

Leadership through focused Research

Innovation in support of Health Care



# CELESTIAL BIOLABS LIMITED



Introducing our new Research Product

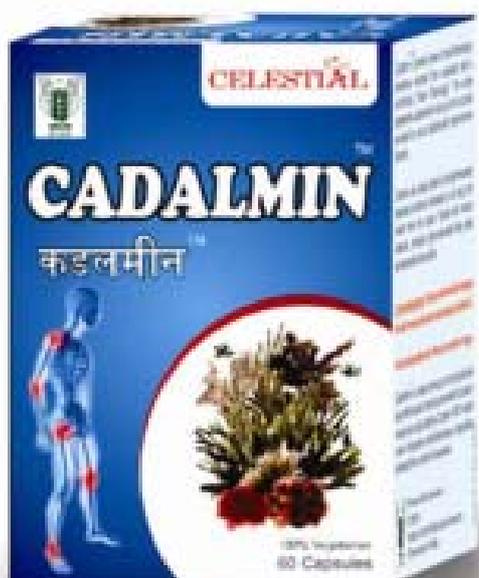
**CADALMIN<sup>®</sup>**  
(Green Algal extract (GAE))



Committed to provide affordable and innovative medicines for healthier life



**A Break through research in the treatment of Joints pain**  
*at "Central Marine Fisheries Research Institute (Govt of India)" Kochi.*



**CADALMIN™**  
**कडलमिन**

Green Algal extract (GAe)

Mother nature's  
first ever Effective and Safe  
Research molecule for all  
kind of Joints Pain



## Celestial Cadalmin™ GAe for Arthritis and Joints pain

This product has been developed at CMFRI (A prestigious ICAR Institute) and being manufactured and Marketed by Celestial Biolabs Ltd. Celestial Biolabs Ltd is an Hyderabad based public limited Biopharmaceutical company located at APIIC Tech Park, Nacharam. Cadalmin™ GAe contains 100% natural marine bioactive anti-inflammatory ingredients extracted from selected marine macro alga by a patented technology. The product is effective to combat arthritic pain and inflammatory diseases in human beings. The active principles in Cadalmin™ GAe competitively inhibit pro-inflammatory mediators, resulting in decreased production of inflammatory prostaglandins and leukotrienes, and its activity was found to be superior to some of the synthetic non steroidal anti-inflammatory drugs available in the market. Animal model experiments proved the efficacy and safety of this nutraceutical. Time dependent *in vivo* animal model studies on mammalian subjects revealed the inhibition of inflammatory response to the tune of 73-76% by Cadalmin™ GAe and its active components as compared to a maximum of 70% for the popular painkiller aspirin that was reported to induce an adverse effect on various human metabolic and physiological parameters. Cadalmin™ GAe suppresses the oedema produced by histamine, and exhibits its anti-inflammatory action by means of either inhibiting the synthesis, release or action of anti-inflammatory mediators. The mean lethal dose (LD<sub>50</sub>) of Cadalmin™ GAe was found to be greater than 4000 mg/kg body weight of the mammalian subjects that indicate the safety of the product. As part of the further safety assessment of the extract, feeding of Cadalmin™ GAe even at a dose upto 2500 mg/kg body weight did not induce significant change in body weights, haematological indices, histo-pathological, and serum biochemical parameters between the control and treated groups indicating that it has no toxicity to the experimental animals.

Cadalmin™ GAe distributed to more than 400 patients suffering with chronic joint pain and arthritis. A questionnaire and clinical trial-based studies revealed that more than 98% of the respondents consumed Cadalmin™ GAe were satisfied with the product with about 70-85% relief in joint pain and arthritis. None of the respondents reported any side effects. The diagnostically useful autoantibody termed as Rheumatoid Factors (RFs), which are the most useful prognostic marker for rheumatoid arthritis significantly reduced from more than 300 IU/mL to less than 20-35 IU/mL within a period of two months of consuming the product.

Cadalmin™ GAe is a pure natural and 100% vegetarian product, with its therapeutic values, is an important substitute for synthetic drugs. Being a 100% natural product Cadalmin™ GAe has a promising consumer appeal, and market potential especially for the large vegetarian population in India and abroad. The unique biochemical engineering techniques adopted to retain the anti-inflammatory activities in the preparation of Cadalmin™ GAe assures higher shelf life. Detailed evaluation using laboratory animal models proved that Cadalmin™ GAe could be safely taken without any side effects, providing relief to people suffering from arthritis and joint pain. The hygienically processed active ingredients are housed in low moisture content 100% plant-based Nature caps capsules that meet the dietary or cultural needs of customers that follow a vegetarian lifestyle.

**Ingredients :** Per capsule : Cadalmin active principle 250 mg enriched with 100% natural ingredients.

**Recommended Dosage:** Two capsules twice daily after food for the first 3 months followed by a maintenance dose of two capsule per day.

## List of Products

### HERBAL Formulations

**Biovita** (Granuels)

**Rhumacel** (Oil & Lotion)

**Gynocel** (Syrup)

**O-kof** (Syrup)

**Cel-Digest** (Syrup)

**Bioliv** (Syrup)

**Cadalmin** (Capsules & Cream)

**Healthone** (Syrup)

**Cel-Clear** (Syrup)

**Trem Plus** (Cream)

**C-Kaps** (Capsules)

**Chyawanprash** (Enriched with Almonds)

**Glucocel** (Capsules)

**Relifin** (Capsules)

**Touch** (Rool on Balm)

**Bio-Sleep** (Tablets)

**Biopower Gold** (Capsules)

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## **Corporate Information**

### **BOARD OF DIRECTORS**

Dr. A. N. Singh	Managing Director
Dr. Jeetainder 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 : [cs@celestialbiolabs.com](mailto:cs@celestialbiolabs.com)  
e-mail : [investors@celestialbiolabs.com](mailto:investors@celestialbiolabs.com)  
e-mail: [cadalmin@celestialbiolabs.com](mailto:cadalmin@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

Innovation is the key in biopharmaceuticals.. Biopharma product development is a process driven, time taking and expensive proposition. New and Innovative products shall always create demand and your company shall be benefitted. Ultimately, our R&D initiatives have given us two research products like Cadalmin and Biovita. 4 New molecules in peptide and two products in Enzymes are in advance stage of development. At this stage, when we have already invested substantial money on research and development activities, bringing further fund for R&D is difficult however, we would like to continue our product development effort with the support of Department of Science and Technology.

#### Performance

We have result oriented and proven products range in Herbal, and Bio- formulations. We are also upgrading our healthcare ERP products. Our Celsanjivani.com on line portal is going to be operational next month and shall be able to create a huge business volume. We are moving in synergy by improving our supply chain and also introducing new control measures. We are not satisfied with our financial performance but we shall overcome with all the problems very soon and move ahead with complete solidity in all respect.

#### Industry

Biopharmaceutical Industry has done relatively better but we are passing through a difficult phase and making all our effort to complete the capital project in order to streamline all our manufacturing under one umbrella. 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 clubbed with extremely good facility of R&D. We will continue to pursue our R&D initiative in peptide, Enzymes and protein and proceed with manufacturing of these range of products at new facility. Project at SEZ at Biotech park shall provide us an opportunity to market our products in Domestic and overseas market.

#### Strategy

Strengthening the manufacturing and improving marketing and distribution channel is our main focus. 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 additional financial assistance. WHO stamping on the premier products, shall provide us an opportunity to market our products in African and south East Asian countries. On line portal, Celsanjeevani.com shall definitely improve the sales and quality personnel shall be employed to take the operational activities of the portal.. Reaching everywhere through C&F and distributors is an difficult proposition and online sales will take us at every corner of India.

#### 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 and thus we will ensure professional skill development

#### Collaboration

We are also developing collaborations with CSIR and ICAR institutions to develop the Biotech products. Collaborative research projects with these premier research organization shall provide an competitive edge and also increase our learning graph having association with very experienced Research scientists of these prominent institutions.. 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 production, supply chain can be improved in order to increase the business volume. CMFRI Kochin association has given us Cadalmin, a great product. Cadalmin efficacy is so high that people suffering from arthritis are getting tremendous relief. Further we are moving to have an collaborative research with Osmania University of Hyderabad to develop molecule to treat diabetes

#### Value to the shareholders

We always keep shares holders interest on priority and would like to ensure all our shares holders that we will maximize their return on investment in another two years time. 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 distributed worth Rs12 lakhs of medicines free to poor people who did not afford to buy the 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. There is very good response from farmers to work on contract farming to grow medicinal plants.

#### Acknowledgement

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

Dr A.N. Singh

## **NOTICE**

Notice is hereby given that the Fifteenth Annual General Meeting of the members of **CELESTIAL BIOLABS LIMITED** will be held on Thursday the 19<sup>th</sup> September 2013 at 10 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, 2013, 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 Smt. Padma Singh who retires by rotation, and being eligible offers herself for reappointment.
3. 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**

4. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:  
“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311, 316, read with Schedule XIII and other applicable provisions if any of the Companies Act, 1956, consent of the members be and is hereby accorded for the re-appointment of Dr A N Singh as the Chairman and Managing Director of the Company for a further period of three years, i.e from 01.10.2013 to 30.09.2016 at a remuneration as detailed hereunder:

#### Remuneration

Salary Rs.1200000 per annum

#### Perquisites

- A. Medical Expenses: Reimbursement of medical expenses for self and family subject to a ceiling of Rs.36,000/- p.a
- B. Car: Use of Company's car with driver.
- C. Telephone and other communication facilities: Use of telephone and other communication facilities at residence.

“RESOLVED FURTHER THAT the Salary and perquisites aforesaid be paid and allowed, as minimum remuneration to the Managing Director during the remaining period of his tenure, in the event of loss of inadequacy of profits in any financial year”.

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as are necessary to give effect to the aforesaid resolution.”

5. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:  
“RESOLVED THAT in accordance with the provisions of Section 16, 94 and other applicable provisions, if any, the Companies Act, 1956, the Authorised Capital of the Company be and is hereby increased from Rs 17,00,00,000/- (Rupees Seventeen Crores Only) divided into 1,70,00,000 Equity Shares of Re 10/- each to Rs 20,00,00,000 (Rupees Twenty Crores Only) divided into 2,00,00,000 Equity Shares of Re 10/- each by creation of additional 30,00,000 Equity Shares of Re 10/- each and in consequence thereof the existing Clause V of the Memorandum of Association the Company relating to share capital be substituted by the following clause :  
V. “The Authorised Share Capital of the Company is Rs.20,00,00,000/- (Rupees Twenty Crores Only) divided into 2,00,00,000 (Two Crores) Equity Shares of Re 10/- (Rupees Ten) each with powers to increase or reduce the capital to divide the Capital for the time being into several classes and to attach thereto respectively such rights, privileges or conditions as may be determined by or in accordance with the regulations of the company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the regulations of the company and consolidate or subdivide the shares and issue shares to higher or lower denominations.”
6. 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 earlier resolutions passed in regard to unallotted portion of the sweat equity shares eligible by Dr A N Singh consequent to transfer of ownership rights of the Intellectual Property Assets developed and owned by him to the Company and subject to the compliance of all the applicable laws and the terms and conditions of the said Sweat Equity Issue and pursuant to all applicable provisions of Section 79A,

81(1A) and other applicable provisions, if any, of the Companies Act, 1956, (including the rules and regulations there under and any statutory modification, amendments or re-enactment of the principal act or such rules and regulations for the time being in force) and in accordance with the provisions of the Articles of Association and the Memorandum of Association of the Company and such rules, guidelines and regulations, if any, as may be prescribed by the Securities and Exchange Board of India (“SEBI”) and/ or prescribed by the Listing Agreements entered into by the Company with the Stock Exchanges on which the Company's shares are listed or all other concerned and relevant authorities to the extent applicable, from time to time and subject to such approvals, consents, permissions and sanctions of all other appropriate authorities, financial institutions, banks, or bodies, as may be required and subject to such conditions and modifications as may be prescribed by any of them while granting such approvals, consents, permissions and sanctions, the Board of Directors of the Company (the “Board”, which expression shall be deemed to include person(s) authorised or any committee(s) constituted/to be constituted by the Board to exercise its powers including the powers conferred by this Resolution) is hereby authorised, on behalf of the Company, to offer, issue and allot not exceeding 12,50,000 Equity Shares of Rs.10/- each of the Company as fully paid up equity shares to Dr. A. N. Singh, the Promoter of the Company, during the validity of this resolution within the financial year ending 31<sup>st</sup> March, 2014, in lieu of the compensation (part) for transfer of the ownership rights of the Intellectual Property Assets (Software Programmes) developed and owned by him to the Company, viz. Sweat Equity Shares, at such price as may be arrived at as per the Relevant Date (as determined in accordance with SEBI (ICDR) Regulations, 2009) and under the terms and conditions in terms of the applicable laws.”

“**RESOLVED FURTHER THAT** for the purpose of giving effect to the foregoing resolutions the Board of Directors of the Company (the “Board”, which expression shall be deemed to include person(s) authorised or any committee(s) constituted/to be constituted by the Board to exercise its powers including the powers conferred by this Resolution) be and is hereby authorized and directed to execute such deeds, documents, and agreements and do all such acts, deeds, matters, or things as it in its sole discretion may deem necessary or desirable for such purpose without being required to seek any further consent or approval of the Company or otherwise to the extent that they shall be deemed to have given their approval hereto expressly by the authority of this resolution and with power on behalf of the Company to settle any question, difficulty, or doubt that may arise in this regard as it may in its absolute discretion deem fit and proper, including without limitation the power to agree to any amendment, alteration, or modification to the terms of the investment and the issue of the equity shares.”

7. 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 earlier resolutions passed in regard to unallotted portion of the sweat equity shares eligible by Dr A N Singh consequent to transfer of ownership rights of the Intellectual Property Assets developed and owned by him to the Company and subject to the compliance of all the applicable laws and the terms and conditions of the said Sweat Equity Issue and pursuant to all applicable provisions of Section 79A, 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, (including the rules and regulations there under and any statutory modification, amendments or re-enactment of the principal act or such rules and regulations for the time being in force) and in accordance with the provisions of the Articles of Association and the Memorandum of Association of the Company and such rules, guidelines and regulations, if any, as may be prescribed by the Securities and Exchange Board of India (“SEBI”) and/ or prescribed by the Listing Agreements entered into by the Company with the Stock Exchanges on which the Company's shares are listed or all other concerned and relevant authorities to the extent applicable, from time to time and subject to such approvals, consents, permissions and sanctions of all other appropriate authorities, financial institutions, banks, or bodies, as may be required and subject to such conditions and modifications as may be prescribed by any of them while granting such approvals, consents, permissions and sanctions, the Board of Directors of the Company (the “Board”, which expression shall be deemed to include person(s) authorised or any committee(s) constituted/to be constituted by the Board to exercise its powers including the powers conferred by this Resolution) is hereby authorised, on behalf of the Company, to offer, issue and allot not exceeding 12,05,350 Equity Shares of Rs.10/- each of the Company as fully paid up equity shares to Dr. A. N. Singh, the Promoter of the Company, on or after 01<sup>st</sup> April, 2014, during the validity of this resolution within the financial year ending 31<sup>st</sup> March, 2015, in lieu of the compensation (part) for transfer of the ownership rights of the Intellectual Property Assets (Software Programmes) developed and owned by him to the Company, viz. Sweat Equity Shares, at such price at such price as may be arrived at as per the Relevant Date (as determined in accordance with SEBI (ICDR) Regulations, 2009) and under the terms and conditions in terms of the applicable laws.”

“**RESOLVED FURTHER THAT** for the purpose of giving effect to the foregoing resolutions the Board of Directors of the Company (the “Board”, which expression shall be deemed to include person(s) authorised or any committee(s) constituted/to be constituted by the Board to exercise its powers including the powers conferred by this Resolution) be and is hereby authorized and directed to execute such deeds, documents, and agreements and do all such acts, deeds, matters, or things as it in its sole discretion may deem necessary or desirable for such purpose without being required to seek any further consent or approval of the Company or otherwise to the extent that they

shall be deemed to have given their approval hereto expressly by the authority of this resolution and with power on behalf of the Company to settle any question, difficulty, or doubt that may arise in this regard as it may in its absolute discretion deem fit and proper, including without limitation the power to agree to any amendment, alteration, or modification to the terms of the investment and the issue of the equity shares.”

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

“RESOLVED THAT in accordance with the provisions of Section 81 (1A) and all other applicable provisions, if any of the Companies Act, 1956 [including any statutory modification(s) or re-enactment thereof for the time being in force and relevant provisions of the Memorandum and Articles of Association of the Company, the Foreign Exchange Management Act, 1999 and the Issue of Foreign Currency Convertible Bonds, Global Depository Receipts and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993, Guidelines prescribed by the Securities and Exchange Board of India (SEBI) and subject to such approval(s), consent(s), permission(s) and/or sanction of the Government of India, Reserve Bank of India and any other appropriate authorities, institutions or bodies, as may be necessary and subject to such terms, conditions, modifications and alterations as may be prescribed and specified by any of them in granting such approval, consent, permission or sanction, the consent, authority and approval of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as the “Board” which term shall be deemed to include any committee thereof) to offer, issue and allot, in the course of offerings, in domestic and/or one or more foreign markets, any Securities including Equity Shares, Global Depository Receipts and/or American Depository Receipts, Foreign Currency Convertible Bonds, Convertible Bonds, Euro-convertible Bonds/Shares/Debentures, Preference Shares whether Cumulative/ Redeemable/ Partly convertible/ convertible at the option of the company and / or at the option of the holders of the Security(s), Securities partly or fully convertible into Equity shares and/or securities linked to Equity Shares and/or any instruments or securities with or without detachable warrants, secured or unsecured or such other types of securities representing either Equity Shares or Convertible Securities (hereinafter referred to as “Securities”) to Companies in the process of acquiring companies, either by way of swap of equity shares or by way of cash payments, or a mix of both swap and cash, to Foreign/Domestic Investors, Non-residents, Foreign Institutional Investors/ Foreign Companies/ NRI(s) / Foreign National(s)/Banks/Mutual Funds/Financial Institutions or such other entities or persons as may be decided by the Board, whether or not such persons/entities/investors are Members of the Company, through Prospectus, Offering Letter, Circular to the general public and/or through any other mode or on private placement basis as the case may be from time to time in one or more tranches as may be deemed appropriate by the Board on such terms and conditions as the Board may in its absolute discretion deem fit for an amount not exceeding Rs.20 Crores (Rupees Twenty Crores only) or equivalent thereof, including green shoe option on such terms and conditions, as the Board may in its sole discretion decide including pricing, the form and the persons to whom such securities may be issued and all other terms and conditions and matters connected therewith.

RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot such number of underlying Equity Shares as may be required to be issued and allotted upon conversion of any such securities referred to above or as may be in accordance with the terms of the offering(s) and that the said Equity Shares shall be subject to the Memorandum and Articles of Association of the Company and shall rank in all respects pari passu with the existing Equity Shares of the Company.

RESOLVED FURTHER THAT such of these securities to be issued as are not subscribed may be disposed of by the Board to such person(s)/entity (ies) in such manner and on such terms as the Board in its absolute discretion thinks fit, in the best interest of the Company and as is permissible in law.

RESOLVED FURTHER THAT the Company may enter into any arrangement with any agency or body for issue of Depository Receipts representing underlying equity Shares/ Preference Shares/ GDR's and other securities issued by the Company in registered or bearer form with such features and attributes as are prevalent in international capital markets for instruments of this nature and to provide for the tradability or free transferability thereof as per the international practices and regulations and under the forms and practices prevalent.

RESOLVED FURTHER THAT the securities issued in foreign markets shall be deemed to have been made abroad and/or in the market and/or at the place of issue of the securities in the international market and may be governed by applicable foreign laws.

RESOLVED FURTHER THAT for the purpose of giving effect to any issue or allotment of Securities or instruments representing the same, the Board be and is hereby authorised to determine the form, terms and timing of the offering(s), including the class of investors to whom the Securities are to be allotted, number of Securities to be allotted in such tranche, issue price, face value, premium amount on issue/conversion of Securities, Exercise of Warrants/redemption of Securities, rate of interest, redemption period, listings on one or more stock exchanges as the Board in its absolute discretion deems fit and to make and accept any modification in the proposal as may be required by the authorities involved in such issues and on behalf of the Company to do all such acts, deeds, matters and things as it may at its discretion deem necessary or desirable for such purpose, including without

limitation, the Appointment of Registrar, Book-Runner, Lead-Managers, Trustees/Agents, Bankers, Global co-coordinators, Custodians, Depositories, Consultants, Solicitors, Accountants, entering into arrangements for underwriting, marketing, listing, trading, depository and such other arrangements and agreements, as may be necessary and to issue any offer document(s) and sign all deeds, documents and to pay and remunerate all agencies/intermediaries by way of commission, brokerage, fees, charges, out of pocket expenses and the like as may be involved or connected in such offerings of securities, and also to seek listing of the securities or securities representing the same in any Indian and/or in one or more international stock exchanges with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in regard to any such issue, offer or allotment of securities and in complying with any Regulations, as it may in its absolute discretion deem fit, without being required to seek any further clarification, consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any committee of Directors or Company Secretary/Compliance Officer or any other Officer or Officers of the Company to give effect to the aforesaid resolution."

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

"RESOLVED that in supersession to the resolution passed by the members on 30.09.2009 and pursuant to Section 314 and other applicable provisions, if any, of the Companies Act, 1956 consent of the members by be and is hereby accorded to the enhancing the remuneration of Mr Amit Singh, the son of Dr A N Singh, Chairman & Managing Director of the Company, who holds an office or place of profit as Associate Vice President from Rs.30,000/- per month to Rs.50,000/- per month together with the usual allowances and benefits, amenities and facilities including staff superannuation fund, retiring gratuity, and provident fund benefits as applicable to other employees occupying similar post or posts within the same salary grade."

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

Place: Hyderabad  
Date :14/08/2013

**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. 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 17<sup>th</sup> September 2013 to 19<sup>th</sup> September 2013 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.

### EXPLANATORY STATEMENT

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

#### **Item # 4**

Dr A N Singh, aged 60 years, holds a B.Tech Degree from Pant University of Agriculture & Technology, Nainital in Agricultural Engineering with a post graduate Diploma in Business Management(MBA) from Xavier Institute of Management Bhubaneswar He worked at ICRISAT Hyderabad for 15years and has working experience of bioinformatics extensively. He has completed Doctorate course and was awarded degree in Technology Management, from Texas, USA. He has experience in Intellectual property rights matter. He is in Biotechnology field for about two decades. He was providing research support services in the field of crop improvement & Biotechnology at ICRISAT Hyderabad for 15 years and has experience in Operation management, Information technology, Intellectual Property rights and technology Management in India and overseas for over 3 decades. Under his supervision, the Company has scaled new heights. In order to benefit from his vast experience and knowledge, the Remuneration Committee has recommended his reappointment & the Board of Directors had in their meeting held on 14<sup>th</sup> August 2013 agreed to place the proposal of his reappointment as the Chairman & Managing Director of the Company w.e.f. 1<sup>st</sup> October, 2013 for a period of 3 years in this annual general meeting. As per the provisions of Section 269 of the Companies Act, 1956 read with Schedule XIII, his appointment has to be approved by the members in their meeting. Your directors recommend the resolution for your approval. None of the Directors except Dr A N Singh and Smt Padma Singh is concerned or interested in the resolution.

This explanatory statement together with the terms of re-appointment mentioned in the accompanying notice should be treated as an abstract under section 302 of the Companies Act, 1956, in respect of the contract proposed to be entered into between the Company and Dr A N Singh, Chairman & Managing Director.

#### **Item # 5**

The authorized share capital of the Company presently stands at Rs.17,00,00,000/- divided into 1,70,00,000 equity shares of Rs.10/- each. With the growing expansion of the Company's business it is considered desirable to enhance the authorized capital of the Company from Rs.17,00,00,000/- to Rs.20,00,00,000/- by creation of additional 30,00,000 equity shares of Rs.10/- (Rupees Ten only) each, which will rank pari passu in all respects with the existing equity shares in the Company. The proposed increase of the authorized capital of the Company requires the approval of the members in general meeting. Consequent to the increase in the authorized capital of the Company, its memorandum of association will require alteration so as to reflect the increase in share capital. The said alteration requires the approval of the members in the general meeting. Therefore, the same is placed in the General meeting of the Members for your approval.

None of the Directors except as members is concerned or interested in the resolution. The Board recommends the Resolution for your approval.

#### **Item # 6 and 7**

As you all are aware that the Company had earlier 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

Now part of the balance value of consideration is proposed to be offered, issued and allotted as Equity Shares of the Company viz. Sweat Equity Shares in accordance with the SEBI (Issue of Sweat Equity) Regulations, 2002 and applicable SEBI Regulations and guidelines to Dr A N Singh. The following information is furnished with respect to the proposed offer, issue and allotment of Sweat Equity Shares viz.

- a) Tranche – III - Not exceeding 12,50,000 Equity Shares of Rs.10/- each, to be offered, issued and allotted to Dr. Aditya Narayan Singh, during the financial year 2013-14, at such price as may be arrived at as per the Relevant Date viz 20.08.2013 and

- b) Tranche – IV - Not exceeding 12,05,350 Equity Shares of Rs.10/- each, (being 4.99% of the expanded share capital) to be offered, issued and allotted to Dr. Aditya Narayan Singh, only after 01<sup>st</sup> April, 2014, during the validity of this resolution within the financial year ending 31<sup>st</sup> March, 2015, at such price as may be arrived at as per the Relevant Date viz 20.08.2013 in lieu of the compensation for transfer of the ownership rights of the Intellectual Property Assets (Software Programmes) developed and owned by him to the Company, and under the terms and conditions in terms of the applicable laws. These Equity Shares shall rank pari-passu with the existing Equity Shares of the Company.

**The following disclosures / details required for the purposes of passing a special resolution under clause (a) of sub-section (1) of Section 79A of the Companies Act, 1956, :**

**a. The total number of shares to be issued as sweat equity:**

- a) Not exceeding 12,50,000 Equity Shares of Rs.10/- each, to be offered, issued and allotted to Dr. Aditya Narayan Singh, during the financial year 2013-14, at such price as may be arrived at as per the Relevant Date viz 20.08.2013 and
- b) Not exceeding 12,05,350 Equity Shares of Rs.10/- each, to be offered, issued and allotted to Dr. Aditya Narayan Singh, only after 01<sup>st</sup> April, 2014 during the validity of this resolution within the financial year ending 31<sup>st</sup> March, 2015, at such price as may be arrived at as per the Relevant Date viz 20.08.2013

**b. The current market price of the shares of the company.**

On 14<sup>th</sup> August 2013

- i) The price quoted at BSE High :Rs.18.40 and Low : Rs.17.50 Closing : Rs.18.00
- ii) The price quoted at NSE High :Rs.18.40 and Low : Rs.17.60 Closing : Rs.18.00

However, the issue price will be determined as per the SEBI Regulations relating to issue of Sweat Equity Shares by a Listed Company. The pricing of the Equity Shares to be allotted to Dr. A. N. Singh shall not be lower than the price determined in accordance with the Regulation 7 of Chapter II of SEBI (Issue of Sweat Equity) Regulations, 2002, viz. the price of the Sweat Equity Shares shall not be less than the higher of the following:

- a) The average of the weekly high and low of the closing prices of the shares quoted on the stock exchange during the six months preceding the Relevant Date;
- or
- b) The average of the weekly high and low of the closing prices of the shares quoted on a stock exchange during the two weeks preceding the Relevant Date.

**c. The value of the intellectual property rights or technical knowhow or other value addition to be received from the employee or director along with the valuation report / basis of valuation.**

The Valuation Report has been made by 'M/s. Chartered Capital and Investment Limited', a Category I Merchant Banker, on the basis of consultation and certification from the Andhra Pradesh Technology Development & Promotion Centre, Hyderabad, a Government of Andhra Pradesh Enterprise. (APTDC). The total valuation of the software tools and packages is to the tune of Rs 8.175000 as found by APTDC Hyderabad. As per APTDC, the average life span of each product is ten years. However, considering the dynamic nature of the Industry, the average life span considered is five years. Also the valuation arrived has been discounted by 25% to arrive at a more realistic figure.

**d. The names of the employees or directors or promoters to whom the sweat equity shares shall be issued and their relationship with the company.**

Dr. Aditya Narayan Singh, Chairman and Managing Director

**e. The consideration to be paid for the sweat equity.**

The Four software packages as mentioned in the Summary of the Valuation, developed and owned by Dr. Aditya Narayan Singh, the Promoter and the Chairman and Managing Director of the Company. Dr. Aditya Narayan Singh has agreed to upgrade the said softwares at NIL additional cost.

**f. The price at which the sweat equity shares shall be issued.**

As the offer, issue and allotment of the Sweat Equity Shares have to be approved by the members the price of the Sweat Equity Shares will be determined in the following manner :

- a) for not exceeding 12,50,000 Equity Shares of Rs.10/- each, to be offered, issued and allotted during the financial year 2013-14, at such price as may be arrived at as per the Relevant Date viz. 20.08.2013; and
- b) for not exceeding 12,05,350 Equity Shares of Rs.10/- each, to be offered, issued and allotted only after 01<sup>st</sup> April, 2014, during the validity of this resolution within the financial year ending 31<sup>st</sup> March, 2015, at such price

as may be arrived at as per the Relevant Date viz. 20.08.2013. (The resolution approving the issue of Sweat Equity Shares shall remain valid for a period for not more than Twelve months)

**g. Ceiling on managerial remuneration, if any, which will be affected by issuance of such sweat equity.**

The Board of Directors proposes, subject to necessary approvals, to issue the Sweat Equity Shares, which would be shown in asset form, accordingly the Company will make necessary application, in terms of the requirements of the Companies Act, 1956.

**h. A statement to the effect that the company shall conform to the accounting policies as specified by the Board.**

The Board of Directors of the Company hereby undertakes that the Company shall conform to the accounting policies as specified by the Board.

**i. Diluted Earning per Share pursuant to the issue of securities to be calculated in accordance with International Accounting Standards / standards specified by the Institute of Chartered Accountants of India.**

The Board of Directors of the Company hereby undertakes that the Company shall conform to International Accounting Standards / standards specified by the Institute of Chartered Accountants of India, with respect to the Diluted Earning per Share pursuant to proposal for the issue of securities, as above-mentioned.

**The following are the details of the shareholding pattern of the Company, consequent to the proposed offer, issue and allotment to Dr. Aditya Narayan Singh, the Promoter and the Chairman and Managing Director of the Company :**

**Shareholding pattern before and after the Preferential Issue of 'Sweat Equity Shares':**

Sl.No	Category	Pre – Issue		Post Issue (on Allotment of 12,50,000 Equity Shares)		Post Issue (on Allotment of 12,05,350 Equity Shares)	
		No. of shares Held	% of holding	No. of shares	% of Holding	No. of shares	% of Holding
<b>A</b>	<b>Shareholding of Promoters and Promoter Group</b>						
1	Indian Promoters	5640178	38.62	6890178	43.26	8095528	47.46
2	Foreign Promoters	—	—	—	—	—	—
	<b>Sub-Total (A)</b>	<b>5640178</b>	<b>38.62</b>	<b>5097178</b>	<b>43.26</b>	<b>5717178</b>	<b>47.46</b>
<b>B</b>	<b>Public Shareholding</b>						
3	<b>Institutions</b>						
A	Financial Institutions Holding	—	—	—	—	—	—
B	Mutual Funds & UTI	—	—	—	—	—	—
C	Venture Capital Funds	—	—	—	—	—	—
D	FII's	—	—	—	—	—	—
E	Foreign Venture Capital Investors	—	—	—	—	—	—
	<b>Sub-Total (B1)</b>	<b>—</b>	<b>—</b>				
4	<b>Non-Institutions</b>						
A	Private Corporate Bodies	932483	6.39	932483	5.88	932483	5.47
B	Indian Public	7798841	53.41	7798841	49.14	7798841	45.72
C	NRIs	214057	1.47	214057	1.35	214057	1.25
D	Clearing Members	17441	0.12	17441	0.11	17441	0.10
E	Others (Trusts)	—	—	—	—	—	—
	<b>Sub-Total (B2)</b>	<b>8962822</b>	<b>61.38</b>	<b>8962822</b>	<b>56.54</b>	<b>8962822</b>	<b>52.54</b>
	<b>Sub-Total (B = B1+B2)</b>	<b>8962822</b>	<b>61.38</b>	<b>8962822</b>	<b>56.54</b>	<b>8962822</b>	<b>52.54</b>
C	Shares held by Custodians and against Depository Receipts, FCCBs etc.,	—	—	—	—	—	—
	<b>Grand Total (A+B+C)</b>	<b>14603000</b>	<b>100.00</b>	<b>15853000</b>	<b>100.00</b>	<b>17058350</b>	<b>100.00</b>

The above table has been prepared on the basis of the shareholding pattern as on 30<sup>th</sup> June 2013.

**Other points:**

- a) The above Resolutions have been proposed to be passed as **Special Resolutions** in terms of the requirements of the Companies Act, 1956 and sub-regulations (1) and (2) of Regulation 6 under Chapter II of the SEBI (Issue of Sweat Equity) Regulations, 2002, at the Annual General Meeting. The Promoter and the Promoter group shall not participate in passing of these resolutions.
- b) **Proposed time within which the allotment shall be complete:** The allotment of Equity Shares would be completed as mentioned above and within the time prescribed under the applicable SEBI Regulations / Guidelines.
- c) Since the price at which the Equity Shares would be issued to Dr. Aditya Narayan Singh can not be exactly determined before issue of this notice to the shareholders, as it depends on the average of the market prices prevailing in the preceding 2 weeks or 26 weeks as per the SEBI Guidelines, the Auditors' certificate will be available for inspection at the Registered office of the Company during 10 am and 4 pm on any working day prior to the date of the AGM. The Auditors certificate will also be displayed on the website of the Company – [www.celestiabiolabs.com](http://www.celestiabiolabs.com).

None of the Directors, other than Dr. Aditya Narayan Singh and Mrs. Padma Singh, may be deemed to be concerned or interested in the above resolutions.

Your Directors recommend these resolutions to be passed as Special Resolutions, in terms of the requirements of the Companies Act, 1956, and SEBI Regulations.

**Item # 8:**

To implement the growth plan of the Company, a rational fund raising program is being designed along with the augmenting the present and future working capital facilities of the company, future acquisition that the company has and is envisaging in the near future which might be by way of swap of shares or by way of cash payment or a mix of both the swap and / or cash payment, The fund raising would be through a mix of debt / equity related instruments, as may be appropriate, which would be worked out in consultation with Advisors, Lead Managers and other intermediate agencies. The fund raising program is subject to approval of Government of India, Reserve Bank of India, Securities and Exchange Board of India and other authorities wherever applicable. It is proposed to issue appropriate securities for an amount not exceeding the equivalent of Rs. 20 Crores in one or more tranches in such form and on such terms and conditions and in such manner, at such price or prices and at such time as may be considered appropriate by the Board of Directors to the various categories of investors in the domestic/ international markets as set out in the Resolution.

Section 81(1A) requires that approval of members of the Company by way of a special resolution is required for further issue of equity shares or any instrument. Your Directors recommend the proposed resolution to be passed as Special Resolution. None of the directors is interested or concerned in the said resolution.

**Item # 9:**

Members are aware that Mr. Amit Singh, son of Dr. A.N Singh, Chairman & Managing Director was appointed as Associate Vice President in the AGM held on 30.09.2009 at a monthly remuneration of Rs.30,000/-. Now it is proposed to enhance his monthly remuneration to Rs.50,000/- per month. Under Section 314 of the Companies Act, 1956 a approval of members by way of special resolution is required for such enhancement.

The members are also requested to authorize the Board to sanction in due course promotion of Mr. Amit Singh to the next higher grade or grades together with the usual allowances and benefits.

Dr.A.N Singh & Mrs.Padma Singh are concerned or interested in the above resolution.

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

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

Place: Hyderabad  
Date : 14.08.2013

**ANNEXURE TO NOTICE**

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

<b>SI No</b>	<b>Particulars</b>	<b>Smt. Padma Singh</b>
1	Qualification	Graduate and post graduate Diploma in Computer
2	Experience	Over a decade of experience as a social activist
3	Directorships in other companies	No
4	Membership in committees of Board of Directors of other Companies	No
5	Shareholding in the company	1011350

### DIRECTORS REPORT

Dear Members,

Your Directors have pleasure in presenting the Fifteenth Annual Report of your Company along with the audited Statement of Accounts for the financial year ended 31<sup>st</sup> March 2013. 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 2012-13 in comparison to the year 2011-12 are as follows:

**(Rs. In Lakhs)**

<b>Particulars</b>	<b>2012-13</b>	<b>2011-12</b>
Sales	2119.55	2102.20
Profit before Depreciation	504.38	401.71
Depreciation	473.23	373.30
Profit Before Tax	31.15	28.41
Deferred Tax	(45.64)	(70.67)
Provision for MAT	5.94	7.57
Provision for FBT	NIL	NIL
Net Profit for the year	70.85	91.51
Profit & Loss Account balance brought forward	2121.75	2039.39
Dividend	NIL	NIL
Corporate Dividend Tax	NIL	NIL

#### **Performance**

We have been able to achieve a turnover of Rs.2119.55 Lacs. The percentage increase in the turnover is 3% and decrease in net profit is 17% respectively when compared to that of previous year. The Performance has not been satisfactory because of returned stocks and certain bad debts.

#### **Future Outlook:**

Although, we have passed through a very tough time, but we have achieved tremendous success in product development, product formulation, standardization etc. Cadalmin introduction in Indian market shall bring the desired result as there is huge demand across India. Every effort is being made to ensure the availability of this product in all the states in India. In view of the need of the products, it has been priced very reasonably so that people can afford to opt for effective treatment. Normally, to treat arthritis. An individual spends on an average of about Rs 5000 to Rs 6000 per month, but cadalmin may cost about Rs 1200/ per month. This product do not have any side effect and the improvement shall be visible from first month of usage. The company is very confident of building a very decent business volume in due course of time..Our effort shall be to penetrate in south east Asian and African market with Cadalmin and Biovita very soon.

#### **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.

#### **Sweat Equity Shares:**

It is proposed to allot Sweat Equity shares to Dr.A.N Singh for the balance amount of Rs.4.91 crores (approx.)

### Corporate Social responsibility

Through the years, Celestial Biolabs Limited has strived to make the world around it a better place. Corporate Social Responsibility (CSR) is an integral part of our business. The Company undertakes all its operations with a high concern and sincerity for environment and its surroundings as well as the safety and health of people. Apart from regular medical initiatives, we have also been working in the domain of rural development. It works closely towards the development of society, in line with its philosophy of creating happier and healthier society. The Company regularly takes initiatives in providing medicines at free of cost to the poor villagers. The company conducting this program with the help of **AWAKE RESEARCH AND SERVICE FOUNDATION** an voluntary service organization that create awareness about health and water and energy conservation among the people

### Directors:

Smt. Padma Singh retired by rotation and being eligible has offered herself for re-appointment. The brief profiles of the director 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 established a robust system of internal controls to ensure that assets are safeguarded and transactions are appropriately authorized, recorded and reported. The Audit Committee of the Board addresses significant issues raised by both, the Internal Auditors and the Statutory Auditors. The Company believes that the overall internal control system is dynamic and reflects the current requirements at all times, hence ensuring that appropriate procedures and controls, in operating and monitoring practices are in place. Your Company is proactively identifying the areas for further improvement which shall remain an ongoing process.

### 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 2013, 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 2013 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: 14.08.2013

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.

## A. Power &amp; Fuel Consumption

Electricity		Current year	Previous year
1	a) Purchased:Units Total Amount Rate / Unit	2012-13 Not applicable	2011-12 Not applicable
	b) Through Diesel Generator:Units Unit per Ltr. Of Diesel Oil Cost / Unit	Not applicable	Not applicable
2	Coal (specify quantity & where used) Quantity (tones) Total cost Average rate	Not applicable	Not applicable

## TECHNOLOGY ABSORPTION:

## A. Research &amp; Development (R &amp; D)

- Specific area in which R & D carried out by the company
- Benefits derived as a result of the above R & D

Product development in Herbal and Enzyme formulations  
Serrechia peptidase enzyme and bio quite herbal formulation applicable for anti-addiction is ready for commercialization. Cadalmin, sea weed based bio active compound to treat arthritis is also being commercialized.

- Future plan of action

We will continue to work on clinical trial of bio drug molecule and optimization. We are planning to work in cardiovascular new drug.

- Expenditure on R & D:

- Capex

- Recurring

- Total

- Total R & D expenditure as a percentage of total turnover

(Rs. In Lakhs)		
	2012-13	2011-12
a. Capex	350.41	367.82
b. Recurring	118.68	270.28
c. Total	469.09	638.10
d. Total R & D expenditure as a percentage of total turnover	22.17%	30.99%

## B. Technology Absorption, Adaptation and Innovation

- Efforts, in brief, made towards technology absorption, adaptation & innovation
- Benefits derived as a result
- Import of technology

Not applicable  
Not applicable  
Not applicable

## C. Foreign Exchange Earnings &amp; Outgo

(Rs. In Lakhs)

Particulars	2012-13	2011-12
Expenditure in Foreign currency	NIL	NIL
Earning in Foreign Exchange	NIL	NIL

### 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 subscribes fully to the principles and spirit of good corporate governance and embeds the principles of independence, integrity, accountability while maintaining legal and ethical standards. It has always remained as a responsible Corporate Citizen which always strives 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 creates 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 2013 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	Promoter Executive Chairman & Managing Director	5	5	Yes	Nil
Dr.D.C Sastry*	Independent Non Executive	2	2	No	Nil
Mrs. Padma Singh	Non Independent Non Executive	5	5	Yes	Nil
Dr.B.Siva Kumar	Independent Non Executive	5	5	No	Nil
Dr Jeetainder Roy Gour	Independent Non Executive	5	5	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:

30<sup>th</sup> May, 2012; 14<sup>th</sup> August, 2012; 3<sup>rd</sup> September, 2012; 12<sup>th</sup> November, 2012 and 11<sup>th</sup> February 2013.

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

Names of the Directors	Shares held on 31.03.2013
Mrs.Padma Singh	10,11,350
Dr.B.Siva Kumar	Nil
Dr Jeetainder Roy Gour	Nil

- 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> 2013. 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 Independent	4	4
Dr B Siva Kumar	Non Executive Independent	4	4
Dr.D.C.Sastry Chairman*	Non Executive Independent	2	2
Dr A N Singh **	Executive and Non Independent	2	2

\*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.

#### a. Meetings of the Committee

The committee met 4 times during the financial year on 30<sup>th</sup> May, 2012; 14<sup>th</sup> August, 2012; 12<sup>th</sup> November, 2012 and 11<sup>th</sup> February 2013 there was no time gap of four months between any meetings. The necessary quorum was present at all meetings

### 4. Remuneration Committee

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

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	4000
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	660000

**5. 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) Six meetings of the Share transfer Committee were held during the year.
- iii) The Share Transfer committee of the company for the financial year ended 31.03.2013 comprised of three Non- executive directors namely Dr. B Siva Kumar Chairman, Mrs. Padma Singh and Dr Jeetainder Roy Gour 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

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.

**6. General body meetings**

- Location and time, where last three AGMs held.

Details of Meeting	Venue	Day	Date	Time
Annual General Meeting 2011-12	Registered Office	Saturday	29.09.2012	10.00 A.M
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

**7. Disclosure**

- i) The company has complied with the provisions of Companies Act, 1956 & other applicable provisions w.r.t related party transaction during the financial year.
- ii) 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
- iii) 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.

- iv) 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.
- v) A certificate from the CEO (Managing Director) and CFO (Director (Finance)) was placed before the Board under clause 49 (V) of the Listing Agreement.
- vi) 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.
- vii) 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.
- viii) The Board in its report have confirmed that the financial accounts for the period ended 31<sup>st</sup> March 2013 have been prepared as per applicable accounting standards and policies and that sufficient care has been taken for maintaining adequate accounting records.
- ix) 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

### 8. 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.

### 9. General Shareholder information

- i) Annual General Meeting
  - Date : 19<sup>th</sup> September, 2013
  - 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 2013
- iii) Date of Book closure : 17<sup>th</sup> September 2013 to 19<sup>th</sup> September 2013 (both days inclusive)
- iv) Dividend Payment Date : Not Applicable
- v) Listing on Stock Exchanges : 1. Bombay Stock Exchange Limited, Floor, 25, P.J.Towers, Dalal Street, Mumbai – 400 001  
2. 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 2012	27.50	14.50	27.85	14.35
May 2012	17.66	12.06	17.60	12.15
June 2012	25.50	17.45	25.75	17.50
July 2012	25.45	16.35	25.00	16.10
August 2012	17.90	14.05	17.90	13.50
September 2012	19.40	15.40	19.40	15.30
October 2012	17.90	14.60	17.20	14.55
November 2012	17.20	14.10	17.40	14.00
December 2012	16.50	13.75	16.30	13.80
January 2013	16.75	14.05	16.30	14.05
February 2013	14.86	10.65	14.65	10.20
March 2013	12.85	8.75	11.95	9.00

## viii) i) 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.

## x) Distribution of shareholding

a. Distribution of shareholding as on 31<sup>st</sup> March, 2013:

DISTRIBUTION SCHEDULE AS ON 31/03/2013					
S.No.	Category	No of Cases	% of Cases	No of shares	%
1	upto 1 - 5000	7395	81.79	1264992	8.66
2	5001 - 10000	796	8.80	681859	4.67
3	10001 - 20000	382	4.22	614262	4.21
4	20001 - 30000	138	1.53	366716	2.51
5	30001 - 40000	57	0.63	203877	1.40
6	40001 - 50000	57	0.63	272453	1.87
7	50001 - 100000	105	1.16	785505	5.38
8	100001 & ABOVE	112	1.24	10413336	71.31
	<b>Total</b>	<b>9042</b>	<b>100.00</b>	<b>14603000</b>	<b>100.00</b>
	<b>Total</b>	<b>9041</b>	<b>100.00</b>	<b>14603000</b>	<b>100.00</b>

B) Details of shareholding as on 31<sup>st</sup> March 2013:

Category	No of shares	Percentage
Promoters	5640178	38.62
Non Resident Indians	250042	1.71
Foreign Nationals	Nil	Nil
HUF	Nil	Nil
Clearing Members	36091	0.25
Bodies Corporate	1170670	8.02
Resident Individuals	7506019	51.40
<b>Total</b>	<b>14603000</b>	<b>100.00</b>

## xi) 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 22101017. The equity shares of the Company are compulsorily traded in dematerialized form as mandated by SEBI.

Details as on 31/03/2013			
SI No	Description	Shares	% Total Equity
1	Physical	309211	2.12
2	NSDL	7910275	54.17
3	CDSL	6383514	43.71
	<b>Total:</b>	<b>14603000</b>	<b>100.00</b>

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

Not Applicable

Address for correspondence

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

**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 31<sup>st</sup> March 2013, 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 there of, 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.221392**  
**Firm Registration No. 012323S**

Place: Hyderabad  
Date:14.08.2013

**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 (Consolidated and standalone), 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 violative 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. 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.
  - c) 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: 14.08.2013**

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

## **MANAGEMENT DISCUSSION AND ANALYSIS**

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

There are more than 32000 pharmaceutical companies presently operating in the Indian market, either as sole manufacturer or as marketers or both, and the number is growing day by day 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 raise funds to meet the requirement sof offline and online marketing.

### **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, Nutraceutical and feed supplement formulations. 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 move ahead

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

Our main concentration is on formulation development and marketing. Herbal and Nutraceutical formulation are the main focus. Enzyme based feed supplements are generating good demand and specialized combination takes care of the growing demand. Biovita, Celdigest, Biolive, Rhumacel and trem Plus cream constitute about 60% of the turnover. Feed supplement is a part of trading business and more specialized products in this segments shall be produced from submerged fermentation process of biotech production and formulations.

### **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 52 premium products in Herbal, 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. An online portal called celsanjeevani.com shall be operational very soon. Apart from offering all our natural products through online marketing, Cadalmin offering shall create a great demand and speedy delivery shall takes place through courier and speed parcel.

Once the fermentation facility is ready, Enzymes, peptide, proteins shall be produced, formulated and marketed through our existing network of marketing and distribution.

### **Risks and concerns.**

Our R&D products have produced good result. Considerable expenditure have already been incurred and now our products are coming in the market. Biopharmaceuticals demand huge R&D expenditure and additional funds requirement is of great concern..

Power availability in A.P is a major concern and running Genset is an expensive proposition. Now after good rains, situation may improve. Trading of feed supplement item shall increase as it can be manufactured at many places.

**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.**

Under loan licensing, there are many constraints to deal with day to day operation. 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 cadalmin and biovita. Every effort shall be made that cadalmin and Biovia can create huge positive impact on business volume.

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

Trained specialist in each discipline brings the change. 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. Healthy Industrial relations with all concerned is an specialized activity and a position of relationship manager has been created in order to improve in this particular area.

**Disclaimer**

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

**AUDITORS' REPORT**

To  
The Members,  
CELESTIAL BIOLABS LIMITED

1. We have audited the attached Balance Sheet of CELESTIAL BIOLABS LIMITED as at 31st March, 2013, 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, 2013 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, 2013 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 :
    - i. in the case of the Balance Sheet, of the State of affairs of the Company as at 31st March, 2013;
    - 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 : 29-05-2013

**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, 2013 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.
- 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

Place: Hyderabad  
Date :29-05-2013

**(Ch.L Purna Chandra Rao)**  
Proprietor M. No.221392

<b>CELESTIAL BIOLABS LIMITED</b>			
<b>Balance sheet as at 31 March 2013</b>			
<b>Particulars</b>	<b>Note No</b>	<b>As at 31st March 2013</b>	<b>As at 31st March 2012</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
a) Share capital	3	1,460.30	1,460.30
b) Reserves and surplus	4	6,465.73	6,394.87
Share Application Money Pending Allotment	5	-	-
		<b>7,926.03</b>	<b>7,855.17</b>
<b>Non- current liabilities</b>			
a) Long-term borrowings	6	1,522.29	1,264.82
b) Deferred tax liabilities (net)	7	21.40	67.04
		<b>1,543.69</b>	<b>1,331.86</b>
<b>Current liabilities</b>			
b) Trade payables	8	26.21	20.68
c) Other current liabilities	9	30.06	16.97
d) Short-term provisions	10	5.94	7.57
		62.21	45.22
<b>TOTAL</b>		<b>9,531.92</b>	<b>9,232.25</b>
<b>ASSETS</b>			
<b>Non- current assets</b>			
a) Fixed assets			
i) Tangible assets	11	3,929.76	4,049.80
ii) Capital work - in - progress	12	2,261.90	2,099.27
		<b>6,191.66</b>	<b>6,149.07</b>
		<b>6,191.66</b>	<b>6,149.07</b>
<b>Current assets</b>			
a) Inventories & Traded Goods	13	530.03	487.76
b) Trade receivables	14	579.01	526.08
c) Cash and cash equivalents	15	16.81	16.51
d) Short-term loans and advances	16	139.68	85.63
e) other Current Assets	17	2,074.74	1,967.21
		<b>3,340.27</b>	<b>3,083.19</b>
<b>TOTAL</b>		<b>9,531.92</b>	<b>9,232.25</b>
Accounting policies	2		
Notes on financial statements	3 to 35		

for Lakshmi Purna &amp; 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: 29 -05- 2013

**T.A.Veena**

Company Secretary

<b>CELESTIAL BIOLABS LTD</b>			
<b>Profit and Loss Statement for the Year ended 31st March 2013</b>			
<b>Amount in lakhs</b>			
<b>Particulars</b>	<b>Note No</b>	<b>Year ended 31 March 2013</b>	<b>Year ended 31 March 2012</b>
<b>Revenue</b>			
Revenue from operations (net)	18	2,115.54	2,058.88
Other income	19	4.01	43.32
<b>Total revenue</b>		<b>2,119.55</b>	<b>2,102.20</b>
<b>Expenses</b>			
Cost of materials consumed	20	702.98	462.62
Purchase of Stock-in-Trade	21	221.07	346.33
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	22	(32.73)	(54.46)
Employee benefits expenses	23	107.27	176.01
Finance costs	24	68.60	67.32
Depreciation and amortisation expense	11	473.23	373.30
Other expenses	25	429.30	432.39
R & D -Drug Development Expenses	26	118.68	270.28
<b>Total expenses</b>		<b>2,088.40</b>	<b>2,073.79</b>
<b>Profit from Revenue Operations</b>		<b>31.15</b>	<b>28.41</b>
Profit / (Loss) on Non-Revenue Operations		-	-
<b>Profit for the year</b>		<b>31.15</b>	<b>28.41</b>
Provision for Tax expense - Current Year		5.94	7.57
Deferred Tax Asset - Current Year		45.64	70.67
<b>Profit for the year (III-IV)</b>		<b>70.85</b>	<b>91.51</b>
Earnings per share of Rs.10 each			
Basic & Diluted EPS		0.49	0.63
Accounting policies	2		
Notes on financial statements	3 to 35		

for Lakshmi Purna &amp; 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: 29 -05- 2013

**T.A.Veena**

Company Secretary

Notes forming part of the financial statements		Rs in Lakhs		
<b>Note 3: Share capital</b>		<b>As at 31st March 2013</b>	<b>As at 31st March 2012</b>	
<b>Authorised</b> 1,70,00,000 Equity Shares of Rs 10/- each		1,700.00	1,700.00	
<b>Issued, subscribed and fully paid up</b> 14603000 Equity Share of Rs 10/- each		1,460.30	1,460.30	
<b>TOTAL</b>		<b>1,460.30</b>	<b>1,460.30</b>	
<p>i) <b>Terms / Rights attached to Equity shares</b> The company has only one class of shares having a par value of Rs.10/- per share fully paid up. Each holder of equity shares is entitled to one vote per share and will rank parri passu with each other in all aspects.</p> <p>ii) <b>Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year .</b></p>				
Particulars	As at 31 March 2013		As at 31 March 2012	
	No of shares	Amount in Rs.	No of shares	Amount in Rs.
<b>a) Equity</b>				
Shares outstanding at the beginning of the year	14603000	1,460.30	14603000	1,460.30
Shares issued during the year		NIL	NIL	NIL
Shares bought back during the year		NIL	NIL	NIL
<b>Shares outstanding at the end of the year</b>	<b>14603000</b>	<b>1,460.30</b>	<b>14603000</b>	<b>1,460.30</b>
<b>iii) Details of shares held by each shareholder holding more than 5% shares:</b>				
Name of Shareholder	As at 31 March 2013		As at 31 March 2012	
	No of shares	%	No of shares	%
<b>Equity shares of Rs.10/- each fully paid</b>				
Mr Aditya Narayan Singh	3438250	23.54	4027250	27.58
Mrs Padma Singh	1011350	6.93	1,011,350	6.93
<b>Note 4: Reserves and Surplus</b>				
i) Securities Premium Account			<b>3,192.33</b>	<b>3,192.33</b>
ii) General Reserves			-	-
Opening balance			1,080.79	1,071.64
Additions			7.09	9.15
Total			<b>1,087.88</b>	<b>1,080.79</b>
<b>ii) Surplus in statement of Profit and Loss</b>				
Opening balance			2,121.75	2,039.39
Add: Profit for the year			63.77	82.36
Closing balance			<b>2,185.52</b>	<b>2,121.75</b>
<b>TOTAL</b>			<b>6,465.73</b>	<b>6,394.87</b>
<b>Note 5 : Share Application Money pending Allotment</b>			-	-
<b>Note 6: Long Term Borrowings</b>				
<b>a) Secured Loans</b>				
i) Hire Purchase			17.71	21.47
ii) SBI CC			465.47	410.87
iii) SBI Term Loan			908.61	776.98
<b>b) Un Secured Loans</b>				
i) From DSIR			55.50	55.50
ii) From others			75.00	-
<b>TOTAL</b>			<b>1,522.29</b>	<b>1,264.82</b>
Vehicle loan from bank is secured by hypothecation of the vehicle financed through the loan arrangements and is repayable over a period of 36 months from the date of loan arrangement.				

Notes forming part of the financial statements		Rs in Lakhs	
	As at 31st March 2013	As at 31st March 2012	
<b>Note 7: Deferred Tax Liability</b>			
<b>Liability</b>			
Net Block as per Books(Companies Act)	3,929.76	4,049.80	
Net Block as per Income Tax	3,860.51	3,832.85	
<b>Timing Difference</b>	69.25	216.95	
Deferred tax Liability - Cumulative	21.40	67.04	
Less : Provided till last year	67.04	137.71	
<b>Liability for the year - (a)</b>	(45.64)	(70.67)	
<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>	(45.64)	(70.67)	
<b>Note 8: Trade Payables</b>			
Trade Payables for Goods & Services	26.21	20.68	
<b>TOTAL</b>	26.21	20.68	
Trade payables include Rs. Nil (31.03.2012: Rs. Nil) due to micro enterprises and small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act 2006). The Company has not received any memorandum (as required to be filed by the supplier with the notified authority under the MSMED Act 2006) claiming their status as Micro or Small or Medium Enterprises.			
<b>Note 9: Other Current Liabilities</b>			
Current maturities of long-term debt (Refer Note No.6)			
Advances from customers			
Other Payables	15.96	13.81	
TDS Payable	2.43	3.16	
Salary Payable	11.50		
PF Payable	0.11		
Professional Tax Payable	0.04		
ESI Payable	0.02		
<b>TOTAL</b>	<b>30.06</b>	<b>16.97</b>	
<b>Note 10: Short-Term Provisions</b>			
Provision for current income tax	5.94	7.57	
<b>TOTAL</b>	<b>5.94</b>	<b>7.57</b>	
<b>Note 13: Inventories &amp; Traded Goods</b>			
a) Raw Material	56.97	63.90	
b) Packing Material	22.98	17.98	
c) Feed Supplement	12.02	-	
d) Finished Goods	398.83	381.20	
e) Stores & spares	0.25	0.80	
f) Works in Process	38.98	23.88	
<b>TOTAL</b>	<b>530.03</b>	<b>487.76</b>	

Note-11

Tangible Assets

Rs. In Lakhs

PARTICULARS	Gross Block			Depreciation			NET BLOCK		
	As on 01.04.2012 Rupees	Additions During the Year (12 Months) Rupees	Deductions During the year (12 Months) Rupees	Total as on 31.03.2013 Rupees	Upto 01.04.2012 Rupees	During the Year (01.04.2012 to 31.03.2013) Rupees	Total Depreciation as on 31.03.2013 Rupees	As on 31.03.2013 Rupees	As on 31.03.2012 Rupees
Buildings***	1,241.24	-	-	1,241.24	12.81	20.23	33.04	1,208.20	1,228.43
Electrical Equipment	44.87	-	-	44.87	24.65	3.17	27.82	17.05	20.23
BIO & IT Products	2,771.33	350.41	-	3,121.74	557.36	312.17	869.53	2,252.21	2,213.97
Furniture & Fixtures	42.25	0.88	-	43.13	19.50	2.73	22.23	20.89	22.75
Vehicles	91.99	-	-	91.99	43.75	8.74	52.49	39.50	48.24
Office Equipment	25.18	1.33	-	26.51	10.87	1.68	12.55	13.96	14.31
Computers Lab & Peripherals***	767.49	0.57	-	768.06	265.61	124.50	390.11	377.95	501.88
<b>TOTAL</b>	<b>4,984.36</b>	<b>353.18</b>	<b>-</b>	<b>5,337.54</b>	<b>934.55</b>	<b>473.23</b>	<b>1,407.78</b>	<b>3,929.76</b>	<b>4,049.81</b>
Previous Year	3,645.34	1,339.02	-	4,984.36	561.26	373.30	934.56	4,049.80	3,084.08

\*\*\* Assets has been Re-Grouped

Note-12

Capital work-in-progress

Rupees in Lacs

PARTICULARS	01.04.2012	Addition	Capitalised - During the year (01-04-12 to 31-03-13)	Value of CWIP as at 31.03.2013
	<b>A</b>	<b>B</b>	<b>C</b>	
<b>CAPITAL WORK IN PROGRESS</b>				
Land Development & Civil Works	405.00	-	-	405.00
Plant and Machinery	625.65	-	-	625.65
Building construction	743.25	-	-	743.25
Pre operative expenses	136.00	31.00	-	167.00
Interest On Term Loan	189.37	131.63	-	321.00
<b>TOTAL</b>	<b>2,099.27</b>	<b>162.63</b>	<b>-</b>	<b>2,261.90</b>

## Notes forming part of the financial statements

Rs in Lakhs

	As at 31st March 2013	As at 31st March 2012
<b>Note 14: Trade Receivables</b> (Unsecured, considered good) Trade receivables outstanding for a period exceeding six months from the date they were due for payment Other trade receivables <b>TOTAL</b>	86.22 492.79 <b>579.01</b>	526.08 - <b>526.08</b>
<b>Note 15: Cash and Cash Equivalents</b> Cash on hand <b>Balances with Banks:</b> In current accounts In Deposit accounts <b>TOTAL</b>	1.75 15.06 - <b>16.81</b> <b>16.81</b>	4.89 11.62 - <b>16.51</b> <b>16.51</b>
<b>Note 16: Short-Term Loans and Advances</b> (Unsecured, considered good) Balances with government authorities Advances for supply of goods Others <b>TOTAL</b>	- 70.02 69.66 <b>139.68</b>	- 60.89 24.74 <b>85.63</b>
<b>Note 17: Other Current Assets</b> a) Product Development Expenses add: addition ( To the extent not written off) Total less: Written off Total a b) Public Issue Expenses less: Written off Total b Total a+b	1,835.71 303.96 <b>2,139.67</b> 183.57 <b>1,956.10</b> 131.81 13.18 118.63 <b>2,074.74</b>	1,194.16 760.97 <b>1,955.13</b> 119.42 <b>1,835.71</b> 146.46 14.65 131.81 <b>1,967.20</b>
<b>Note 18: Revenue from Operations</b> <b>Sales - Traded Goods-Formulations</b> - Domestic - Exports & Other Income <b>Total</b>	2,115.54 - <b>2,115.54</b>	2,058.88 - <b>2,058.88</b>
<b>Note 19: Other Income</b> a) Interest on deposit with banks and others	4.01 <b>4.01</b>	43.32 <b>43.32</b>

## Notes forming part of the financial statements

Rs in Lakhs

	As at 31st March 2013	As at 31st March 2012
<b>Note 20: Cost of Material Consumed</b>		
A) Raw Material		
Opening Stock	63.90	38.25
Purchases	259.01	432.77
Less: Closing Stock	56.97	63.90
Total -A	<b>265.94</b>	<b>407.12</b>
B) Packing Material		
Opening Stock	17.98	10.58
Purchases	32.65	61.69
Less: closing Stock	22.98	17.98
Total -B	<b>27.65</b>	<b>54.28</b>
C) Stores & Consumables		
Opening Stock	0.80	1.42
Purchases	0.93	0.60
Less: Closing Stock	0.25	0.80
Total -C	<b>1.48</b>	<b>1.22</b>
D) Enzymatic Feed Supplement		
Opening Stock	-	-
Purchases	419.93	-
Less: Closing Stock	12.02	-
Total -D	<b>407.91</b>	-
Total A+B+C+D	<b>702.98</b>	<b>462.62</b>
<b>Note 21: Purchase of Stock-in-Trade</b>	<b>221.07</b>	<b>346.33</b>
	<b>221.07</b>	<b>346.33</b>
<b>Note 22: Increase/( Decrease) in Stocks</b>		
Closing Stock		
Work in Process	38.98	23.88
Finished Goods	398.83	381.20
Total	<b>437.81</b>	<b>405.08</b>
Opening Stock		
Work in Process	23.88	16.24
Finished Goods	381.20	334.38
Total	<b>405.08</b>	<b>350.62</b>
<b>Increase/( Decrease) in Stocks</b>	<b>32.73</b>	<b>54.46</b>
<b>Note 23: Employee Benefit Expenses</b>		
Salaries and wages	104.72	171.19
Staff welfare	2.55	4.82
	<b>107.27</b>	<b>176.01</b>
<b>Note 24: Finance Costs</b>		
Interest on working capital	63.10	61.62
Interest on Hire Purchase Loans	2.10	2.86
interest (others)	-	-
Bank Charges	1.40	0.84
Processing Fee on SBI WC & Term Loan	2.00	2.00
	<b>68.60</b>	<b>67.32</b>

## Notes forming part of the financial statements

Rs in Lakhs

	As at 31st March 2013	As at 31st March 2012
<b>Note 25: Other Expenses</b>		
Communications Postage & Telephone	4.42	5.26
Rent, Rates & Taxes	6.95	6.30
Office Maintenance	1.34	2.26
Travelling & Conveyance	1.73	1.86
Printing & Stationary, Computer consumables	2.79	3.46
Electricity Charges	2.44	2.51
Insurance Charges	1.74	2.54
Professional Charges	3.12	5.82
Books & Periodicals	0.07	0.28
Training & Recruitment Expenses	0.35	0.86
Payment to Auditor -Audit fee	3.00	3.00
Repairs & Maintenance	2.37	2.48
Entertainment	0.10	0.26
W/o Expenses - Product Development & Public Issue Exp.	196.75	134.06
Advertisement Expenses	0.50	0.56
Selling expenses	84.60	95.61
Wastage - Expiry date goods	117.03	125.36
Provision for Bad debts	-	39.91
	<b>429.30</b>	<b>432.39</b>
<b>Note 26:R&amp;D Expenses -Drug development Expenses</b>		
Raw Material	85.50	225.57
Consumables	10.84	0.28
Salaries and Wages	12.21	23.06
Lab Expenses	10.13	21.37
<b>Total</b>	<b>118.68</b>	<b>270.28</b>

**Notes forming part of the financial statements****27 Related Party Disclosures**

The Company had no transactions with related parties as defined in Accounting Standard - 18 issued by the Institute of Chartered Accountants of India.

**28 Earnings Per Share**

Particulars	2012-13	2011-12
Profit After Tax	31.15	28.41
Calculation of Weighted average number of shares of Rs 10/- each	146.03	146.03
- Number of shares at the beginning of the year	146.03	146.03
- Total equity shares outstanding at the end of the year	146.03	146.03
Basic and Diluted Earnings Per Share	0.49	0.63
Nominal Value of Equity Shares (in Rs)	0.49	0.63

**29** Treatment of Contingent Liabilities: Liabilities, which may or may not arise and not crystallized as at the year-end, have been taken as contingent liability. Claims against the Company not acknowledged as Debt in respect of Sales Tax and Income Tax Rs.390.48 Lacs and Rs 299.06 Lacs respectively.

**30** CIF Value of Imports NIL NIL

**31** Expenditure in Foreign Currency NIL Nil

(on account of Travelling & Professional and Consultancy)

**32** Earnings in Foreign Exchange - FOB value of Exports NIL NIL

**33** The company operates predominantly only in one Business Segment viz: Herbal, Allopathic etc Products. The sales of the company is mostly in India and there are no reportable geographical segments.

**34** The Balances of Loans & Advances, Sundry Debtors and Sundry Creditors are subject to confirmation.

**35** The Revised Schedule VI has become effective from 1 April 2012 for the preparation of financial statements. Previous year figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

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

**Place: Hyderabad**

**Date: 29th May 2013**

**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 2115.54 lakh for formulations.

**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:**

	2012-2013 Rs.	2011-2012 Rs.
Audit Fee	3,00,000 =====	3,00,000 =====

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

Particulars	2012-2013 Rs.	2011-2012 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 2013	As at 31 <sup>st</sup> March 2011
Net Profit for the Year	Rs 70.85 lakhs	Rs 91.50 lakhs
Weighted Average No. of Shares Outstanding during the year	Rs 146.03 lakhs	Rs 146.03 lakhs
Basic & Diluted Earnings per share (Rs)	0.49	0.63
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.

**35). Additional Information required under Part II of Schedule VI to the Companies Act 1956.****a) Capacities and Production**

<b>Product Unit Installed capacity / Actual Production</b>	<b>Not Applicable</b>
Licensed Capacity	Not Applicable

**b) TURNOVER:**

Herbal and Allopathic formulations	Rupees In Lakhs	
	2012-2013	2011-12
Herbal and Allopathic Formulations	2115.54	2058.88
Inventory	410.85	381.20
Raw Material Stores & Parts	57.22	16.24
Expenditure in foreign Currenc	NIL	NIL
Earning in foreign exchange	NIL	NIL
R & D Expenditure details:		
Particulars		
a) Capital	350.41	367.82
b) Recurring	<u>118.68</u>	<u>270.28</u>
Total	469.09	638.81

**34. TECHNOLOGY ABSORPTION:**

<b>A. Research &amp; Development (R &amp; D)</b>												
1	Specific area in which R & D carried out by the company	Product development in Herbal and Enzyme formulation										
2	Benefits derived as a result of the above R & D herbal formulation applicable for anti-addiction	Serrecia peptidase enzyme and bio quite is ready for commercialization. Cadalmin, sea weed based bio active ingredient to treat arthritis is also being commercialized.										
3	Future plan of action	We will continue to work on clinical trial of Bio drug Molecule and optimization. We are planning to work in cardiovascular new drug..										
4	Expenditure on R & D:	(Rs. In Lakhs)										
		<table border="1"> <tr> <td style="text-align: center;"><b>2012-1</b></td> <td style="text-align: center;"><b>2011-12</b></td> </tr> <tr> <td>a. Capital</td> <td style="text-align: right;">367.82</td> </tr> <tr> <td>b. Recurring</td> <td style="text-align: right;">270.28</td> </tr> <tr> <td>c. Total</td> <td style="text-align: right;">638.10</td> </tr> <tr> <td>d. Total R &amp; D expenditure as a percentage of total turnover</td> <td style="text-align: right;">30.99%</td> </tr> </table>	<b>2012-1</b>	<b>2011-12</b>	a. Capital	367.82	b. Recurring	270.28	c. Total	638.10	d. Total R & D expenditure as a percentage of total turnover	30.99%
<b>2012-1</b>	<b>2011-12</b>											
a. Capital	367.82											
b. Recurring	270.28											
c. Total	638.10											
d. Total R & D expenditure as a percentage of total turnover	30.99%											
	a. Capital	350.41										
	b. Recurring	118.68										
	c. Total	469.09										
	d. Total R & D expenditure as a percentage of total turnover	22.17%										

As per our Report Attached  
**For Lakshmi Purna & Associates**  
Chartered Accountants

for and on Behalf of the Board

**Ch. L. Purnachandra Rao**  
Proprietor  
M.No.221392  
Frm Reg. 012323S

**Dr. A.N. Singh**  
Managing Director

Director.

Place: Hyderabad  
Date:29-05-2013

**CASH FLOW STATEMENT**

Rupees in Lakh

Particulars	1.4.2012 to 31.03.2013	1.4.2011 To 31.03.2012
<b>A. Cash Flow From Operating Activities</b>		
Net Profit before Tax & Appropriations	31.15	28.41
Depreciation	473.23	373.30
Interest and Financial Charges Paid	68.60	67.32
Interest Earned	-	-
Deffered tax	45.64	70.67
Provison for tax	(5.94)	(7.57)
Operating Profit Before Working Capital Charges	<b>612.68</b>	<b>532.13</b>
<b>Adjustments for:</b>		
(Increase)/Decrease in Sundry Debtors	(52.93)	(66.52)
(Increase)/Decrease in Deposits, Loans & Advances	(54.05)	(16.79)
(Increase)/Decrease in Inventory	(42.27)	(86.88)
Increase/(Decrease) in Current Liabilities	(15.80)	(39.48)
<b>Cash Generated from Operations</b>	<b>447.63</b>	<b>322.46</b>
Net Cash generated from Operating Activities (A)	<b>447.63</b>	<b>322.46</b>
<b>B. Cash Flow from Investing Activities:</b>		
Purchase of fixed assets	(353.18)	(1,339.02)
Capital work in progress	(162.63)	1,563.57
Investments	-	-
Interest earned	-	-
Product development expenses	(120.39)	(641.56)
Net Cash generated from/(Used) Investing Activities (B)	<b>(636.20)</b>	<b>(417.01)</b>
<b>C. Cash Flow from Financial Activities</b>		
Net Cash generated from/(used) Financial Activities (c)		
Increase/(Decrease) in Bank Borrowings	186.23	185.58
Increase (Decrease) in Hire purchase Loans	(3.76)	(14.09)
Issue of capital with premium	-	-
Increase/(Decrease) in unsecured loans	75.00	-
Interest and Financial Charges Paid	(68.60)	(67.32)
	<b>188.87</b>	<b>104.17</b>
<b>Net Increase/(Decrease) in Cash and Cash Equalants (A+B+C)</b>	<b>0.30</b>	<b>9.62</b>
Cash and Cash equalants at the beginning of the year	16.51	6.89
Cash and Cash equalants (Closing Balance)	16.81	16.51
	0.30	9.62

As per our Report Attached  
**For Lakshmi Purna & Associates**  
Chartered Accountants

for and on Behalf of the Board

**Ch. L. Purnachandra Rao**  
Proprietor  
M.No.221392  
Frm Reg. 012323S

**Dr. A.N. Singh**  
Managing Director

Director.

Place: Hyderabad  
Date:29-05-2013

## CELESTIAL BIOLABS LIMITED

Plot No. 59, Road No.12, APIIC Tech Park, IDA Nacharam, Hyderabad-500 076

### 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	3
---	---	---	---	---	---	---	---

#### 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)

SOURCE OF FUNDS

Total Liabilities

9	5	3	1	9	2
---	---	---	---	---	---

Total Assets

9	5	3	1	9	2
---	---	---	---	---	---

Paid up Capital

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

Reserves &amp; Surplus

6	4	6	5	7	3
---	---	---	---	---	---

Secured Loans

1	3	9	1	7	9
---	---	---	---	---	---

Unsecured Loans

1	3	0	5	0
---	---	---	---	---

APPLICATION OF FUNDS

Net Fixed Assets

3	9	2	9	7	6
---	---	---	---	---	---

Investments

0	0	0	0	0	0
---	---	---	---	---	---

Net Currents

1	2	6	5	5	3
---	---	---	---	---	---

Misc.Expenditure

2	0	7	4	7	4
---	---	---	---	---	---

Accumulated Losses

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

Deferred Revenue Expenditure

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

Public Issue Expenses

1	1	8	6	3
---	---	---	---	---

Product Development

1	9	5	6	1	1
---	---	---	---	---	---

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

Turnover

2	1	1	5	5	7
---	---	---	---	---	---

Total Expenditure

2	0	8	8	4	0
---	---	---	---	---	---

Profit Before Tax

	3	1	1	5
--	---	---	---	---

Profit After Tax

	7	0	8	5
--	---	---	---	---

Earnings per share

0	.	4	9
---	---	---	---

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:30-05-2013

**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 15<sup>th</sup> Annual General Meeting of the company to be held on Thursday, 19<sup>th</sup> September, 2013 at 10.00 a.m and at any adjournment there of.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2013.

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

Signature

Affix  
necessary  
stamp

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

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 15<sup>th</sup> ANNUAL GENERAL MEETING OF THE Company held on Thursday, the 19<sup>th</sup> September, 2013 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

**BOOK POST**  
Printed Matter

*If undelivered please return to:*

**CELESTIAL**  
**BIOLABS LIMITED**

Plot No.59, Road No.12  
APIIC Tech Park, IDA  
Nacharam,  
Hyderabad-500 076