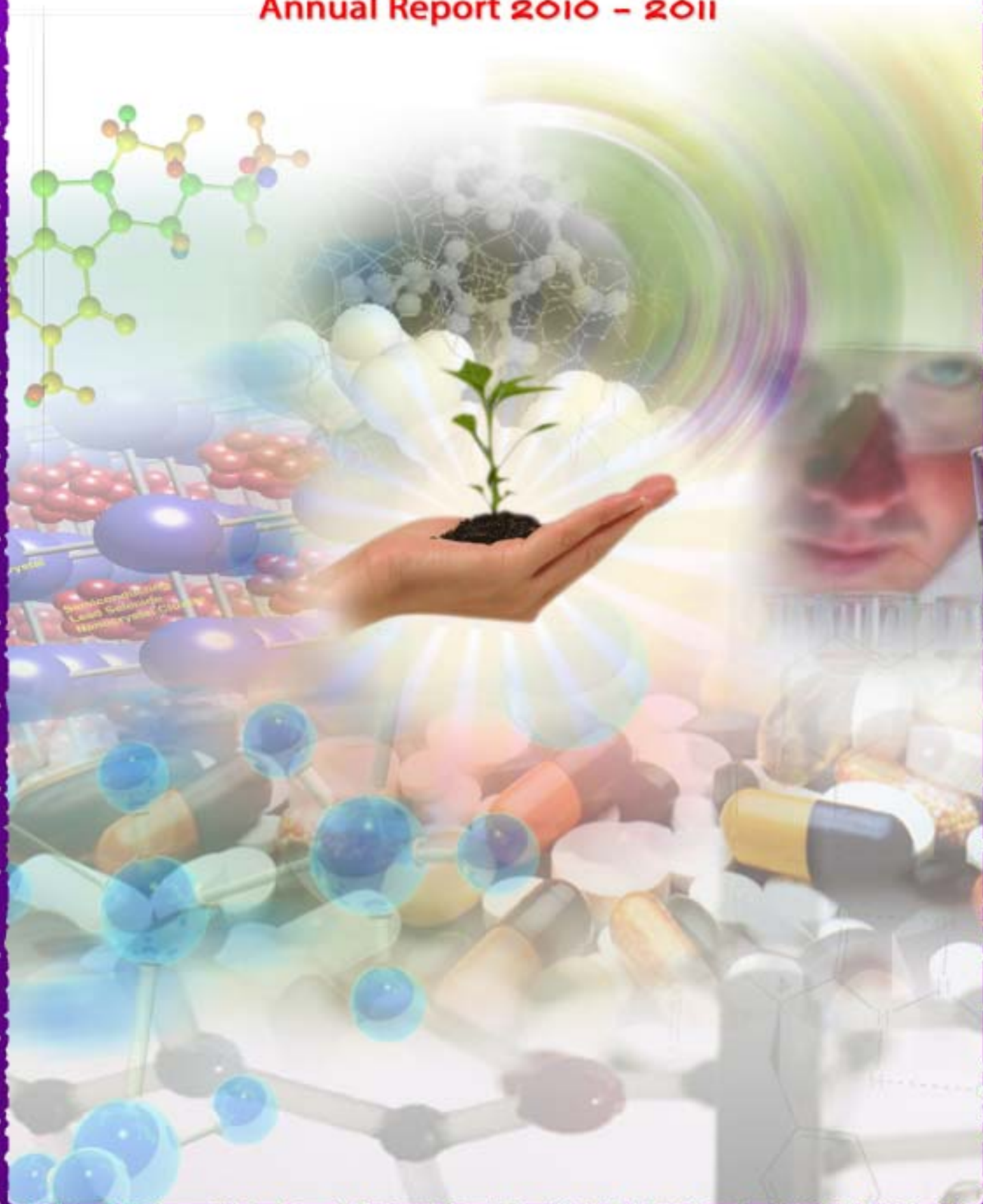




CELESTIAL  
BIOLABS LIMITED

# CELESTIAL BIOLABS LIMITED

Annual Report 2010 - 2011



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## Corporate Information

### BOARD OF DIRECTORS

Dr. A. N. Singh	Managing Director
Mrs. Padma Singh	Director
Dr. D. C. Sastry	Director
Dr.B.Siva Kumar	Director
Dr. Jeetainder Roy Gour	Director

### REGISTERED OFFICE :

Plot No. 231 A, M L A Colony,  
Road No. 12, Banjara Hills  
Hyderabad 500 034,  
A.P. India  
Phones: +91 40 23540008  
Fax: +91 40 23542844

### 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 Statement**

"BACKED BY OUR INNOVATIONS, EXCELLENT MANPOWER, SYSTEMS, STRATEGIES, CORPORATE GOVERNANCE AND PRODUCTS RANGE, WE ARE CONFIDENT OF ACHIEVING OUR OBJECTIVE.

The Formulation, Processes, product and packaging have been standardized. Products in each category have been moving steadily in the market.

Most of the products have been welcomed by the medical doctors and well accepted. You may be pleased to know that the company is receiving good report from Doctors, patients and Distributors about the efficacy of the products.

Both the service and corporate office and the Manufacturing facilities are getting ready very soon. We are eagerly looking forward to proudly occupy your Company's own corporate premises in Nacharam very shortly.

The facility at Biotech park will take care of our Bio formulations and most of the current products in Herbal and synthetic range shall be continued with our good contract manufacturers. This new facility will equip your company to add some value added bio formulations in order to increase volume and profitability.

The company bioinformatics facility has already been recognized by Department of Science & Industrial Research, Ministry of science and technology and now wet lab experimentation facility is also been recognized. Further, our Good Manufacturing Process meeting schedule M and WHO compliance shall be able to provide an edge in the market.

In an era of highly competitive market and extremely regulated technology and production, it is now mandatory to meet specification of the major international regulatory bodies such as the (General Manufacturing Practices (GMP). We are happy to inform you that our own new manufacturing facilities in Shameerpet have been nearly completed according to the details of GMP/ WHO guidelines. This is in addition to the regulatory prescriptions by the Pollution Control Board of India.

In the knowledge driven society of today, it is excellent manpower that builds a company and we are making all effort to achieve our objective in this regard. The manpower is being increased in Research, production and marketing. After going through complete selection process and recruitment, a suitable orientation shall be given to new employees.

Your company is putting major emphasis on product improvisation, operational efficiency & investing in technology for better tomorrow. Your company is improving decision support system backed by advance IT initiative. We are extremely confident that your company shall be able to perform better in very near future. Our diversified business model is unique. We are working in a mix model of Products & Services to serve the biopharma communities.

We are developing intellectual property rights both in the form of biotools & biopharma products that will provide internal strength to our business in terms of quality and quantity. Our Herbal & Enzyme products are getting wider recognition among the consumers and we are coming out with different formulation to meet the expectation of the market. We are scaling up our marketing network in South East Asian and African countries. We are also registering our products in East, West and South African countries.

We appreciate our staff members, our business partners, vendors, business associates as well as the statutory authorities for their valuable support. We would like to thank our shareholders for their trust, encouragement & support.

**Dr. D.C. Sastry**

## **NOTICE**

Notice is hereby given that the Thirteenth Annual General Meeting of the members of **CELESTIAL BIOLABS LIMITED** will be held on Monday the 26<sup>th</sup> September, 2011 at 2.30 P.M at The Federation of Andhra Pradesh Chamber of Commerce and Industry, Federation House, 11-6-841, Red Hills, Hyderabad – 500 004 to transact the following business:

### **Ordinary Business:**

1. To receive, consider and adopt the audited Balance Sheet as on 31<sup>st</sup> March, 2011, 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. C. Sastry who retires by rotation, and being eligible offers himself for reappointment.
3. To appoint a Director in place of Smt. Padma Singh who retires by rotation, and being eligible offers herself 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.

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

Place: Hyderabad  
Date : 29.08.2011

Dr. A. N. Singh  
(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. Members who hold shares in dematerialized form are requested to write their Client ID and DPID Number and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.
4. In case of joint holders attending the meeting, only such joint holder who is higher in the order of name will be entitled to vote.
5. Register of Members and Transfer Books of the Company will be closed from 22<sup>nd</sup> September 2011 to 26<sup>th</sup> September 2011, both days inclusive.
6. 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.
7. 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.

**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. D C Sastry	Padma Singh
1	Qualification	Ph.D in Botany	Graduate and post graduate Diploma in Computer
2	Experience	Over 3 decades in research and development in Bio Products	Over a decade of experience as a social activist
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	5000	926350



## **DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting the Thirteenth Annual Report of your Company along with the audited Statement of Accounts for the financial year ended 31<sup>st</sup> March 2011. 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 2010-11 in comparison to the year 2009-10 are as follows:

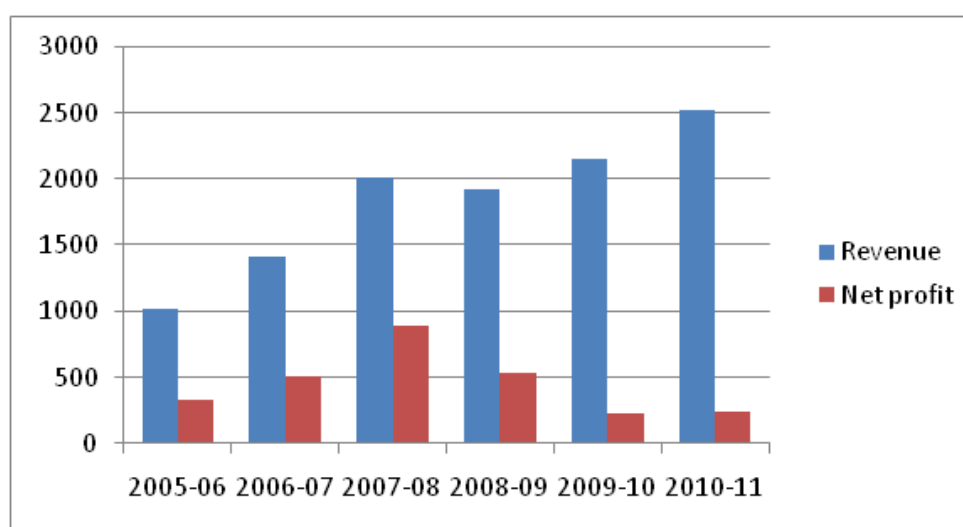
(Rs. In Lakhs)

<b>Particulars</b>	<b>2010-11</b>	<b>2009-10</b>
Sales	2532.86	2183.41
Profit before Depreciation	594.00	315.88
Depreciation	315.21	50.20
Profit Before Tax	278.79	265.68
Deferred Tax	(20.22)	(6.88)
Provision for MAT	56.86	38.87
Provision for FBT	NIL	NIL
Net Profit for the year	242.15	233.68
Profit & Loss Account balance brought forward	1821.46	1611.14
Dividend	NIL	NIL
Corporate Dividend Tax	NIL	NIL

### **Performance**

We have been able to achieve a turnover of Rs.2532.86 Lakhs. The percentage increase in the turnover is 16% and increase in net profit 9% respectively when compared to that of previous year.

(Rs. In Lakhs)



**Future Outlook:**

The company is having a wide range of Bio pharmaceutical products already approved on Celestial Biolabs name to manufacture and market for domestic as well as export requirement. The company is making aggressive strategy to make penetration in African and South East Asian countries market. The company own Bioformulation facility shall be operational by December 2011 at Genome valley of Andhra Pradesh. Further the Company has plan to setup Pentavalent type Vaccine facility at Genome Valley, Turkapally, Rangareddy District, Andhra Pradesh and in this regard, the Land and its development activities are already completed. However the vaccine facility shall be setup only in 2 years time once the present bio formulation is fully established and start performing.

**Share Capital:**

During the financial year the under review the paid up capital of the Company had been enhanced from Rs. 11,78,30,000 to Rs.14,60,30,000. The increase is consequent to allotment of

- a) 6,20,000 equity shares of Rs.10/- each to Dr A N Singh, Managing Director of the Company in lieu of part compensation for transfer of ownership rights of Intellectual property assets (Software programme –worth Rs.8.17 Crores) developed and owned by him to the Company and
- b) on conversion of warrants into 22,00,000 equity shares of Rs.10/- each on 14.12.2010.

**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.

**Renunciation of Sweat Equity Shares by Dr. A. N. Singh:**

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, 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

However, Dr Singh has expressed his intention of renouncing the shares he is eligible in the final tranche [Comprising 60% (approx) of the total consideration of the IPR's] in favour of the members and employees of the Company.

In this regard the Company is in the process of obtaining approvals from all the statutory authorities as required. The Shareholders would be timely intimated of any progress or development in this regard.

**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.

**Directors:**

Dr. D. C. Sastry and Mrs. Padma Singh, 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.

**Internal Control Systems:**

Your company has well-established procedures for internal control system commensurate with its size and operations. Information as required under Section.217 (1)(e) of the Companies Act, 1956 is annexed and forms part of this report

**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 2011, 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 2011 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 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 : 29.08.2011

**Dr D C Sastry**  
(Chairman)

**Dr A N Singh**  
( 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.

#### A. Power & Fuel Consumption

Electricity	Current year 2010-11	Previous year 2009-10
1 a) Purchased:		
Units		
Total Amount	Not applicable	Not applicable
Rate / Unit		
b) Through Diesel Generator:	Not applicable	Not applicable
Units		
Unit per Ltr. Of Diesel Oil		
Cost / Unit		
2 Coal (specify quantity & where used)		
Quantity (tones)	Not applicable	Not applicable
Total cost		
Average rate		

#### TECHNOLOGY ABSORPTION:

A. Research & Development (R & D)	
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