

Leadership through focused Research

Innovation in support of Health Care



CELESTIAL  
BIOLABS LIMITED



ANNUAL REPORT  
2011-2012

Our Research Products

**BIOVITA<sup>®</sup>**

(Improves logical memory, immunity and Growth)

**VENTILAIR<sup>®</sup>**

(Provides better relief to Asthma patients)

Committed to provide affordable and innovative medicines for healthier life

## List of Products

### HERBAL Formulations

Bioliv

Cel-Clear

Cel-Digest

Gynocel

Healthone

O-kof

C-Kaps Plus

Relifin

Biovita (Granuels)

Rhumacel (Oil & Lotion)

Touch (Rool on Balm)

Trem plus

Bio-Sleep

Ventilair

Glucocel

### ALLOPATHIC Formulations

Equibact & Eqibact Syrup

Abaprom

Cel-O2 & Cel-O2-OZ

Kc-Vin-500

Lavacep

Nacmocel

Nitfur-SR

Taparac

Tyclocef

Celamino

Entilin

Entilin-D

Entilin-CL

Gerdiloc-D

Paseloc & Paseloc-D

Versavit & Versavit-Pro

Cel-D-Zyme

Lysirin

Knit Cream

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## Corporate Information

### BOARD OF DIRECTORS

Dr. A. N. Singh	Managing Director
Dr. Jeetinder Roy Gour	Director
Dr. B.Siva Kumar	Director
Mrs Padma Singh	Director

### REGISTERED OFFICE :

Plot No. 59, Road No : 12,  
APIIC Tech Park, IDA Nacharam  
Hyderabad 500 076, A.P. India  
Phones: +91 40 64565544, 65552697  
Web : [www.celestialbiolabs.com](http://www.celestialbiolabs.com)  
e-mail : [info@celestialbiolabs.com](mailto:info@celestialbiolabs.com)  
e-mail : [cs@celestialbiolabs.com](mailto:cs@celestialbiolabs.com)  
e-mail: [investors@celestialbiolabs.com](mailto:investors@celestialbiolabs.com)

### STATUTORY AUDITORS

Lakshmi Purna & Associates  
Chartered Accountants  
Plot No 17-24, Bhagyanagar Colony,  
Kukatpally,  
Hyderabad 500 072

### REGISTRAR SHARE TRANSFER AGENT

Karvy Computershare Pvt. Ltd  
Plot No 17-24, Vittal Rao Nagar,  
Madhapur, Hyderabad – 500 081

### BANKERS

State Bank of India  
Industrial Finance Branch  
Somajuguda,  
Hyderabad

ICICI Bank  
Jubilee Hills Branch  
Plot No .1259, Road No.36  
Jubilee Hills, Hyderabad

## Chairman's Address

### Dear Shareowners

We believe in innovations. It is time taking, expensive but ultimately innovation shall provide birth to new products. New and Innovative products shall always create demand and your company shall be benefitted. No doubt, we are passing through difficult phase because of big capital project and large product development expenses. However, very shortly, majority of things shall be in order and your company will take a progressive path.

### Performance

We have extremely good product range in Herbal, allopathic and Bio- formulations. We are also upgrading our healthcare ERP products. Our Celsanjivani portal itself shall be able to create a huge business volume. We are moving in synergy by improving our supply chain and also introducing control measures. Our performance has not been very good, but once, our capital projects are completed, we will make rapid progress.

### Industry

Industry is passing through a difficult phase now, but pharma industry shall be able to keep the pace with the good quality products as there is always demand for such quality pharma products. Our most of the products are very effective and we are making every effort to meet the demand. We are struggling with production issues because of power shortages and once our facility at Biotech park is ready, the situation shall improve drastically as the Biotech park gets special status in terms of amenities like water and power supply that is missing in present situation.

The biopharmaceutical market is highly competitive. In order to have a competitive edge, our facility at Biotech park is an integrated one clubbed with extremely good facility of R&D. We will continue to pursue our R&D initiative and in order to achieve our objective; we have submitted nos of Research projects to different agencies like department of Biotechnology, Department of science and Industrial Research and Tifec., Ministry of Science and Technology, Govt Of India.

### Strategy

To reduce our Interest burden, we shall be submitting a bio project to technology Development board so that GMP/ WHO compliance can be met with that financial assistance. With the WHO stamping on the premier products, our export potential shall be very high and we shall be able to penetrate in world bank, Islamic Bank and UNICEF funded project to distribute our medicines across the world.

## **Human Resource**

Quality manpower and their retention is always an challenging task and addressing this task carefully shall increase the productivity. We have taken very careful steps to retain only quality, dedicated and efficient staff. We are going to reward shortly to all our dedicated staff and business associates by offering company shares at no cost to them. Training courses and sending them to various seminars and symposium shall also be our priority.

## **Collaboration**

We are also developing collaborations with CSIR and ICAR institutions to develop the Biotech products. Collaborative research projects with these premier research organisation shall provide an competitive edge and also increase our learning graph having association with very experienced Research scientists. We are also installing software at each C&F in all the states to make our monitoring and control more effective. We are making every effort to complete the remaining work at city and Biotech park facility so that visibility so that production, supply chain can be improved in order to increase the business volume.

## **Value to the shareholders**

We have engaged reputed PR agencies to promote our company among the equity research analyst so that shares price can give true reflections. Increasing the investor wealth is our top priority and we will make rapid progress towards achieving our objective once our capital project is completed.

## **Corporate Social responsibility**

We have decided to distribute our medicines free to poor people who cannot afford to spend on medicines. This distribution is being done in villages through AWAKE RESEARCH and SERVICE FOUNDATION, a voluntary and social organization. We are also making effort to buy herbal raw material from farmers directly by giving value to farmers and also ensuring complete quality of raw material

## **Acknowledgement**

We thank you all our shareholders, stake holders, staff and business associates for their continued support and look forward to your valuable advice to reach to our objective.

**Dr A.N. Singh**

## **NOTICE**

Notice is hereby given that the Fourteenth Annual General Meeting of the members of **CELESTIAL BIOLABS LIMITED** will be held on Saturday the 29<sup>th</sup> September 2012 at 10.00 a.m at the registered office of the Company at Plot # 59, Road # 12, APIIC Tech Park, IDA Nacharam, Hyderabad – 500076 to transact the following business:

### **Ordinary Business:**

1. To receive, consider and adopt the audited Balance Sheet as on 31<sup>st</sup> March, 2012, the Profit & Loss Account for the year ended on that date together with the schedules and annexure thereto and the reports of the Auditors and Directors
2. To appoint a Director in place of Dr. D. B. Siva Kumar who retires by rotation, and being eligible offers himself for reappointment.
3. To appoint a Director in place of Dr. Jeetainder Roy Gour who retires by rotation, and being eligible offers himself for reappointment.
4. To reappoint M/s. Lakshmi Purna & Associates, Chartered Accountants, retiring auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

### **Special Business**

5. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

“RESOLVED THAT in supersession of all the resolution passed earlier and pursuant to the applicable provisions of the Companies Act, 1956 and any other law in force, and subject to such other approvals, consents, permissions and sanction, if any, as may be required from appropriate authorities and subject to such other conditions and modifications as may be considered necessary by the Board of Directors of the Company (hereinafter referred to as “The Board” which term shall include any committee of the Board) the formation and creation of a Trust viz., CELESTIAL BIOLABS EMPLOYEES AND ASSOCIATES WELFARE TRUST” be and is hereby approved by the members on such terms and in such manner as decided by the Board of Directors of the Company for the allotment of the Equity Shares to the employees and associates of the company, without any consideration to the extent of Rs. Rs. 4,91,07,000/- in the manner as laid down in explanatory statement consequent to the renunciation of the eligible sweat equity shares (final Tranche) to be allotted to Dr. A. N. Singh, the Promoter of the Company in lieu of the compensation (part) for transfer of the ownership rights of the Intellectual Property Assets (Software Programmers) developed and owned by him to the Company.

FURTHER RESOLVED THAT consent be and is hereby accorded authorizing the board to appoint trustees to act in accordance with the Trust Deed.

FURTHER RESOLVED THAT the Trust created by the Company for the said allotment of equity shares to the employees and associates of the Company shall hold the shares renounced by Dr A N Singh on behalf of the beneficiaries ( i.e. eligible employees and associates) in such manner and on such terms and conditions as would be devised in the trust deed.

FURTHER RESOLVED THAT the Board be and is hereby authorized to formulate, frame, evolve, decide upon, the broad terms and conditions as it deems fit in its own discretion from time to time and to make any modifications(s)/ variations(s)/ alteration(s)/ revision(s) in the terms and conditions of such trust deed as may be executed for the said allotment of equity shares to the employee and associate of the Company from time to time, including but not limiting to make amendment(s) to eligibility criteria or to suspend, withdraw, terminate or revise any such trust deed.

FURTHER RESOLVED THAT for the purpose of giving effect to the foregoing resolutions and to settle any question, difficulty or doubt that may arise in this regard, the Board of Directors of the Company or the Chairman or the Managing Director as may be delegated by the Board be and is hereby authorized severally to do all such acts, deeds, matters, and things and execute deeds, agreements, all such documents, authorization letters, instruments and writings as they may be in their sole and absolute discretion deem fit, necessary or expedient.”

**For and on behalf of the Board of Directors  
For Celestial Biolabs Limited**

Place: Hyderabad  
Date : 03.09.2012

**Dr. A. N. Singh  
(Chairman & Managing Director)**

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. The instrument appointing the proxy, in order to be effective, should be duly stamped, completed and signed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting. Corporate Members are requested to send a duly certified copy of the Board Resolution / power of attorney authorizing their representative to attend and vote on their behalf at the Annual General Meeting. Member / proxy should bring the attendance slip sent herewith, duly filed in, for attending the meeting.
3. An Explanatory Statement as required under Sec.173 (2) is annexed herewith.
4. Members who hold shares in dematerialized form are requested to write their Client ID and DPID Number and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.
5. In case of joint holders attending the meeting, only such joint holder who is higher in the order of name will be entitled to vote.
6. Register of Members and Transfer Books of the Company will be closed from 25<sup>th</sup> September, 2012 to 29<sup>th</sup> September, 2012 both days inclusive.
7. Members are requested to address all their correspondence including change of address, mandates etc. to the registrars Viz. M/s. Karvy Computershare Private Limited Plot No.17-24, Vittal Rao Nagar, Madhapur, Hyderabad – 500 081.
8. Pursuant to Section 205C of the Companies Act, 1956, all unclaimed refunds of the Public Issue for more than seven years from the date it became due shall be transferred to Investor Education and Protection Fund (the fund). Hence those persons, who have not encashed their refund and requested to encash the same immediately.



**EXPLANATORY STATEMENT**

Pursuant to Section 173(2) of the Companies Act, 1956

**Item # 5**

As you all are aware that the Company had earlier by way of postal ballot obtained the consent of the members for the issue and allotment of sweat equity shares to Dr A N Singh, Chairman and Managing Director who is the promoter of the Company in lieu of the compensation for transfer of the ownership rights of the Intellectual Property Assets (Software Programmes - worth of Rs.8.17 Cr.) developed and owned by him to the Company. Dr A N Singh had transferred intellectual property worth Rs.8.17 crores to the company. However he has been compensated by allotting shares with all the necessary approvals as tabled hereunder

Sl.No	Particulars	Amount of consideration in Rs
1	Total value of the IPRs transferred	8,17,50,000
2	Value of shares allotted as sweat equity in Tranche I	1,59,03,000
3	Value of shares allotted as sweat equity in Tranche II	1,67,40,000
4	Value of the Consideration due to Dr Singh which he is eligible for being considered in allotment of sweat equity shares (1- (2+3))	4,91,07,000

This is to reiterate all the members that Dr A N Singh has renounced his unallotted portion of sweat equity shares in the Extra Ordinary General Meeting held on 28.04.2011. In supersession of the resolution passed in the EGM as mentioned above Dr A N Singh had requested the Board to allot the equity shares renounced by him in favor of the employees and associates for the reasons mentioned hereunder in the present industrial scenario employee retention is posing a significant challenge to the management. Potential competition and wide ranging needs of employees being the main cause for higher employee turnover. In view of these facts Dr A N Singh had requested the Board to form a trust which shall hold the shares on behalf of the employees and associates (hereinafter referred to as "beneficiaries") until the same are allotted to the beneficiaries based on the criteria to be decided by the trust. Considering the request of Dr A N Singh and also to confront the challenge of employee retention your directors have decided to constitute a trust to whom the so renounced equity shares would be allotted and who in turn would hold the same on behalf of the beneficiaries (i.e Employees and Associates) till the same be allotted/transferred to the beneficiary.

The trust shall frame the criteria, terms and conditions on basis of which the said equity shares would be allotted to the beneficiaries. The beneficiaries of the trust would be determined on the basis of seniority, performance, position and responsibilities, nature of service to the company, period of service of the employees/associates, employees/associates value addition to the company and other related parameters.

Relevant date for the purpose of the said allotment shall be in accordance with SEBI Guidelines/Regulations.

The Board of directors are severally authorized to do all such acts, deeds and things and execute all such documents as may be deemed necessary to conclude the transaction, form and constitute the trust. This regard your company seeks the approval of its members to allot the equity shares eligible by Dr A N Singh to the employees and associates of the Company and also to authorize the Board of Directors of the Company to constitute a trust and do all the acts, deeds and things as may be required to give effect to this transaction.

The Board commends the Special resolution for the member's approval.

None of the director of the Company is concerned or interested in the proposed resolutions, except to the extent of their shareholding in the company and/or to the extent of the benefits that may be offered to them under the trust.

**For and on behalf of the Board of Directors  
For Celestial Biolabs Limited**

Place: Hyderabad  
Date : 03.09.2012

**Dr. A. N. Singh  
(Chairman & Managing Director)**

**ANNEXURE TO NOTICE**

Information under Clause 49 of the Listing Agreement, with respect to Directors seeking appointment/re-appointment in this Annual General Meeting

SI No	Particulars	Dr B Siva Kumar	Dr Jeetainder Roy Gour
1	Qualification	MSC	a. Ph.D-Doctor of philosophy (pharmacology) b. M.D-Doctor of Medicine (Pharmacology-Rasa Shastra) c. Bachelor of Ayurvedic medicine & surgery
2	Experience	Worked in different capacities at the National Institute of Nutrition for over 36 years and retired as the Director of the Institute	15 years of experience in Ayurvedic Medicines
3	Directorships in other companies	No	No
4	Membership in committees of Board of Directors of other Companies	No	No
5	Shareholding in the company	Nil	Nil

**DIRECTORS REPORT**

Dear Members,

Your Directors have pleasure in presenting the Fourteenth Annual Report of your Company along with the audited Statement of Accounts for the financial year ended 31<sup>st</sup> March 2012. The Report also includes the Management Discussion and Analysis Report in accordance with the Guidelines on Corporate Governance and consolidated Financial Statements.

**The highlights of the financial results for the year 2011-12 in comparison to the year 2010-11 are as follows:**

Particulars	(Rs. In Lakhs)	
	2011-12	2010-11
Sales	2102.20	2532.86
Profit before Depreciation	401.71	592.71
Depreciation	373.30	315.51
Profit Before Tax	28.41	278.79
Deferred Tax	(70.67)	(20.22)
Provision for MAT	7.57	56.86
Provision for FBT	NIL	NIL
Net Profit for the year	91.51	242.15
Profit & Loss Account balance brought forward	2039.39	1821.46
Dividend	NIL	NIL
Corporate Dividend Tax	NIL	NIL

**Performance**

We have been able to achieve a turnover of Rs.2102.20 Lakhs. The percentage decrease in the turnover is 17% and decrease in net profit is 62% respectively when compared to that of previous year. The Performance has not been satisfactory because of returned stocks and certain bad debts.

**Future Outlook:**

The company Products have been very well accepted in 8 states of Indian market. Products in the categories of Herbal, Allopathic and Feed supplements of Alpha amylase and Phytase combinations have created very good demand among users. Our products like Biovita, Celdigest, Rhumacel, Bioliv, Celclear, Gynocel, O-kof, C-kaps, Trem+ and Relifin in Herbal range and Equibact, Kcvin-500, Nitfur-SR, Entilin, Cel-D-Zyme, Knitcream and Lysirin in allopathic range and Celzyme phytase, Celzyme-MLBP and Celzyme-CELCAF in Enzyme Feed supplement have created very positive impact in the market. We are making every effort to meet the demand and trying to expand in all the states to increase the volume and capture a healthy market share.

We are also trying to modify, revamp and update, healthcare portal Celsanjeevani and also Healthcare ERP products to increase online and offline sale of Software and healthcare products. The company shall be immensely benefitted with these updated versions. Our Corporate and product development facility at Nacharam ( Hyderabad city) is operational and we are likely to increase the working strength in Celsanjeevani.

Our Production facility at Genome valley shall be operational by Nov- December 2012 and we are arranging suitable resources to complete the facility. This facility shall be one of the best in Andhra Pradesh to accommodate Biopharmaceuticals formulations. After the facility is ready, importers from African countries as well as south East Asian countries shall validate our production facility and Export of formulations will commence and thus our volume and profitability shall increase.

**Corporate Governance:**

As per Clause 49 of the Listing Agreement with the Stock exchanges, a separate section on Corporate Governance is enclosed herewith which forms part of the Annual Report. A certificate from the Auditors of the Company on compliance with the conditions of Corporate Governance as stipulated under the Clause 49 of the Listing Agreement is annexed to this Report.

**Management Discussion and Analysis:**

A detailed section of the Management Discussion and Analysis for the period under review as required under Clause 49 of the Listing Agreement is given as a separate statement forming part of the Annual Report.

**Employee Relations:**

During the year under review, the company has enjoyed cordial relationship with almost all section of employees. The company believes that the employees play a vital role in increasing the turnover and profitability of the company and the strength of the company lie in harnessing the manpower in achieving sustained long-term growth in all spheres. Retaining Good and Efficient manpower is an challenge and management has decided to offer company shares to the employees by taking a view of their contribution and Nos of years they have served the company. The company is also planning to reward its business associates who are with the company from longer duration and are likely to contribute in the growth of the company.

### **Corporate Social responsibility**

The company also decided to distribute some medicines free of cost to poor villagers who cannot afford to buy the essential medicines. The company shall be distributing through AWAKE RESEARCH and SERVICE FOUNDATION an voluntary service organization that create awareness about health and water and energy conservation among the people.

### **Directors:**

Dr D C Sastry has resigned from the Board of the Company in the Board meeting held on 03.09.2012. Dr. B. Siva Kumar and Dr. Jeetainder Roy Gour, retire by rotation and being eligible have offered themselves for re-appointment. The brief profiles of the director(s) seeking appointment/reappointment at the ensuing Annual General Meeting are presented in the Annual Report.

### **Auditors:**

The existing Statutory Auditors, M/s. Lakshmi Purna & Associates, Chartered Accounts retire at the ensuing Annual General Meeting and has confirmed their eligibility and willingness to accept office, if re-appointed.

### **Registered office of the Company:**

The Company has shifted its registered office from Banjara Hills to Tech park of IDA Nacharam wherein it has its own premises during the financial year under consideration.

### **Internal Control Systems:**

Your company has well-established procedures for internal control system commensurate with its size and operations. The organization is adequately staffed with qualified and experienced personnel for implementing and monitoring the internal control environment.

### **Directors' Responsibility Statement:**

Pursuant to the requirement under section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility statement, it is hereby confirmed.

- i. That in the preparation of the accounts for the financial year ended 31<sup>st</sup> March 2012; the applicable accounting standards have been followed along with proper explanations for marking all departures, if any.
- ii. That the directors have selected such accounting policies and applied them consistently and made judgments and estimates that were 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 and of the profit or loss of the company for the year under review.
- iii. That 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 from preventing and detecting fraud and other irregularities.
- iv. That the directors have prepared the accounts for the financial year ended 31<sup>st</sup> March 2012 on a going concern basis.

**Particulars of employees**

The Information required under section 217(2A) of the Companies Act, 1956 read with the companies (Particulars of Employees) (Amendment ) Rules 2002, be treated as NIL as none of the employees of the company draw remuneration in excess of Rs.5,00,000 P.M.

**Fixed deposits**

The Company has not accepted any deposits within the meaning of Section 58A of the Companies Act 1956 and the Rules made there under.

**Acknowledgements**

Your Company places on record their appreciation of the continued support and co-operation received from Government of Andhra Pradesh, State Bank of India and ICICI Bank Limited for their kind cooperation. Your company also thanks vendors, customers, consultants, auditors and other business associates who have been assisting and guiding the company in various facts of operation.

Your company wishes to place on record its appreciation of employees at all levels for their dedicated contribution towards growth of the company.

**For and on behalf of the Board of Directors**

Place: Hyderabad  
Date: 03.09.2012

**Dr A N Singh**  
**(Chairman & Managing Director)**

**ANNEXURE TO DIRECTOR'S REPORT**

INFORMATION UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 \READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THIS REPORT.

A	Energy Conservation measures taken	Team has been made to take care of energy conservation
B	Additional investments & proposals, if any being implemented for reduction of consumption of energy	No
C	Impact of measures at (a) and (b) above for reduction of energy consumption & consequent impact on the cost of production	Continuous monitoring has reduced the energy bill
D	Total Energy Consumption & Energy Consumption per unit of production	

**FORM A**

(Form for Disclosure of particulars with respect to Consumption of Energy)

As the company has not yet commenced commercial manufacturing activity, reporting under this section is not required.

<b>A. Power &amp; Fuel Consumption</b>			
	<b>Electricity</b>	<b>Current year</b>	<b>Previous year</b>
1	a) Purchased: Units  Total Amount  Rate / Unit	2011-12   Not applicable	2010-11   Not applicable
	b) Through Diesel Generator: Units  Unit per Ltr. Of Diesel Oil	Not applicable	Not applicable



	Cost / Unit		
2	Coal (specify quantity & where used)		
	Quantity (tonnes)	Not applicable	Not applicable
	Total cost		
	Average rate		

**TECHNOLOGY ABSORPTION:**

<b>A. Research &amp; Development (R &amp; D)</b>			
1	Specific area in which R & D carried out by the company	Bio tools, Software Package and Drug Molecule Development	
2	Benefits derived as a result of the above R & D	Software packages already in use are being updated and shall be ready shortly. Bioproducts are in scale up stage and also New drug vitiligo molecule is in clinical stage	
3	Future plan of action	We will continue to work on clinical trial of Bio drug Molecule and optimization of Bio IT tools. We are planning to work in cardiovascular new drug.	
4	Expenditure on R & D:	(Rs. In Lakhs)	
		<b>2011-12</b>	<b>2010-11</b>
	a. Capital	367.82	167.40
	b. Recurring		
	c. Total	270.28	186.93
	d. Total R & D expenditure as a percentage of total turnover	638.10	354.33
		30.99%	14.04%
<b>B. Technology Absorption, Adaptation and Innovation</b>			
1	Efforts, in brief, made towards technology absorption, adaptation & innovation	Not applicable	
2	Benefits derived as a result	Not applicable	
3	Import of technology	Not applicable	

**C. Foreign Exchange Earnings & Outgo**

(Rs. In Lakhs)

Particulars	2011-12	2010-11
Expenditure in Foreign currency	NIL	1.32
Earning in Foreign Exchange	NIL	12.63

**REPORT ON CORPORATE GOVERNANCE**

**1. Company philosophy on Corporate Governance**

Your Company's philosophy on code of governance is conducting business in a fair and transparent manner, enhancing the value of the shareholders. The company subscribe fully to the principles and spirit of good corporate governance and embeds the principles of independence, integrity, accountability while maintain legal and ethical standards. It has always remained as a responsible Corporate Citizen which always strive to protect the interest of its share owners.

**Corporate Social responsibility**

Your company has also decided to distribute some medicines free of cost to poor villagers who cannot afford to buy the essential medicines. The company shall be distributing through AWAKE RESEARCH and SERVICE FOUNDATION an voluntary service organization that create awareness about health and water and energy conservation among the people.

In accordance with clause 49 of the listing agreement with Stock Exchanges in India and the best practices followed internationally on corporate governance, the details of governance system and process are as follows

**2. Board of Directors**

- i) The Board of the Company comprises of four Directors. The Chairman is executive non independent director. Two directors are independent directors.
- ii) None of the Directors on the Board is a Member of more than 10 Committees or Chairman of more than 5 Committees across all the companies in which he is a Director. Necessary disclosures regarding Committee positions in other public companies as on 31<sup>st</sup> March 2012 have been made by the Directors.
- iii) The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships / Memberships held by them in other companies is given below.

Names of Director	Category	Board Meetings Held during the Period of directorship	Board Meetings attended	Weather attended last AGM	Directorships held in other public limited companies incorporated in India
Dr.A.N.Singh Chairman & Managing Director	Promoter Executive	5	5	Yes	Nil
Dr.D.C Sastry*	Independent Non Executive	5	4	Yes	Nil

Mrs. Padma Singh	Non Independent Non Executive	5	4	No	Nil
Dr.B.Siva Kumar	Independent Non Executive	5	4	No	Nil
Dr Jeetainder Roy Gour	Independent Non Executive	5	4	Yes	Nil

\* Resigned as director of the Company in the Board meeting held on 03.09.2012

Five Board Meetings were held during the year and the gap between two meetings did not exceed four months. The dates on which the Board Meetings were held are as follows:

5<sup>th</sup> April, 2011; 14<sup>th</sup> May, 2011; 12<sup>th</sup> August, 2011; 14<sup>th</sup> November, 2011 and 3<sup>rd</sup> February 2012.

iv) Disclosure of shareholding of Non-executive Directors required under Clause 49(iv)(e)

Names of the Directors	Shares held on 31.03.2012
Mrs.Padma Singh	10,11,350
Mr.D.C.Sastry *	5000
Dr.B.Siva Kumar	Nil
Dr Jeetainder Roy Gour	Nil

\*Resigned as director of the Company in the Board meeting held on 03.09.2012

v) During the year, information as mentioned in Annexure 1A to Clause 49 of the Listing Agreements has been placed before the Board for its consideration. The board periodically reviews compliance reports of all laws applicable to the company, prepared by the company as well as steps taken by the company to rectify instances of Non-compliance.

### Code of Conduct

The company has in place a code of conduct applicable to all employees of the company and the board members. All Board Members and Senior Management of the company have confirmed Compliance with the Code for the year ending March 31<sup>st</sup> 2012. Annual report contains the declaration to this effect signed by Dr. A.N.Singh, Managing Director of the Company.

### 3. Audit Committee:

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 292A of the Companies Act, 1956.

#### a. *Brief description of terms of reference.*

- Authority to investigate any matter pertaining to the items specified in section 292A of the Companies Act or referred to it by the Board
- Investigate any activity within its terms of reference
- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible
- Reviewing with management the annual financial statements
- Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.

- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit
- Reviewing the Company's financial and risk management policies
- Periodic discussion with the auditors about internal control systems, scope of audit including the observations of the auditors and review the quarterly, half-yearly, and annual financial statements before submissions to the Board.

**b. The Audit Committee was reconstituted on 03.09.2012. The present composition of the Audit Committee is as follows**

Name & Designation	Category	No of meetings	
		Held	attended
Dr Jeetainder Roy Gour Chairman	Non Executive Non Independent	4	3
Dr B Siva Kumar	Non Executive Independent	4	3
Dr. D. C. Sastry-Chairman*	Non Executive Independent	4	3
Dr A N Singh **	Executive and Non Independent	NA	NA

\*Resigned as director of the Company in the Board meeting held on 03.09.2012.

\*\* Dr A N Singh was appointed as a member of the audit committee in the Board meeting held on 03.09.2012

The Secretary of the Company acts as Secretary to the Audit Committee. The audit committee meetings are also attended by the Managing Director, Internal Auditors and Statutory Auditors of the Company.

**c. Meetings of the Committee**

The committee met 4 times during the financial year on 14<sup>th</sup> May, 2011; 12<sup>th</sup> August, 2011; 14<sup>th</sup> November, 2011 and 3<sup>rd</sup> February 2012 there was no time gap of four months between any meetings. The necessary quorum was present at all meetings

**4. Remuneration Committee**

- The Company has constituted a Remuneration Committee of Directors.
- The broad terms of reference of the Remuneration Committee are as under:
  - To approve the terms and conditions for appointment and remuneration payable to Managing Director and other Executive Directors
  - To approve the remuneration payable to executives of the Company and other matters related thereto.

The remuneration committee of the Company comprised of Dr B.Siva Kumar as Chairman, Dr. D. C. Sastry and Dr. Jeetainder Roy Gour as members of the committee. However consequent to the resignation of Dr D C Sastry as the director of the Company on 03.09.2012, the committee was reconstituted as follows:

**Dr B Siva Kumar – Chairman**  
**Dr Jeetainder Roy Gour – Member**  
**Smt Padma Singh - Member**

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

iii) Details of Remuneration for the year ended 31<sup>st</sup> March, 2012:

**a. Non-Executive Directors**

Name	Sitting Fees (Rs)
Smt Padma Singh	10000
Dr D C Sastry	10000
Dr B Siva Kumar	10000
Dr Jeetainder Roy Gour	10000

**b. Managing Director & Executive Directors**

Name	Salary, perquisites & Allowances (in Rs)
Dr. A. N. Singh	6,60,000

**6. Share transfer committee**

- i) The Company has constituted a Share transfer Committee of Directors to look into the approval of transfer / transmission / demat / remat of shares, issue of duplicate, split-up, consolidation, renewal of share certificate, non receipt of balance sheet, non receipt of declared dividends etc.
- ii) Four meetings of the Share transfer Committee were held during the year on 10<sup>th</sup> May, 2010; 12<sup>th</sup> August, 2010; 10<sup>th</sup> November, 2010 and 14<sup>th</sup> February 2011
- iii) The Share Transfer committee of the company for the financial year ended 31.03.2012 comprised of three Non- executive directors namely Dr.D.C.Sastry Chairman, Mrs. Padma Singh and Dr B Siva Kumar as members. Consequent to the resignation of Dr D C Sastry the committee was reconstituted with Dr B Siva Kumar as Chairman, Mrs Padma Singh and Dr Jeetainder Roy Gaur as members in the Board meeting held on 03.09.2012
- iv) Name, designation and address of Compliance Officer

Ms. T A Veena  
Company Secretary  
Celestial Biolabs Ltd  
Plot No. 59  
Road # 12, APIIC Tech Park  
IDA Nacharam,  
Hyderabad – 500 076  
Tel: 040-64565544/65552697  
Email id : [cs@celestialbiolabs.com](mailto:cs@celestialbiolabs.com)

**v) Details of Complaints received:**

Opening Balance	Received during the year	Resolved during the Year	Closing Balance
Nil	Nil	Nil	Nil

The company's Registrar & Transfer agents (R&T Agents) Karvy Computershare Private Limited, are adequately equipped to carry out activities connected with transfer of shares both in physical and demat form and redressal of shareholder's/investor's complaints. The company maintains continuous interaction with the said R&T agents and takes steps for resolving complaints/queries of the shareholder's/investor's and also take initiative and actions for resolving critical issues. Periodic reminders are sent to the shareholder for encashment of unclaimed refund order amount.

The committee has been authorized to approve proposals from transfer of shares in order to expedite the transfer process as also for deletion/spitting/consolidation of share certificates. Valid transfer proposals are approved frequently and the transfer process is completed within the stipulated time period.

**7. General body meetings**

i) Location and time, where last three AGMs held.

Details of Meeting	Venue	Day	Date	Time
Annual General Meeting 2010-11	FAPCCI	Monday	26.09.2011	2.30 P.M
Annual General Meeting 2009-10	FAPCCI	Thursday	30.09.2010	9.00 A.M
Annual General Meeting 2008-09	FAPCCI	Wednesday	30.09.2009	9.00 A.M

In the Annual General Meeting held on 30<sup>th</sup> September 2009 special resolutions were passed for i) Approving the appointment of Mr Amit Singh who holds an office or place of profit and ii) Approving the issue of 8,45,000 convertible warrants on preferential basis.

An extraordinary general meeting was held during the financial year 2011-12 on 28<sup>th</sup> April 2011 for appointment of M/s. Lakshmi Purna & Associates, Chartered Accountants, Hyderabad as the Statutory Auditors of the Company to fill the casual vacancy caused by the resignation of M/s. G.V. Rao & Co., and to obtain the consent for the allotment to members and employees of the company of the eligible sweat equity shares (final tranche) renounced by Dr A N Singh:

**8. Disclosure**

- The company has complied with the provisions of Companies Act, 1956 & other applicable provisions w.r.t related party transaction during the financial year.
- Details of Non-compliance by the Company, penalties structures imposed on the Company stock exchange or SEBI or any statutory authorities or any matter related to capital markets during last three years- Nil
- In the preparation of financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable.

- d. The Company adopted the Code of Conduct for Directors and Senior Management. The code has been circulated to all the members of the Board and Senior Management. The Board members and senior management have affirmed their compliance with the code.
- e. A certificate from the CEO (Managing Director) and CFO (Director (Finance)) was placed before the Board under clause 49 (V) of the Listing Agreement.
- f. In compliance with the Securities & Exchange Board of India (Prevention of Insider Trading) Regulations, 1992, the Company has framed a Code of Conduct for prevention of insider trading by the company insiders.
- g. A qualified practicing Company Secretary carried out secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The secretarial audit report confirms that the total issued/ paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.
- h. The Board in its report have confirmed that the financial accounts for the period ended 31<sup>st</sup> March 2012 have been prepared as per applicable accounting standards and policies and that sufficient care has been taken for maintaining adequate accounting records.
- i. The Company has fulfilled the following non-mandatory requirements as prescribed in Annexure I D to Clause 49 of the Listing Agreements with the Stock Exchanges

## **9. Means of communication**

The quarterly, half yearly and Annual results of the Company are normally published in Business Standard and Andhra Prabha and are also sent to The Bombay Stock Exchange Limited and the National Stock Exchange of India Limited. A management Discussion and Analysis statement is a part of the Company's Annual Report.

## **10. General Shareholder information**

### **i) Annual General Meeting**

Date : Saturday, 29<sup>th</sup> September 2012

Time : 10.00 AM

Venue : Registered office i.e. Plot # 59, Road # 12, APIIC Tech Park, IDA Nacharam, Hyderabad - 500076

### **ii) Financial Year ending : 31<sup>st</sup> March 2012**

### **iii) Date of Book closure : 25<sup>th</sup> September 2012 to 29<sup>th</sup> September 2012 (both days inclusive)**

### **iv) Dividend Payment Date : Not Applicable**

- v) Listing on Stock Exchanges : Bombay Stock Exchange Limited, Floor, 25, P.J.Towers, Dalal Street, Mumbai – 400 001  
National Stock Exchange of India Limited, Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051

Listing Fees as applicable have been paid.

- vi) Stock Code / Symbol

Bombay Stock Exchange Ltd : 532871 / CELESTIAL

National Stock Exchange Ltd : CELESTIAL

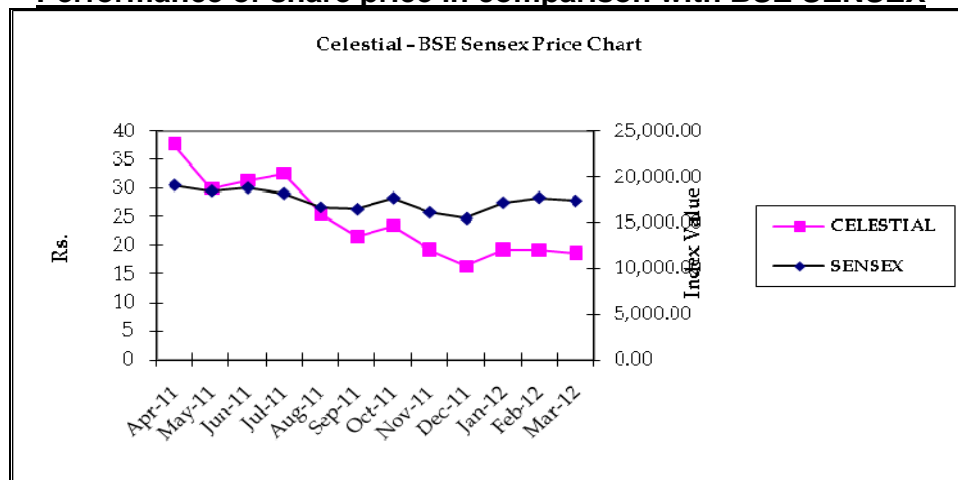
- vii) Market Price Data: High, Low during each month in last financial year

Month	BSE		NSE	
	High	Low	High	Low
April 2011	39.00	30.00	39.00	29.80
May 2011	38.25	25.50	38.25	27.50
June 2011	37.80	28.45	37.95	26.00
July 2011	39.05	29.60	39.00	29.75
August 2011	33.90	23.50	33.90	23.25
September 2011	27.85	21.05	29.00	21.30
October 2011	26.10	19.50	25.20	17.50
November 2011	27.90	18.00	27.90	17.80
December 2011	22.00	15.00	23.00	15.35
January 2012	20.45	16.05	20.00	16.00
February 2012	21.00	15.20	21.00	17.30
March 2012	20.45	15.00	20.00	14.55

- viii) Relative moment chart

The chart below gives the relative movement of the closing price of the company's shares and the BSE Sensex relative to the closing price for the period covering from 1<sup>st</sup> April 2011 to 31<sup>st</sup> March 2012. The management cautions that the price movement of the stock shown below should not be considered indicative of potential future stock price performance.

**Performance of share price in comparison with BSE SENSEX**



- ix) Registrar and Transfer Agents



The company has appointed M/s. Karvy Computershare Private Limited as its Registrar & Share Transfer Agents. Shareholders are advised to approach M/s. Karvy Computershare Private Limited on the following address for any share and demat related queries and problems:

Karvy Computershare Private Limited  
17-24, Vittal Rao Nagar,  
Madhapur, Hyderabad – 500 081  
Tel: 91 40 23420814/23420857, Fax: 91 40 23420815-28  
Website: [www.karvycomputershare.com](http://www.karvycomputershare.com)

x) Share Transfer System

All activities relating to transfer of shares both physical and demat form are handled by the company's R & T Agents, Karvy Computershare Private Limited. Valid share transfer proposals are processed by them and approved by share transfer committee at least twice a month or more depending up on the transfer proposals. Shares of the Company are traded compulsorily on dematerialized form. Transfers are effected by sending certificates within the stipulated period of 30days from the date of receipt, if all the required information is completed in all respects.

xi) Distribution of shareholding

a. Distribution of shareholding as on 31<sup>st</sup> March, 2012:

<b>DISTRIBUTION SCHEDULE AS ON 31/03/2012</b>					
<b>S.No.</b>	<b>Category</b>	<b>No of Cases</b>	<b>% of Cases</b>	<b>No of shares</b>	<b>%</b>
1	upto 1 - 5000	7866	83.15	1349252	9.24
2	5001 - 10000	791	8.36	676194	4.63
3	10001 - 20000	362	3.83	578503	3.96
4	20001 - 30000	131	1.38	344164	2.36
5	30001 - 40000	53	0.56	192229	1.32
6	40001 - 50000	55	0.58	263114	1.80
7	50001 - 100000	104	1.10	783138	5.36
8	100001 & ABOVE	98	1.04	10416406	71.33
	<b>Total:</b>	<b>9460</b>	<b>100.00</b>	<b>14603000</b>	<b>100.00</b>

b. Details of shareholding as on 31<sup>st</sup> March 2012:

<b>Category</b>	<b>No of shares</b>	<b>Percentage</b>
Promoters	5557178	38.06
Non Resident Indians	179031	1.23
Foreign Nationals	1750	0.01
HUF	650334	4.45
Clearing Members	19377	0.13
Bodies Corporate	1023218	7.01
Resident Individuals	7172112	49.11
<b>Total</b>	<b>14603000</b>	<b>100.00</b>

xii) Dematerialization of shares and liquidity

The Company has admitted its shares to the depository system of National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialization of shares. The International Securities Identification Number (ISIN) allotted to the Company is INE 221I01017. The equity shares of the Company are compulsorily traded in dematerialized form as mandated by SEBI.

<b>Details as on 31/03/2012</b>				
<b>S No</b>	<b>Description</b>	<b>No of Holders</b>	<b>Shares</b>	<b>% To Equity</b>
1	Physical	47	314211	2.15
2	NSDL	6243	11387969	77.98
3	CDSL	3170	2900820	19.86
	<b>Total:</b>	<b>9460</b>	<b>14603000</b>	<b>100.00</b>

xiii) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity

**Not Applicable**

xiv) Address for correspondence

<p><b>Registered Office</b> Plot No. 59 Road # 12, APIIC Tech Park IDA Nacharam, Hyderabad – 500 076 Tel: 040-64565544/65552697</p>	<p><b>Plant Location:</b> Lalgadi Malakpet Village Shameerpet Mandal Ranga Reddy District Hyderabad.</p>
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**CORPORATE GOVERNANCE REPORT**

To the Members of  
Celestial Biolabs Limited

1. We have examined the compliance of conditions of corporate governance by Celestial Biolabs Limited for the year ended 31st March 2012, as stipulated in Clause 49 of the Listing agreement of the Company with stock exchanges.
2. The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance with the condition of Corporate Governance as stipulated in the said Clause. It is neither audit nor an expression of opinion of the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of the corporate governance as stipulated in clause 49 of the above mentioned listing agreement.
4. We further state that such compliance is neither assurance as to the future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Lakshmi Purna & Associates**  
**Chartered Accountants**

**Ch.L.Purnachandra Rao**  
**PROPRIETOR**  
**Membership No.22139**  
**Firm Registration No. 012323S**  
Place : Hyderabad  
Date : 03.09.2012

**CEO and CFO Certification**

The Board of Directors  
Celestial Biolabs Limited  
Plot No. 59  
Road # 12, APIIC Tech Park  
IDA Nacharam,  
Hyderabad – 500 076

I, Dr A N Singh, Managing Director of Celestial Biolabs Limited, to the best of my knowledge and belief, certify that:

1. I have reviewed the Balance sheet and Profit and Loss account and all the schedules and notes on accounts, as well as cash Flow statements, and the directors' report.
2. Based on my knowledge and information, these statements, do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under such statements were made, not misleading with respect to the statements made.
3. Based on my knowledge and information, the financial statements, and other financial information included in this report, present in all material respects, a true and fair view of the company's affairs, the financial condition, results of operations and cash flow of the company as of, and for, the periods presented in this report, and are in compliances with the existing accounting standards and / or applicable laws and regulations.
4. To the best of my knowledge and behalf, no transactions entered into by the company during the year are fraudulent, illegal or volatile of the Company's code of conduct.
5. I am responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the company's, and I have:
  - a) Designed such disclosure controls and procedures to ensure that materials information relating to the Company, including its consolidated subsidiaries, is made known to us by other within those entities, particularly during the period in which this report is being prepared.
  - b) Designed such internal control over financial reporting or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with Generally Accepted Accounting Principles (GAAP).
  - c) Evaluated the effectiveness of the company's disclosure, controls and procedures.
  - d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the Company's most recent fiscal year that has material affected, or is reasonably likely to materially affected, the Company's internal control over financial reporting.
6. I have disclosed based on our most recent evaluation, wherever applicable, to the Company's auditors and the audit committee of the Company's Board of Directors (and persons performing the equivalent functions).

- a) There were no deficiencies in the design or operation of internal controls that could adversely affected the Company, ability to record, process, summarize and report financial data, and there have been no material weakness in internal controls over financial reporting including any corrective action with regard to deficiencies.
  - b) There were no significant changes in internal controls during the year covered by this report.
  - c) All significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements.
  - d) There were no instances of fraud of which I am aware, that involve the Management of other employees who have a significant role in the Company's internal control system.
7. In the event of any materially significant misstatements or omissions, I will return to the Company that part of any bonus or incentive or equity-based compensation, which was inflated on account of such errors.
  8. I affirm that I have not denied any personnel, access to the audit committee of the Company (in respect of matters involving alleged misconduct) and I have provided protection to whistleblowers from unfair termination and other unfair or prejudicial employment practices.
  9. I further declare that all Board members and senior managerial personnel have affirmed compliance with the code of conduct for the current year.

**Place: Hyderabad**

**Date: 03.09.2012**

**Dr. A. N. Singh**  
**(Chairman & Managing Director)**

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Industry structure and developments.**

There are more than 25000 pharmaceutical companies presently operating in the Indian market, either as sole manufacturer or as marketers or both, and the number is growing day by day as this is the only industry that has not been hit by the recent recession, and also because of the ever growing demand, for medicines to cater to the extreme rural areas of our country. The Pharmaceutical business can be broadly entered into by two ways:

One is the direct selling which is basically giving products to another agency to market and establish our products and mostly caters to interior most parts of the country, In this kind of operations margin given to the agency is phenomenally higher to meet the requirements of employing sales representatives and accommodate the marketing costs.

Second is Direct marketing or even known as Ethical marketing ,where premium products are promoted by the most company directly to the doctors and the Sales force work under the banner of the company , Here the company represents itself to all the best doctors of the industry and work on gaining credibility for providing the right products with best quality. Ethical marketing involves high initial cost as the sales are purely prescription driven, but, in the long run over a year or two the returns increases phenomenally to the tune of 75 to 80 percent making it the most lucrative business proposition.

The Company has now adopted a two pronged strategy by addressing the Ethical Market as well as the Direct sales appointing agencies who have their own sales force.. While the Ethical Marketing Strategy will ensure appropriate exposure to the company, the Direct sales will attract deep penetration in the outer ring of Urban Areas, in the Rural Areas as well as deep interiors of rural population.

The company has an active list of over 10,000 established Doctors in the Urban/Metros of leading cities as well as sizeable numbers of Doctors from the rural areas. This will create a positive and balanced growth in the volumes of our business and to achieve this objective, we are trying to enhance our working capital

### **Opportunities and Threats.**

There are huge opportunity to tap rural market where buying capacity has increased in view of health consciousness. We are making effort to distribute a mix of medicines having Herbal, allopathic and Biotech combinations. Celsanjivani, our online portal shall be able to provide an edge over others where we will sell our own medicines apart from other healthcare products. Our revamped healthcare ERP package shall also contribute to our volume and profitability.

Working capital has become a major issue as our Industry is working capital intensive and in order to streamline our working, we have to complete capital project at the earliest so that working capital should not be affected due to burden of capital expenditure. Fund raising is a major task and we are confident to meet the requirement and proceed with all strength.

**Segment-wise or product-wise performance.**

In the formulations, we have mix strategy with herbal, allopathic and enzyme formulations. In the Enzyme formulations, our main concentration is on feed supplement catering the need of poultry and cattle segments. With the updated version of healthcare ERP, we shall be able to make a significant impact in the revenue volume and that is in our business synergy. We have received about 65% business volume through formulations including feed supplement and 35% through Clinical data testing and analysis. Our effort shall be to increase formulations including feed supplement to the extent of 85% and healthcare ERP sales to 15% of total business volume in future.

**Outlook**

Although, we have suffered in the past due to huge capital and R&D expenditure, but it will pay in due course of time. We have 45 premium products in Herbal, allopathic and Enzyme formulations now to market in India and overseas. Once our GMP/WHO Production facility is ready at Genome valley of Andhra Pradesh, 40 km from Hyderabad city, we shall be able to increase our sale through export, and also by taking contract manufacturing from MNC's. We are very positive about our future with the current level of Products range and their acceptability in the market. In coming two years, we would be consolidating our effort to increase the business volume through formulations and Healthcare software ERP products.

After two years, we have a plan to setup pentavalent Vaccine facility at Biotech park where all essential infrastructure is ready. A combination of Vaccine and New bio molecule of Vitiligo, and wound healing shall be able to take the company in Big pharma league. Apeptide to increase natural tan in the human body is also under clinical trial and this product is having huge demand in western countries having white skin. The company R&D facility is recognized by DSIR and no's of Research projects for developing new drugs for Artharities, cardiovascular disease are being submitted to Department of Biotechnology, Ministry of science and Technology for Research Funding.

**Risks and concerns.**

Our R&D and capital expenditure have been very high and these expenditure pay in long run only and thus there is considerable pressure to bring additional funds to complete the project and also to meet working capital requirement. However our calculated risk will ultimately reward to the company as well as investors as we have a big pool of patented and premium products and adequate excellent infrastructure. is being created to address the need.

Power availability in A.P is a major concern and running Genset is an expensive proposition. To combat such situations, we have to increase traded goods from other states rather than concentrating on manufacturing alone for time being till the energy situation get improved in the state.

**Internal control systems and their adequacy.**

We were really concerned about internal control but we have identified weakness in all the respective areas of Supply chain of raw material and finished goods. We have put all controls through strong MIS at headquarter as well as at C&F place and we started getting improved results

**Discussion on financial performance with respect to operational performance.**

The financial performance in coming years shall improve as we are controlling all the deficiencies in every operations right from raw material procurement to distribution of finished goods. We are also trying to implement strict credit purchase and sale policy and payment terms and shall adhere to the policy. We have also identified fast moving products and that will be our volume building products. However, we will try to promote ethically our research products like Biosleep, Cell distress and Ventilair and once it is accepted, a huge demand shall be generated in the market

**Material developments in Human Resources / Industrial Relations front, including number of people employed.**

Human resource development is one of our major initiative and we have started in house training on monthly basis by involving outside consultants in the area of team building, supply chain and improving work efficiency. At this stage, our main focus is on quality employee than the nos of employees. Productivity of each employee is being measured with their direct and indirect contribution with respect to their predefined goal and objectives.

**Disclaimer**

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



**AUDITORS' REPORT**

To

The Members,

CELESTIAL BIOLABS LIMITED

1. We have audited the attached Balance Sheet of CELESTIAL BIOLABS LIMITED as at 31st March, 2012, the Statement of Profit and Loss and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said orders.
4. Further to our Comments in the Annexure referred to in paragraph 3 above: we report that:
  - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) in our opinion proper books of account as required by Law have been kept by the Company, so far as it appears from our examination of those Books;
  - (c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) in our opinion, the Balance sheet, the Statement of Profit and Loss and the Cash Flow Statement read together with the significant accounting policies and notes appearing thereon, comply with the applicable Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956;
  - (e) on the basis of written representations received from the directors, as on 31st March, 2012 and taken on record by the board of directors, we report that none of the directors is disqualified as on 31<sup>st</sup>

March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

- (f) in our opinion and to the best of our information and according to the explanations given to us, the accounts, together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
- (g) generally accepted in India :
- i. in the case of the Balance Sheet, of the State of affairs of the Company as at 31st March, 2012;
  - ii. in the case of the statement of profit and Loss , of the Profit for the year ended on that date; and
  - iii. in the case of the Cash Flow Statement, of the Cash flows for the year ended on that date.

for Lakshmi purna & Associates

Chartered Accountants

Firm Registration No.012323S

Ch.L Purnachandra Rao

Proprietor M.No.221392

Place: Hyderabad

Date : 30-05-2012

ANNEXURE TO AUDITORS' REPORT REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

- i. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.**
  - b. All the fixed assets have been physically verified during the year by the management. In our opinion, the frequency of verification of the fixed assets by the management is reasonable having regard to the size of the Company and the nature of its assets and no material discrepancies were noticed on such physical verification.**
  - c. In our opinion, the Company has not disposed off substantial part of fixed assets during the year and therefore do not affect going concern status of the Company.**
  
- ii. a. Inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.**
  - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.**
  - c. On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventories. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of account.**
  
- iii. The Company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, hence clause 4 (iii) of the Companies (Auditor's Report) Order, 2003 is not applicable.**
  
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and sale of goods and services. During the course of our audit, no major weakness has been noticed in internal control system.**

- v. a. In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the companies Act, 1956, that needs to be entered into the register required to be maintained under that section have been so entered.
- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of five lakhs rupees in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- ix. a. According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and other material statutory dues as applicable with the appropriate authorities and no undisputed amounts payable were outstanding as at 31st March, 2012 for a period of more than six months from the date they became payable.
- b. According to the information and explanations given to us and the records of the company examined by us, there are no dues in respect of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax and Excise Duty which have not been deposited on account of a dispute.
- x. The Company neither has accumulated losses at the end of the financial year nor has incurred cash losses during the financial year and in the immediately preceding financial year.
- xi. The company has neither taken any loans from a financial institution and a bank nor issued any debentures. Accordingly, clause 4 (xi) of the Companies (Auditor's Report) Order, 2003 is

not applicable.

- xii. Based on our examination and according to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4 (xii) of the Companies (Auditor's Report) Order, 2003 is not applicable.
- xiii. The Company is not a chit fund or a nidhi/mutual benefit fund/society. Accordingly clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable.
- xiv. According to the information and explanations given to us, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 is not applicable.
- xv. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly clause 4 (xv) of the Companies (Auditor's Report) Order, 2003 is not applicable.
- xvi. In our opinion and according to the information and explanations given to us, on an overall basis, the term loan has been applied for the purposes for which it was obtained.
- xvii. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long term investments.
- xix. The Company has not issued any debentures. Accordingly, the provisions of clause 4 (xix) of the Companies (Auditor's Report) Order, 2003 is not applicable.
- xx. The Company has not raised any money by way of public issue during the year. Accordingly clause 4 (xx) of the Companies (Auditor's Report) Order, 2003 is not applicable.

for Lakshmi purna & Associates

Chartered Accountants

Firm Registration No.012323S

(Ch.L Purna Chandra Rao)

Proprietor M. No.221392

Place: Hyderabad

Date :30-05-2012

<b>CELESTIAL BIOLABS LIMITED</b>				
<b>Balance Sheet as at 31st March, 2012</b>				
<b>(Rupees in Lakhs)</b>				
	<b>Particulars</b>	<b>Note No</b>	<b>As at 03-2012 Audited</b>	<b>31-31-03-2011 Audited</b>
<b>I</b>	<b>EQUITY AND LIABILITIES</b>			
(1)	<b>Shareholder's Funds</b>			
	(a) Share Capital	2	1460.30	1460.30
	(b) Reserves and Surplus	3	6394.87	6303.15
(2)	<b>Non-Current Liabilities</b>			
	(a) Long-term borrowings	4	1264.82	1093.33
	(b) Deferred tax liabilities (Net)	5	67.04	137.71
(3)	<b>Current Liabilities</b>			
	(a) Trade payables		20.68	15.07
	(b) Other current liabilities	6	13.81	42.14
	(c) Short-term provisions	7	10.73	58.61
	<b>Total</b>		<b>9232.25</b>	<b>9110.30</b>
<b>II</b>	<b>II.Assets</b>			
(1)	<b>Non-current assets</b>			
	(a) <i>Fixed assets</i>			
	(i) Tangible assets	8	4049.80	3084.07
	(ii) Capital work-in-progress	9	2099.27	3662.84
(2)	<b>Current assets</b>			
	(a) Current investments	10	-	86.61
	(b) Inventories	11	487.76	400.88
	(c) Trade receivables	12	526.08	459.56
	(d) Cash and cash equivalents	13	16.51	6.89
	(e) Short-term loans and advances	14	85.63	68.84
	(f) Other current assets	15	1967.19	1340.63
	<b>Total</b>		<b>9232.25</b>	<b>9110.30</b>

for Lakshmi Purna & Associates  
Chartered Accountants  
FRN: 012323S

For and on Behalf of the Board

Ch. L. Purnachandra Rao  
Proprietor  
M.NO.221392

Dr.A.N.Singh  
Managing Director                      Director

Place: Hyderabad  
Date: 30 -05- 2012

T.A.Veena  
Company Secretary



<b>CELESTIAL BIOLABS LTD</b>			
<b>Profit and Loss statement for the year ended 31st March, 2012</b>			
<b>(Rupees in Lakhs)</b>			
<b>Particulars</b>	<b>Note No</b>	<b>As at 31-03-2012 Audited</b>	<b>As at 2011 Audited 31-03-</b>
I. Revenue from operations	16	2058.88	2522.32
II. Other Income	17	43.32	10.54
<b>III. Total Revenue (I +II)</b>		<b>2102.20</b>	<b>2532.86</b>
<u>IV. Expenses:</u>			
Cost of materials consumed	18	462.62	1098.43
Purchase of Stock-in-Trade	19	346.33	233.51
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	20	(54.46)	(129.60)
Employee benefit expense	21	176.01	323.78
Financial costs	22	67.32	24.91
Depreciation and amortization expense	9	373.30	315.21
Other expenses	23	702.67	387.82
<b>Total Expenses</b>		<b>2073.79</b>	<b>2254.06</b>
V. Profit before exceptional and extraordinary items and tax (III - IV)		28.41	278.80
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax (V - VI)		28.41	278.80
VIII. Extraordinary Items		-	-
IX. Profit before tax (VII - VIII)		28.41	278.80
X. Tax expense:			
(1) Current tax		7.57	56.86
(2) Deferred tax		(70.67)	(20.22)
XI. Profit(Loss) from the period from continuing operations (VII-VIII)		28.41	278.80
XII. Profit/(Loss) from discontinuing operations		-	-
XIII. Tax expense of discounting operations		-	-
XIV. Profit/(Loss) from Discontinuing operations (XII - XIII)		-	-
XV. Profit/(Loss) for the period (XI + XIV)		28.41	278.80

XVI. Earning per equity share:			
(1) Basic		0.63	1.66
(2) Diluted		0.63	1.66
for Lakshmi Purna & Associates Chartered Accountants FRN: 012323S		For and on Behalf of the Board	
Ch. L. Purnachandra Rao Proprietor M.NO.221392	Dr.A.N.Singh Managing Director	Director	
Place: Hyderabad Date: 30-05-2012	T.A Veena Company Secretary		

<b>CELESTIAL BIOLABS LIMITED</b>		
<b>Notes to the Financial Statements</b>		
	<b>(Rupees in Lakhs)</b>	
	As At	As At
	31.03.2012	31.03.2011
PARTICULARS	<b>Audited</b>	<b>Audited</b>
<b>Note-2</b>		
<b>SHARE CAPITAL</b>		
<b>Authorized</b>		
1,70,00,000 Equity Shares of Rs 10/- each	1,700.00	1,700.00
<b>Subscribed And Paid Up Capital</b>		
1,24,03,000 Equity shares of Rs.10 Each Fully paid up	1,460.30	1,460.30
Share Allotment Money		
22,00,000 Share warrants of Rs.10/- each up at Rs.6.75		
<b>TOTAL</b>	<b>1,460.30</b>	<b>1,460.30</b>
<b>Note-3</b>		
<b>RESERVES &amp; SURPLUS</b>		
<b>Share Premium</b>		
Opening Balance	3,192.33	2,712.93
Additions	-	479.40
Total	3,192.33	3,192.33
<b>GENERAL RESERVE</b>		
Opening Balance	1,071.64	1,047.43
Additions	9.15	24.21
Total	1,080.79	1,071.64
Profit and Loss Account	2,121.75	2,039.40
<b>TOTAL</b>	<b>6,394.87</b>	<b>6,303.37</b>
<b>Note-4</b>		
<b>Long Term Borrowings</b>		
<b>Secured Loans</b>		
Hire Purchase	21.47	35.56
SBI Cash Credit	410.87	302.27
SBI Term Loan	776.98	700.00
Total - A	1,209.32	1,037.83
<b>Un Secured Loans</b>		
Loan from DSIR	55.50	55.50
Total - B	55.50	55.50
Total - A + B	1,264.82	1,093.33
<b>Note-5</b>		
<b>Deferred tax liabilities (Net)</b>		
<b>Liability</b>		
Net Block as per Books(Companies Act)	4,049.80	3,084.07
Net Block as per Income Tax	3,832.85	2,638.42
<b>Timing Difference</b>	216.95	445.65
Deferred tax Liability - Cumulative	67.04	137.71

Less : Provided till last year	137.71	157.93
<b>Liability for the year - (a)</b>	<b>(70.67)</b>	<b>(20.22)</b>
<b>Asset</b>		
Unabsorbed Depreciation & Business Loss	-	-
<b>Deferred tax asset on above - (b)</b>	-	-
Preliminary Expenses	-	-
Asset	-	-
Less: Asset recognized till previous year	-	-
<b>Deferred tax asset on above - ( c )</b>	-	-
<b>Total Deferred Tax Asset (b) + ( c )</b>	-	-
<b>Net Liability / Asset for the year</b>	<b>(70.67)</b>	<b>(20.22)</b>

<b>Notes to the Financial Statements</b>		
	<b>(Rupees in Lakhs)</b>	
	As At	As At
PARTICULARS	31.03.2012	31.03.2011
	<b>Audited</b>	<b>Audited</b>
<b>Note-6</b>		
Other current liabilities	13.81	42.14
<b>Note-7</b>		
Provision for taxation	7.57	56.86
TDS Payable	3.16	1.75
TOTAL	<b>10.73</b>	<b>58.61</b>
<b>Note- 10</b>		
<b>Current investments</b>		
Investments non trade quoted	-	86.61
	-	86.61
<b>Note- 11</b>		
<b>Inventories</b>		
Raw material	63.90	38.26
Packing Material	17.98	10.58
Finished Goods	381.20	334.38
Stores and Spares	0.80	1.43
Work in process	23.88	16.24
TOTAL	<b>487.76</b>	<b>400.88</b>
<b>Note- 12</b>		
<b>Trade Receivables</b>		
(Unsecured and considered good)		
More than six months	73.22	2.86
Less than 6 months	452.86	456.70
TOTAL	<b>526.08</b>	<b>459.56</b>
<b>Note- 13</b>		
<b>Cash and cash equivalents</b>		
Cash on hand	4.89	3.79
Balance with Scheduled banks	11.62	3.10
TOTAL	<b>16.51</b>	<b>6.89</b>
<b>Note-14</b>		
Advances recoverable in cash or kind or for the values to be received	60.89	60.89
Deposits with others	24.74	7.95
TOTAL	<b>85.63</b>	<b>68.84</b>

<b>Note-15</b>		
<b>Other Current Assets</b>		
a) Product development expenses	1,194.16	733.86
Add: addition (To the extent not written off )	760.97	533.69
Total	1,955.13	1,267.55
Less: Written off	119.42	73.39
<b>Total a</b>	<b>1,835.72</b>	<b>1,194.16</b>
b) Public Issue Expenses	146.46	177.96
Less: written off	14.65	31.50
<b>Total b</b>	<b>131.81</b>	<b>146.47</b>
<b>Total - a+b</b>	<b>1,967.53</b>	<b>1,340.63</b>

Note-8

Tangible Assets	Rs. In Lakhs								
	Gross Block				Depreciation			NET BLOCK	
	As on 01.04.2011 Rupees	Additions During the Year Rupees	Deductions During the year Rupees	Total as on 31.03.2012 Rupees	Upto 01.04.2011 Rupees	During the Year Rupees	Total as on 31.03.2012 Rupees	As on 31.03.2012 Rupees	As on 31.03.2011 Rupees
Land & Land Development	298.00		-	298.00	-	-	-	298.00	298.00
Buildings	-	943.24	-	943.24	-	12.81	12.81	930.43	
Lab Equipment	583.80		-	583.80	99.45	41.27	140.72	443.08	484.35
Electrical Equipment	33.67	11.20	-	44.87	21.74	2.91	24.65	20.23	11.93
Bio IT tools and packages	2,403.51	367.82		2,771.33	283.29	274.07	557.36	2,213.97	2,120.21
Furniture & Fixtures	42.25		-	42.25	16.83	2.67	19.50	22.75	25.41
Vehicles	91.99	-	-	91.99	35.01	8.74	43.75	48.24	56.98
Office Equipment	20.93	4.25	-	25.18	9.32	1.55	10.87	14.31	11.61
Computers & Peripherals	171.19	12.50	-	183.69	95.62	29.27	124.89	58.80	75.58
<b>TOTAL</b>	<b>3,645.34</b>	<b>1,339.02</b>	<b>-</b>	<b>4,984.36</b>	<b>561.26</b>	<b>373.30</b>	<b>934.56</b>	<b>4,049.80</b>	<b>3,084.07</b>
Previous Year	3,460.50	184.84	-	3,645.34	246.06	315.21	561.27	3,084.07	3,214.44

**Note-9**

**Capital work-in-progress**

**Rupees in Lakhs**

<b>PARTICULARS</b>	31.03.2011	Addition	Capitalised - During the year	Transfer to Other Current Assets (Product Development)	31.03.2012
	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>(E = A+B-C-D)</b>
<b>CAPITAL WORK IN PROGRESS</b>					
Celsuite and Celtax	347.56	20.26	367.82	-	-
Bio Informatics and Bio Products Development	752.05	8.92	-	760.97	-
Building construction & Civil Works-Nacharam	915.62	27.62	943.24	-	-
Land & Development	351.69	53.31	-	-	405.00
Plant and Machinery	549.00	76.65	-	-	625.65
Building construction and Civil Works	579.01	164.24	-	-	743.25
Pre operative expenses	102.00	34.00	-	-	136.00
Interest On Term Loan	65.91	123.46	-	-	189.37
<b>TOTAL</b>	<b>3,662.84</b>	<b>508.47</b>	<b>1,311.06</b>	<b>760.97</b>	<b>2,099.27</b>



<b>CELESTIAL BIOLABS LIMITED</b>		
<b>Notes to the Financial Statements</b>		
	<b>(Rupees in Lakhs)</b>	
PARTICULARS	As At 31.03.2012	As At 31.03.2011
	<b>Audited</b>	<b>Audited</b>
<b>Note- 16</b>		
Sales – Formulations	1,324.35	1,760.31
Sales-Bio-IT	734.53	762.01
<b>TOTAL</b>	<b>2,058.88</b>	<b>2,522.32</b>
<b>Note- 17</b>		
Interest received on Investments	-	10.02
Miscellaneous Income	43.32	0.52
<b>TOTAL</b>	<b>43.32</b>	<b>10.54</b>
<b>Note: 18</b>		
<b>Material Consumed</b>		
A) Raw Material		
Opening Stock	38.25	14.14
Purchases	432.77	993.68
Less: Closing Stock	63.90	38.25
Total –A	<b>407.12</b>	<b>969.57</b>
B)Packing Material		
Opening Stock	10.58	6.11
Purchases	61.69	100.43
Less: closing Stock	17.98	10.58
Total –B	<b>54.28</b>	<b>95.96</b>
C) Stores & Consumables		
Opening Stock	1.42	-
Purchases	0.60	34.32
Less: Closing Stock	0.80	1.42
Total –C	<b>1.22</b>	<b>32.90</b>
Grand Total A+B+C	<b>462.62</b>	<b>1,098.43</b>
<b>Note- 19</b>		
<b>Purchase of Stock-in-Trade</b>	346.33	233.51
<b>TOTAL</b>	<b>346.33</b>	<b>233.51</b>
<b>Note- 20</b>		
<b>Increase/( Decrease) in Stocks</b>		
Closing Stock		
Work in Process	23.88	16.24
Finished Goods	381.20	334.38
Total	<b>405.08</b>	<b>350.62</b>
Opening Stock		
Work in Process	16.24	20.25
Finished Goods	334.38	200.77
Total	<b>350.62</b>	<b>221.02</b>
<b>Increase/( Decrease) in Stocks</b>	<b>54.46</b>	<b>129.60</b>

<b>CELESTIAL BIOLABS LIMITED</b>		
<b>Notes to the Financial Statements</b>		
	<b>(Rupees in Lakhs)</b>	
	<b>AS AT</b>	<b>AS AT</b>
	<b>31.03.2012</b>	<b>31.03.2011</b>
	<b>Audited</b>	<b>Audited</b>
<b>Note- 21</b>		
<b>Staff Cost</b>		
Salaries and Wages	164.59	313739
Managerial Remuneration	6.60	6.60
Staff Welfare	4.82	3.39
<b>TOTAL</b>	<b>176.01</b>	<b>323.78</b>
<b>Note- 22</b>		
<b>Financial Costs</b>		
Interest on working capital	61.62	18.30
Interest on Hire Purchase Loans	2.86	2.20
Bank Charges	0.84	2.41
Processing Fee on SBI WC & Term Loan	2.00	2.00
<b>TOTAL</b>	<b>67.32</b>	<b>24.91</b>
<b>Note- 23</b>		
<b>Other Expenses</b>		
Communications Postage & Telephone	5.26	4.21
Rent, Rates & Taxes	6.3	4.87
Office Maintenance	2.26	1.31
Travelling & Conveyance	1.86	1.98
Printing & Stationary, Computer consumables	3.46	2.86
Electricity Charges	2.51	4.35
Insurance Charges	2.54	2.31
Professional Charges	5.82	6.19
Books & Periodicals	0.28	0.35
Training & Recruitment Expenses	0.86	1.49
Audit fee	3.40	3.30
Repairs & Maintenance	2.48	1.58
Entertainment	0.26	0.46
W/o Expenses - Product Development & Public Issue Exp.	134.06	104.88
Advertisement Expenses	0.56	0.43
Selling expenses	95.61	60.31
Wastage - Expiry date goods	125.36	-
Provision for Bad debts	39.91	-
R&D Expenses -Drug development		
Raw Material	225.57	109.21
Consumables	0.28	22.76
Salaries and Wages	23.06	32.35
Lab Expenses	21.37	22.61
<b>TOTAL</b>	<b>702.67</b>	<b>387.82</b>

**Notes to Accounts:****I. SIGNIFICANT ACCOUNTING POLICIES:****a) BASIS OF ACCOUNTING :**

- The financial statements have been prepared under the historical cost convention and in accordance with the applicable Accounting Standards as notified by the Companies (Accounting Standards) Rules, 2006 and relevant presentational requirements of the Companies Act, 1956.
- Accounting policies not specifically referred to otherwise are in consonance with prudent accounting principles.
- All revenues, expenses, assets and liabilities having material bearing on the financial statements are recognized on accrual basis, unless otherwise stated.

**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:**

- i) Fixed assets are stated at cost less accumulated depreciation. All costs, directly attributable to bringing the asset to the present condition for the intended use, are capitalized.
- ii) Assets under installation/construction, advances paid towards acquisition of fixed assets, direct costs and related incidental expenses incurred on assets that are not ready for their intended use or not put to use as on the Balance Sheet date are stated as capital work in progress and Incidental Expenditure pending allocation.

**d) DEPRECIATION:**

i) Depreciation on fixed assets has been provided on Straight Line method at the rates specified in schedule XIV to the Companies Act, 1956, except for the following assets, for which management has estimated the useful life and provided depreciation accordingly.

- ii) The company has provided depreciation at 100% in respect of assets costing less than Rs. 5,000/- each and depreciation on the assets acquired during the year is provided on pro-rata basis.

**e) Product Development Expenditure:**

Expenditure incurred on research of new products has been treated as Product Development expenditure and the same has been written off in 10 years equally yearly installments from the year in which it is incurred.

**f) RETIREMENT BENEFITS:**

There are no permanent employees on the rolls of the company and the company is not liable to pay any retirement benefits. Hence, Provision for Retirement benefits is not made in the books of account.

**g). Sales and Revenue Recognition:**

Revenue from service is recognized when significant risks and rewards in respect of ownership of the products are transferred to the customer. Revenue from domestic sales is recognized on dispatch of products from the company.

**h). Taxes on Income**

Income Tax is provided on the profits of the company as per the Income Tax Act 1961 and other applicable rules and regulations to the company.

Deferred Tax is recognized on time difference between the accounting income and taxable income for the period and quantified using the tax rates and laws enacted or substantially enacted on the balance sheet date.

**i). Earning Per Share ( EPS )**

The basic Earnings per share (EPS) are computed by dividing the net profit after tax for the year by the weighted average number of equity share outstanding during the year.

**j). Inventories :**

According to the Records of Company Physical verification has been conducted by the Management at reasonable intervals in respect of Stocks are in my opinion, reasonable and adequate in relation to the size of the Company and the nature of its business.

**Notes to Accounts:**

**24. Segment Reporting:**

Based on the guiding principles given in Accounting Standard on Segment Reporting (AS -17) issued by the Institute of Chartered Accountants of India the company's primary business segment is formulations. During the period your company has achieved a turnover of Rs 1324.35 lakh for formulations and Rs 734.53 lakh for Bio IT.

**25. Related Party disclosures:**

SL No	Name of Related Party	Name of the Transaction	Amount
1	Dr. A.N. Singh	Remuneration	6.60
2	Padma Singh	Sitting Fee	0.10
3	Amit Kumar Singh	remuneration	3.60

26. **Auditors' Remuneration:**

	2011-2012	2010-2011
	Rs.	Rs.
Audit Fee	3,40,000	3,40,000
	=====	=====

27. Managerial Remuneration under Section 198 of the Companies Act, 1956 paid or payable to the Directors:

Particulars	2011-2012	2010-2011
	Rs.	Rs.
Remuneration	6,60,000	6,60,000
	-----	-----
	6,60,000	6,60,000
	=====	=====

28. Earnings/ (Loss) per Share:

Number of shares used in computing earnings per share:

Particulars	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
Net Profit for the Year	Rs 91.50 lakhs	Rs 242.16 lakhs
Weighted Average No. of Shares Outstanding during the year	Rs 146.03 lakhs	Rs 146.03 lakhs
Basic & Diluted Earnings per share (Rs)	0.63	1.66
Normal value of Shares (Rs)	10/-	10/-

29) Paise have been rounded off to the nearest Rupee.

30) On applicability of revised Schedule VI from current year, the Company has reclassified previous year figures to conform to this year's classification. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of the financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of Balance Sheet.

31).Balance in respect of creditors, Various Advances, Sundry Debtors are subject to confirmation from the respective parties.

32).As the company has not in the possession of information regarding dues to the Micro, Small and Medium Enterprises, the same has not been furnished herewith.

**33). Additional Information required under Part II of Schedule VI to the Companies Act 1956.**

**a) Capacities and Production**

**Product Unit Installed capacity / Actual Production**  
Licensed Capacity

**Not Applicable**  
Not Applicable

**b)TURNOVER:**

Bio IT , Herbal and Allopathic formulations	Rupees In Lakhs	
	2011-2012	2010-11
Bio It, Herbal and Allopathic Formulations	2058.88	2532.86
Inventory	381.20	334.38
Raw Material Stores & Parts	16.24	20.25
Expenditure in foreign Currency	NIL	2.32
Earning in foreign exchange	NIL	12.63
R & D Expenditure details:		
Particulars		
a) Capital	367.82	167.40
b) Recurring	<u>270.28</u>	<u>186.93</u>
Total	638.81	354.33

**34. TECHNOLOGY ABSORPTION:**

<b>A. Research &amp; Development (R &amp; D)</b>		
1	Specific area in which R & D carried out by the company	Bio tools, Software Package and Drug Molecule Development
2	Benefits derived as a result of the above R & D	Products are ready and few products we have started marketing and few are under optimization
3	Future plan of action	We will continue to work on clinical trial of Bio drug Molecule and optimization of Bio IT tools. We will also make all efforts to have herbal formulations patented at Celestial Biolabs Limited.
4	Expenditure on R & D:	(Rs. In Lakhs)
	a. Capital	<b>2011-12</b> <b>2010-11</b>
	b. Recurring	367.82                              167.40
	c. Total	270.28                              186.93
	d. Total R & D expenditure as a percentage of total turnover	638.10                              353.33
		30.99%                              14.04%

As per our Report Attached

for and on Behalf of the Board

**For Lakshmi Purna & Associates**

Chartered Accountants

**Ch. L. Purnachandra Rao**

Proprietor

M.No.221392

Frm Reg. 012323S

**Dr. A.N. Singh**

Managing Director

**Dr. D.C. Sastry**

Director

Place: Hyderabad

Date:30-05-2012

**T.A.Veena**

Company Secretary

CELESTIAL BIOLABS LIMITED CASH FLOW STATEMENT			
Particulars		Rs.in Lakhs	
		01.4.2011 to 31.03.2012	01.4.2010 to 31.03.2011
<b>A.</b>	<b>Cash Flow From Operating Activities</b>		
	Net Profit before Tax & Appropriations	28.41	278.79
	Depreciation	373.30	315.21
	Interest and Financial Charges Paid	67.32	24.91
	Interest Earned	-	(10.02)
	Differed Tax	70.67	20.22
	Provision for Tax	(7.57)	(56.86)
	Operating Profit Before Working Capital Charges	<b>532.13</b>	<b>572.25</b>
	<b>Adjustments for:</b>		
	(Increase)/Decrease in Sundry Debtors	(66.52)	(326.11)
	(Increase)/Decrease in Deposits, Loans & Advances	(16.79)	-
	(Increase)/Decrease in Inventory	(86.88)	(179.85)
	Increase/(Decrease) in Current Liabilities	(39.48)	36.55
	<b>Cash Generated from Operations</b>	<b>322.46</b>	<b>102.84</b>
	Net Cash generated from Operating Activities (A)	<b>322.46</b>	<b>102.84</b>
<b>B.</b>	<b>Cash Flow from Investing Activities:</b>		
	Purchase of fixed assets	(1,339.02)	(184.84)
	Capital work in progress	1,563.57	(1,338.97)
	Investments	-	327.97
	Interest earned	-	10.02
	Product development expenses	(641.56)	(463.65)
	Net Cash generated from/(Used) Investing Activities (B)	<b>(417.01)</b>	<b>(1,649.47)</b>
<b>C.</b>	<b>Cash Flow from Financial Activities</b>		
	Increase/(Decrease) in Bank Borrowings	185.58	522.40
	Increase/(Decrease) in Hire Purchase Loans	(14.09)	20.51
	Issue of Capital with premium	-	612.90
	Increase/(Decrease) in Unsecured loans	-	-
	Interest and Financial Charges Paid	(67.32)	(24.91)
	Net Cash generated from/(Used) Investing Activities (C)	<b>104.17</b>	<b>1,130.90</b>
	<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>9.62</b>	<b>(415.72)</b>
	Cash and Cash equivalent at the beginning of the year	6.89	422.61
	Cash and Cash equivalent (Closing Balance)	16.51	6.89

As per our Report Attached

for and on Behalf of the Board

**For LAKSHMIPURNA & Associates**

Chartered Accountants

**Ch. L. PURNACHANDRA RAO**

Proprietor

M.No.221392

Place: Hyderabad

Date: 30-05-2012

**Dr. A.N. Singh**

Managing Director

**T.A.Veena**

Company Secretary

**Dr. D.C. Sastry**

Director



**CELESTIAL LABS LIMITED**

PLOT NO. 59, ROAD NO.12, APIIC TECH PARK, IDA NACHARAM, HYDERABAD - 500076

**BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE**

**I REGISTRATION DETAILS**

Registration Number

0	1	-	2	8	3	7	4
---	---	---	---	---	---	---	---

State Code

0	1
---	---

Balance Sheet  
Date

3	1	0	3	2	0	1	2
---	---	---	---	---	---	---	---

**II CAPITAL RAISED DURING THE YEAR (ABOUT IN Rs. THOUSANDS)**

Public Issue

N	I	L
---	---	---

Rights Issue

N	I	L	
---	---	---	--

Bonus Issue

N	I	L
---	---	---

Private Placement

	N	I	L	
--	---	---	---	--

**III POSITION OF MOBILISATION & DEPLOYMENT OF FUNDS (AMOUNT IN Rs. THOUSANDS)**

Total Liabilities

9	2	3	2	2	5
---	---	---	---	---	---

Total Assets

9	2	3	2	2	5
---	---	---	---	---	---

**SOURCES OF FUNDS**

Paid up Capital

1	4	6	0	3	0
---	---	---	---	---	---

Reserves and Surplus

6	3	9	4	8	7
---	---	---	---	---	---

Secured Loans

1	2	6	4	8	2
---	---	---	---	---	---

Unsecured Loans

5	5	5	0
---	---	---	---

**APPLICATION OF FUNDS**

Net Fixed Assets

4	0	4	9	8	0
---	---	---	---	---	---

Investments

N	I	L	
---	---	---	--

Net Current Assets

1	0	7	1
---	---	---	---

Mis. Expenditure

1	9	6	7	5	3
---	---	---	---	---	---

Accumulated Losses

N	I	L
---	---	---

Deferred Revenue  
Expenditure

	N	I	L	
--	---	---	---	--

Public Issue Expenses

1	3	1	8	1
---	---	---	---	---

Product Development

1	8	3	5	7	2	
---	---	---	---	---	---	--

**IV PERFORMANCE OF THE COMPANY (AMOUNT IN Rs. THOUSANDS)**

Turnover

2	1	0	2	2	0
---	---	---	---	---	---

Total Expenditure

2	0	7	3	7	9	
---	---	---	---	---	---	--

Profit before  
Tax

	2	8	4	1
--	---	---	---	---

Profit After Tax

	9	1	5	1
--	---	---	---	---

Earning per share (in  
Rs)

0	.	6	3
---	---	---	---

Dividend rate %

N	I	L	
---	---	---	--

As per our Report attached  
FOR Lakshmi Purna & Associates  
Chartered Accountants

For and on behalf of the  
Board

**Ch. L PURNACHANDRA RAO**  
Proprietor

**Dr.A. N. SINGH**  
MANAGING DIRECTOR

Place: Hyderabad

Date : 30.05.2012

**CELESTIAL BIOLABS LIMITED**

**PROXY**

I/We \_\_\_\_\_ of \_\_\_\_\_ a Member/Members of the above named company, hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_ as my /our proxy to attend and vote for me/us on my/our behalf of the 14<sup>th</sup> Annual General Meeting of the company to be held on Saturday 29<sup>th</sup> September, 2012 at 10.00 A.M. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012.

Reference folio No/DPID/Client ID \_\_\_\_\_

Signature \_\_\_\_\_

No of Shares \_\_\_\_\_

Affix necessary stamp
-----------------------------

PLEASE SEE THE INSTRUCTIONS OVER LEAF

Notes: 1. The Proxy to be effective, should be deposited at the registered office of the company at Hyderabad, Plot # 59, Road No-12, APIIC Tech Park, IDA Nacharam, Hyderabad – 500 076, Andhra Pradesh, India not later than Forty-eight hours before the commencement of meeting.

2 .A proxy need not be a member of the company Should you desire, you may also appoint the chairman or the company secretary of the company as indicated above in the event of a poll being demanded at the meeting.

**CELESTIAL BIOLABS LIMITED**

**Registered Office: Plot #59, Road No.12, APIIC Tech Park, IDA Nacharam, Hyderabad-500 076, Andhra Pradesh, India.**

ATTENDENCE SLIP

PLEASE FILL THIS ATTENDENCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

Joint shareholders may obtain additional attendance slips at the venue of the meeting

DPID*		Master Folio No	
Client ID*		No of Shares	

**NAME AND ADDRESS OF THE SHARE HOLDERS**

I hereby record my presence at the 14<sup>th</sup> ANNUAL GENERAL MEETING OF THE Company held on Saturday, the 29<sup>th</sup> September, 2012 at 10.00 A.M. at the registered office of the Company at Plot # 59, Road # 12, APIIC Tech Park, IDA Nacharam, Hyderabad – 500076.

\*Applicable for Investors holding shares in dematerialized.

\_\_\_\_\_  
Signature shareholder/proxy

**CELESTIAL BIOLABS LIMITED**  
**E-COMMUNICATION REGISTRATION FORM**

Folio No. (FOR PHYSICAL SHARES) :

Name of 1st Registered Holder :

Name(s) of Joint holder(s) :

Registered Address :

E-Mail ID :

I, shareholder of Celestial Biolabs Limited agree to receive communication from the Company in electronic mode. Please register my above e-mail in your records for sending communication through e-mail.

Date: \_\_\_\_\_

Signature \_\_\_\_\_

First holder

Notes:

1. Shareholder(s) is/are requested to keep the Company informed as and when there is any change in the e-mail address.
2. In case, shares are held in electronic form, kindly register your email particulars with your Depository Participant