	(26,638,635)	(118,775,225)
(Increase)/Decrease in Non current assets	5,286,218	22,308,211
Fixed deposits	-	-
Dividends received	-	-
<b>Net cash used in investing activities</b>	<b>(21,352,417)</b>	<b>(96,467,014)</b>
<b>C. Cash flows from financing activities</b>		
Proceeds Share Application Money	-	3,870,000
Fianancial Charges	(17,805,260)	(5,160,609)
General Reserve Received for the year	-	-
Other Long term Borrowings(Net)	3,305,903	55,568,698
Other Short term Borrowings (Net)	12,743,097	21,964,422
Interest received	-	-
Interest paid	-	-
<b>Net cash generated from /(used in) financing activities</b>	<b>(1,756,260)</b>	<b>76,242,511</b>
<b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b>	<b>(282,806)</b>	<b>(8,405,218)</b>
Cash and cash equivalents at the beginning of the year	1,342,152	9,747,370
<b>Cash and cash equivalents at the end of the year</b>	<b>1,059,346</b>	<b>1,342,152</b>

This is the Cash Flow Statement referred to in our report of even date.

The Notes referred to above are an integral part of the Balance Sheet

This is the Balance Sheet referred to in our report of even date.

For M M REDDY & CO.,  
Firm Registration Number : 010371S  
Chartered Accountants

M Madhusudhana Reddy  
Partner  
Membership No. 213077

Place : Hyderabad  
Date : 30/05/2014

For and on behalf of the Board of Directors of  
Concord Drugs Limited

Managing Director

Director

## CONCORD DRUGS LIMITED

<b>Concord Drugs Limited</b>		
<b>Notes to Accounts</b>		
(All amounts in Indian Rupees except for share data or otherwise stated)		
	<b>2013-14</b>	<b>2012-13</b>
	<b>As at Mar' 31, 2014</b>	<b>As at Mar' 31, 2013</b>
<b>Note 2 : Share Capital</b>		
<b>Authorised:</b>		
110,00,000 No of Equity Shares of Rs.10/- each	<b>110,000,000</b>	<b>110,000,000</b>
<b>Issues, Subscribed and Paid up</b>		
72,43,750 No of Equity Shares of Rs.10/- each	72,437,500	72,437,500
Share Application Money pending for allotment	19,532,500	19,532,500
	<b>91,970,000</b>	<b>91,970,000</b>
<b>Note 3 : Reserves and Surplus</b>		
<b>General Reserve</b>		
Balance as per last account	3,267,500	-
Add: Recd for the year (Share Premium)	-	3,267,500
	3,267,500	3,267,500
<b>Capital Reserve</b>		
Subsidy From government	4,100,000	4,100,000
<b>Profit &amp; Loss A/c Surplus</b>		
Balance in the statement of profit & loss	43,013,365	32,601,162
Additions during the year	3,387,620	10,412,203
	<b>53,768,485</b>	<b>50,380,865</b>
<b>Note 4 : Long - term borrowings</b>		
<b>Term loans (Secured)</b>		
From banks		
Term loans (Secured)	98,102,142	92,360,740
<b>From others</b>		
Interest Free Sales tax loan	13,277,409	13,277,408
Unsecured Loans From related parties	5,377,125	7,812,625
	<b>116,756,676</b>	<b>113,450,773</b>
<b>Note 6 : Short - term borrowings</b>		
<b>Loans repayable on demand</b>		
From banks (Cash Credit Facility from State Bank of Inida)	56,302,240	43,559,143
	<b>56,302,240</b>	<b>43,559,143</b>

## CONCORD DRUGS LIMITED

Concord Drugs Limited		
Notes to Accounts		
(All amounts in Indian Rupees except for share data or otherwise stated)		
	2013-14	2012-13
	As at	As at
	Mar' 31, 2014	Mar' 31, 2013
<b>Note 7 : Trade Payables</b>		
Sundry Creditors- Trade	90,634,797	86,732,248
Creditors for Expenses	6,454,540	6,293,405
Creditors for Capital Goods & others	8,868,000	254,500
	<b>105,957,337</b>	<b>93,280,153</b>
<b>Note 8 : Short - term provisions</b>		
Provision for Income tax	3,401,639	2,585,224
Income Tax Payable for 2011-12	1,872,245	1,872,245
Others Provisions	1,641,201	1,346,064
	<b>6,915,085</b>	<b>5,803,533</b>
<b>Note 9 : Other Current Liabilities</b>		
Advances from customers	875,745	680,786
Out Standing Expenses	3,481,173	3,029,821
VAT Payable	1,138,795	25,064
TDS payable	10,300	10,300
Duties & Taxes	5,781,302	6,130,059
	<b>11,287,315</b>	<b>9,876,031</b>
<b>Note : Deferred tax assets (Net)</b>		
Opening Balance	2,984,754	(948,565)
Add/ Less: Provision for the year	896,900	3,933,319
	<b>3,881,654</b>	<b>2,984,754</b>
<b>Note 11 : Long - term loans and advances</b>		
Capital advances	760,000	760,000
Security deposits	4,015,406	490,632
Others	505,139	9,316,131
	<b>5,280,545</b>	<b>10,566,763</b>
<b>Note 12 : Other Non- Current Assets</b>		
MISCELLANEOUS EXPENDITURE		
(to the extent not written off or adjusted)		
Priliminary Expenses	-	269,619
Less: W/o during the year	-	269,619
	-	-

## CONCORD DRUGS LIMITED

Concord Drugs Limited		
Notes to Accounts		
(All amounts in Indian Rupees except for share data or otherwise stated)		
	2013-14	2012-13
	As at Mar' 31, 2014	As at Mar' 31, 2013
<b>Note 13 : Inventories</b>		
Raw material	23,936,955	17,545,962
Work-in-process	4,487,650	3,555,250
Finished goods	894,428	855,900
Packing Material	19,916,242	13,740,153
	<b>49,235,275</b>	<b>35,697,265</b>
<b>Note 14 : Trade receivables</b> <b>(Unsecured, considered good, unless otherwise stated)</b>		
Debts outstanding for a period exceeding six months		
Considered good	27,546,560	26,483,040
Considered doubtful	-	-
Other debts		
Considered good	140,655,191	131,233,948
	168,201,751	157,716,988
Less: Provision for doubtful debts	-	-
	<b>168,201,751</b>	<b>157,716,988</b>
<b>Note 15 : Cash and cash equivalents</b>		
Cash on hand	563,864	725,107
Balances with scheduled banks		
On current accounts	495,482	617,045
On deposit accounts	-	-
	<b>1,059,346</b>	<b>1,342,152</b>
<b>Note 16 : Short - term loans and advances</b>		
Advances given to suppliers	2,214,625	2,671,125
Other receivables	-	-
	<b>2,214,625</b>	<b>2,671,125</b>
<b>Note 17 : Other current assets</b>		
Cenvat Credit Recievable	1,746,626	1,746,626
TDS Receivable	32,248	26,408
MAT Credit	6,934,114	6,117,699
Unmatured HPF Charges	57,125	57,125
Vat Input @ 5%	1,165,611	13,074
CENVAT on Capital Goods	2,463,901	2,134,532
I.T.C (Outstanding)	28,723	20,989
CST	10,804	-
	<b>12,439,152</b>	<b>10,116,453</b>



## CONCORD DRUGS LIMITED

<b>Concord Drugs Limited</b>		
<b>Notes to Accounts</b>		
(All amounts in Indian Rupees except for share data or otherwise stated)		
	<b>2013-14</b>	<b>2012-13</b>
	<b>Year Ended Mar' 31, 2014</b>	<b>Year Ended Mar' 31, 2013</b>
<b>Note 18 : Material Costs</b>		
<b><u>a. Increase in inventories</u></b>		
<b>Opening stock of inventories</b>		
Work- in- progress	3,555,250	2,781,210
Finished goods	855,900	1,650,557
	<b>4,411,150</b>	<b>4,431,767</b>
<b>Closing stock of inventories</b>		
Work- in- progress	4,487,650	3,555,250
Finished goods	894,428	855,900
	<b>5,382,078</b>	<b>4,411,150</b>
Increase / (Decrease) In Stocks	970,928	(20,617)
<b><u>b. Raw materials consumed</u></b>		
Opening stock	17,545,962	20,619,577
Add : Purchases	248,942,499	213,337,719
Less : Closing stock	23,936,955	17,545,962
<b>Total value of Raw materials consumed</b>	<b>242,551,506</b>	<b>216,411,334</b>
<b><u>c. Consumption of packing material</u></b>		
Op. Stock of PM	13,740,153	2,021,025
Add. Purchases	39,708,571	29,872,343
Less: Closing stock	19,916,242	13,740,153
<b>Total value of Packing material consumed</b>	<b>33,532,482</b>	<b>18,153,215</b>
	<b>275,113,060</b>	<b>234,585,166</b>
<b>Note 19 : Other Direct Expenses</b>		
Cousumable Stores	354,544	303,120
Carriage Inward & outward	765,484	690,158
Wages & Factory Expenses	4,254,850	3,975,804
Power Charges	2,581,487	2,280,838
Diesel for Boiler & Generator	2,415,460	2,129,737
Transport Charges	913,548	825,512
Analytical Report Charges	346,584	298,002
Repairs and maintenance charges	7,215,846	1,095,403
	<b>18,847,803</b>	<b>11,598,574</b>

## CONCORD DRUGS LIMITED

<b>Concord Drugs Limited</b>		
<b>Notes to Accounts</b>		
(All amounts in Indian Rupees except for share data or otherwise stated)		
	<b>2013-14</b>	<b>2012-13</b>
	<b>Year Ended Mar' 31, 2014</b>	<b>Year Ended Mar' 31, 2013</b>
<b>Note 20 : Personal Costs</b>		
Salaries, allowances, wages and bonus	2,624,120	1,174,000
Directors remuneration	1,800,000	1,800,000
Staff welfare expenses	236,546	225,134
Contribution to PF and & ESI	79,252	47,975
	<b>4,739,918</b>	<b>3,247,109</b>
<b>Note 21 : Administration &amp; Selling expenses</b>		
Advertisement Expenses	146,545	38,690
Business Promotion Expenses	669,458	639,374
Books & Periodicals	18,245	12,739
Marketing Expenses	954,561	862,260
Computer Maintenance	117,700	15,150
Vehicle Maintenance	722,121	592,424
Insurance	459,517	394,617
Listing Fee	15,731	15,731
Rates & taxes	327,706	238,989
Registration & Renewals	407,344	318,731
Postage & Telegrams, Telephones	457,396	471,008
General Expensess	626,625	504,064
Office maintenance	425,353	362,523
Security Charges	164,603	120,323
Professional & Consultancy Fee	554,201	1,114,000
Printing & Stationary	568,565	639,168
Tavelling and conveyance	1,264,761	1,050,298
Conveyance Expensess	204,812	188,634
Audit Fee	250,000	250,000
Processing charges	175,000	-
Preliminary exp.	-	269,619
	<b>8,530,244</b>	<b>8,098,342</b>
<b>Note 22 : Interest And Finance Charges</b>		
Bank Charges	540,420	380,244
Interest on term loans	10,232,672	868,110
Interest on working capital loans	7,032,168	3,807,499
Interest on HP Loans	-	104,756
	<b>17,805,260</b>	<b>5,160,609</b>

# CONCORD DRUGS LIMITED

<b>Concord Drugs Limited</b>									
<b>Notes to Accounts</b>									
(All amounts in Indian Rupees except for share data or otherwise stated)									
Note 9 : Fixed Assets Particulars	Gross Block			Depreciation /amortization			Net Block		
	As at April 1, 2013	As at March 31, 2014	As at April 1, 2013	For the year March 31, 2014	As at March 31, 2014	As at March 31, 2014	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013
Land & Land Development									
Building	4737223	3,122,545	15958607	-	-	-	7,859,768	4,737,223	4,737,223
Furniture & Fixtures	34561576	13,740,519	403940	2,198,764	18,157,371	-	30,144,724	18,602,969	18,602,969
Plant & Machinery	474683	2,146,779	21589913	5,873,089	27,463,002	483,052	2,138,410	70,743	70,743
Office equipment	48722307	67,909,555	491307	80,805	572,112	-	89,168,860	27,132,394	27,132,394
Vehicles	718595	1,564,054	665257	14,352	679,609	-	1,710,537	227,288	227,288
Air Handling Systems	720692	-	2,282,649	-	-	-	41,083	55,435	55,435
Lab Equipment	8021011	22,905,408	5958583	1,060,406	7,018,989	-	23,907,430	2,062,428	2,062,428
Electrical Installations	2895229	25,168,901	2249653	948,791	3,198,444	-	645,576	645,576	645,576
Generator	4325072	25,318,559	3116825	1,048,342	4,165,167	-	25,478,464	1,208,247	1,208,247
Capital WIP incl. advances	445625	3,122,515	353621	121,383	475,004	-	3,093,136	92,004	92,004
	<b>138360200</b>	<b>(138,360,200)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>138,360,200</b>	<b>138,360,200</b>
<b>Total</b>	<b>243,982,213</b>	<b>26,638,635</b>	<b>50,787,706</b>	<b>11,425,043</b>	<b>62,212,749</b>	<b>62,212,749</b>	<b>208,408,098</b>	<b>193,194,507</b>	<b>193,194,507</b>
<b>Previous year</b>	<b>125,206,988</b>	<b>118,775,225</b>	<b>43,617,432</b>	<b>7,170,274</b>	<b>50,787,707</b>	<b>50,787,707</b>	<b>193,194,507</b>	<b>81,589,556</b>	<b>81,589,556</b>

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## CONCORD DRUGS LIMITED

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### Note: 1

#### **I. 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 XIV 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

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## CONCORD DRUGS LIMITED

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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.

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

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## CONCORD DRUGS LIMITED

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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.

### **I. 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. The VAT collected on sales is in excess of VAT paid on purchases, then the difference of VAT collected on sales over the VAT paid on purchases as VAT payable account and the company is having a deferment scheme for 14 years. So the VAT payable account is transferred to "Interest Free Sales Tax Loan Account" and this account is accumulated year by year.

### **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.

**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.

**p. Earnings per share:**

Earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

**q. Cash flow statement:**

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the company are segregated.

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## CONCORD DRUGS LIMITED

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### **Note : 23**

#### **II. Notes to the Accounts**

- a. Contingent Liabilities: Nil
- b. The Company has provided benefits to the employees during the year as per the management estimates in the books of accounts. The company has not created any provision for gratuity in its books and the company does not take any registration for E.S.I. deposits.
- c. Secured Loans:  
Term Loan & Cash Credit (Hypothecation) taken from State Bank Of India, Hyderabad are Secured by equitable mortgage of immovable property i.e. Factory, Land & Building situated at Hyderabad 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.2,50,000/- (previous Year Rs.2, 50,000)
- g. Directors remuneration: Rs.18,00,000/- (Previous year Rs.18,00,000/-)
- h. Deferred Tax liability/ (Asset) comprise of the following:

Particulars	2013-2014	2012-2013
Opening Balance	2,984,754	(948,565)
Deferred tax Provided During the year	896,900	3,933,319
Net Deferred tax liability / (asset)	3,881,654	2,984,754





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## CONCORD DRUGS LIMITED

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### Form No. MGT-11

#### Proxy form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : L24230TG1995PLC020093  
Name of the company : Concord Drugs Limited  
Registered office : Survey No. 249, Brahmanapally (V),  
Hayathnagar (M), Ranga Reddy(Dist),A.P.  
Hyderabad-501511

Name of the member(s):
Registered Address:
E-mail Id:
Folio No./Client Id:
DP ID:

I/We, being the member (s) of ..... shares of the above named company, hereby appoint

1. Name : .....  
Address : .....  
E-mail Id : .....  
Signature: ....., or failing him

2. Name : .....  
Address: .....  
E-mail Id : .....  
Signature: ....., or failing him

3. Name : .....  
Address: .....  
E-mail Id: .....  
Signature: .....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 19th Annual General Meeting of the company, to be held on the Tuesday day of 30th September, 2014 at 11.00 a.m. at Survey No. 249, Brahmanapally (V), Hayathnagar (M), Ranga Reddy(Dist),Telangana and at any adjournment thereof in respect of such resolutions as are indicated below:

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## CONCORD DRUGS LIMITED

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Resolution No.

1. Approval of financial statements for the year ended 31.03.2014.
2. Appointment of Mr. K. Ramachandra Reddy as Director who retires by rotation.
3. Appointment of statutory auditors and fixation of their remuneration.
4. Appointment of Mr.S.Koni Reddy as an Independent Director.
5. Appointment of Mr. M. Eswar Rao as an Independent Director.

Signed this ..... day of..... 2014

Signature of shareholder

Signature of Proxy holder(s)

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

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### CONCORD DRUGS LIMITED

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

#### ATTENDANCE SLIP

(Please present this slip at the Meeting venue)

I hereby record my presence at the 19th Annual General Meeting of the members of the Company to be held on Tuesday, 30th day of September, 2014 at 11.00 A.M at Survey No. 249, Brahmanapally (V), Hayathnagar (M), Ranga Reddy(Dist), Telangana.

Shareholders/Proxy's Signature \_\_\_\_\_

Shareholders/Proxy's full name \_\_\_\_\_  
(In block letters)

Folio No./ Client ID \_\_\_\_\_

No. of shares held \_\_\_\_\_

**Note:**

Shareholders attending the meeting in person or by proxy are required to complete the attendance slip and hand it over at the entrance of the meeting hall.

*If undelivered please return to :*

**CONCORD DRUGS LIMITED**

Survey No.249,

Brahmanapally Village,

Hayathnagar Mandal, R.R.Dist-501511