

**17<sup>TH</sup> ANNUAL REPORT**

**2008-2009**



**HINDUSTAN BIO SCIENCES LIMITED**

**HINDUSTAN BIO SCIENCES LIMITED****Board Of Directors:**

- 1) Sri. J.V.R. Mohan Raju – Managing Director
- 2) Smt J.Uma – Director
- 3) Kum. J. Tanuja Raju – Director
- 4) Sri. B.R.Rao – Director
- 5) Sri. A.V.V.Satyanarayana – Director

**Registered &****Administrative Office**

– H.No.8-2-269/S, Plot No.31,  
Sagar Co-Operative Housing Society,  
Road No.2, Banjara Hills,  
Hyderabad – 500 034

**Bankers**

– HDFC Bank Ltd.,  
Punjagutta Branch,  
Hyderabad.

**Auditors**

– Rao & Sridhar  
Flat No. 310 & 311  
Kubera Towers, Narayanguda,  
Hyderabad – 500 0029

**Share Transfer Agents For  
Demat Shares**

– M/s. Venture Capital & Corporate  
Investments Pvt. Limited.  
12-10-167,  
Bharat Nagar,  
Hyderabad – 500 018.

**NOTICE**

Notice is hereby given that the Seventeenth Annual General Meeting of the Members of the Company will be held on Wednesday, the 30<sup>th</sup> September, 2009 at 10.00 A.M at Pride Inn, H.No.8-2-289/8/1, Road No.14, Banjara Hills, Hyderabad - 500 034, Andhra Pradesh to transact the following.

**Ordinary Business:**

1. To receive, consider and adopt the Audited Balance Sheet and the Profit and Loss account for the year ended 31<sup>st</sup> March, 2009 and the Directors and Auditors report thereon.
2. To appoint a Director in place of Kum J. Tanuja Raju, who retires by rotation and being eligible offers herself for reappointment.
3. To appoint M/s. Rao & Sridhar., Chartered Accountants as Auditors of the company to hold office from the conclusion of this Annual General Meeting until the conclusion next Annual General Meeting at a remuneration and out of pocket expenses to be fixed the Board.

**Special Business:**

To consider and if thought fit, to pass with or without modification(s) the following Resolutions as an ordinary resolution.

4. "RESOLVED that, due notice in writing signifying the intention of a member to propose Sri K. Rama Chandra Raju, as a Director having been received pursuant to section 257 of the Companies Act, 1956, Sri K. Rama Chandra Raju, be and is hereby appointed as a Director of the Company liable to retire by rotation with effect from 01.10.2009."

To consider and if thought fit, to pass with or without modification(s) the following Resolutions as special resolution.

5. "RESOLVED that pursuant to the provisions of section 293(1)(a) of the Companies Act, 1956, consent be and is hereby accorded to the Board of Directors of the Company disposing of the whole, or substantially the whole, of the undertaking and assets of the Cement Division for such consideration and on such terms as the Directors in their discretion consider beneficial to the Company."

For and on behalf of the Board  
For **Hindustan Bio Sciences Limited**

Place : Hyderabad  
Date : 30.06.2009

**J.V.R.Mohan Raju**  
Chairman

**Notes:**

1. A member entitled to attend the meeting is entitled to appoint a proxy to attend and vote at the meeting instead of him and the proxy need not be a member of the company.
2. Proxies in order to be effective must be deposited at the registered office of the company at Plot No: 31, Sagar Co-Operative Housing Society, Road No: 2, Banjara Hills, Hyderabad - 500 034 at least 48 hours before the commencement of the meeting.
3. The Register of members and the share transfer books of the company will remain closed from 16<sup>th</sup> September, 2009 to 30<sup>th</sup> September, 2009 (both days inclusive).
4. Members are requested to quote ledger folio number in all their correspondence to avoid delay in communication.
5. Members are requested to bring their copy of the Annual Report and the attendance slips with them to the Annual General Meeting.
6. The company shares are listed on Bombay Stock Exchange Limited. The listing fee for the year 2009-2010 is paid.

**EXPLANATORY STATEMENT PURSUANT TO THE SECTION 173(2) OF THE COMPANIES ACT, 1956.****ITEM NO.4:**

A notice has been received from a member along with a deposit of rupees five hundred as required by section 257 of the Companies Act, 1956, proposing Sri K. Rama Chandra Raju, as a candidate for the office of Director liable to retire by rotation.

**Qualification and Experience:**

Sri K. Rama Chandra Raju is a Graduate in science and Public Administration and Master Degree in English Literature from Kakatiya University.

He has vast experience in Business Development in so many companies now he is working with M/s. HES Infra Limited from 2007 onwards.

As required by section 264 of the Companies Act, Sri K. Rama Chandra Raju, has signed and filed with the Company his consent in writing to act as Director, if appointed. Except Sri K. Rama Chandra Raju, none of the other Directors are interested or concerned in this resolution.

**ITEM NO.5 :**

The Company was diversified its activities in to Bio Sciences and hence the plant and Machinery including the land became un-usable to us as the company is not doing cement Business. The land was located at Vedadri Village, Jaggaiah Pet Mandal, Krishna Dt.,

So your Directors propose to sell the Property as it is not worth and causes administrative problems in maintaining the assets.

Your Directors recommend the resolution as special resolution.

None of the other Directors are interested or concerned in this resolution.

**INSPECTION OF DOCUMENTS:**

The documents pertaining to special business are available for inspection at the Registered Office of the company between 10.30 a.m and 12.30 p.m on any working day prior to the meeting.

For and on behalf of the Board  
For Hindustan Bio Sciences Limited

Place : Hyderabad  
Date : 30.06.2009

**J.V.R.Mohan Raju**  
Chairman

**DIRECTOR'S REPORT**

To The Members,

Your directors are pleased to present their report along with the Audited accounts for the year ended 31-03-2009.

**1. Financial Results:****Rs. In Lakhs**

<b>Particulars</b>	<b>2008-2009</b>	<b>2007-2008</b>
Operating Profit	34.76	22.39
Less: Depreciation	6.11	7.15
Less: Miscellaneous Expenditure Written off	15.88	15.88
<b>Profit Before Tax</b>	<b>12.77</b>	<b>(0.64)</b>
Less: Provision for Taxation		
Income Tax	1.45	NIL
Fringe Benefit Tax	1.35	0.83
Add/Less: Deferred Tax Asset or Liability	(0.02)	0.29
<b>Profit after Tax</b>	<b>9.95</b>	<b>(1.18)</b>
<b>Appropriations:</b>		
Proposed Dividend	NIL	NIL
Balance carried forward to Balance Sheet.	15.96	(1.18)

*Note:* Previous year figures have been regrouped wherever necessary.

**2. Operations:**

During the year under review, the company achieved a turnover of Rs. 374.18 lakhs and it is hopeful of achieving better results in the year ahead as the products are well accepted in the market.

**3. Directors:**

Kum J. Tanuja Raju, Director is retiring by rotation and being eligible offers herself for reappointment.

Sri K. Rama Chandra Raju having rich experience in several fields, be and is hereby proposed to be appointed as Director retiring by rotation.

**4. Directors Responsibility Statement:**

Your Directors would like to inform members that the audited accounts containing the Financial Statements for the year 2008-2009 are in full conformity with requirement of the Companies Act and they believe that the financial statements reflect fairly the form and substance of transactions carried out during the year and reasonably present the company's financial condition and result of operations. These financial statements are audited by the statutory Auditors M/s. Rao & Sridhar.

Your Directors further confirm that:

- (i). In the preparation of the annual accounts, applicable accounting standards have been followed.
- (ii). The accounting policies are consistently applied and reasonable, prudent judgments and estimates are made so as to give a true and fair view of the state of affairs of the company at the end of the financial year.
- (iii). That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Companies Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- (iv). That the directors had prepared the annual accounts on a going concern basis.

**5. Auditors:**

M/s. Rao & Sridhar., Chartered Accountants, Hyderabad, who has been appointed as an auditors of the company in the last Annual General Meeting retire at the conclusion of this Annual General Meeting and being eligible and have conveyed their consent to be reappointed.

The company is not making sufficient profits and hence not able to appoint a company secretary but utilizing the service of Sri. V.B.S.S.Prasad practicing Company Secretary to look after legal compliances.

**6. Corporate Governance:**

A note on corporate governance is enclosed.

**7. Particulars Of Employees:**

No employee of the company is in receipt of remuneration of Rs.24 Lakhs per annum, and no employees is in receipt of Rs.2 Lakhs per month, for any part of the financial year whose particulars are required to be disclosed pursuant to section 217 (2A) of the Companies Act, 1956 and the companies (particulars of Employees) rules, 1975 as amended.

## 9. Acknowledgements :

The board wishes to place its deep sense of gratitude to all the employees for their valuable co-operation and contribution. The board also thanks all Government/statutory organizations for their support extended to the company.

The board is also grateful to Banks and all those associated with the company for their co-operation and help.

For and on behalf of the Board  
For **Hindustan Bio Sciences Limited**

Place : Hyderabad  
Date : 30.06.2009

**J.V.R.Mohan Raju**  
Chairman

### Annexure 'A' to the Director's Report

Particulars pursuant to Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988.

#### A. Details of Conservation of Energy :

The operations of the Company are not energy intensive. However, adequate measure have been taken to conserve and reduce the energy consumption by using energy efficient computer monitors and other equipment's, air-conditioners are used only when required and air-conditioned areas have been treated with heat resistant material like sun control film to reduce heat absorption. We believe energy saved is energy produced.

#### B. Technology Absorption, Adaptation and Innovation

The company is taking up only marketing activity of certain biotechnology products. So no specific technology absorption is took place.

##### (i) Foreign Exchange Earnings and Outgo.

Particulars	Rs. In Lakhs
	2008-09
Foreign exchange earnings	NIL
Foreign exchange outgo	192.70

**MANAGEMENT DISCUSSIONS & ANALYSIS REPORT:****Industry Structure and Development :**

The Bio Pharma Industry has registered a growth of 20% during the financial year. Though there is a decline in the growth rate when compared to previous year we are hoping to get a good turnover.

**Opportunities and Threats, Product wise Performance and Outlook :**

The growth of the sector has opened a very good opportunity to our company to expand the Product portfolio of it. The company has identified certain products in Nephrology and Oncology segments and having negotiations with reputed manufactures for custom manufacturing exclusively for the Indian market.

The threats perceived by the company are two fold in nature. The growth of Indigenous companies is giving threat to imports of the similar products. Due to this reason the price competition is increasing and to face this problem the company is negotiating further with the custom manufactures to be on par with the market or better. The other threat being perceived by the company is the delays in getting the Government approvals and the costs involved in getting the approvals. The Genetic Engineering Approval Committee (GEAC) and Drug Controller General of India (DCGI) insisting clinical trial in India for almost every product, even though the product is fully approved in other countries for marketing. This is causing delay in implementing the projects and involving higher costs:

We are Importing and marketing 'Recombinant Human Erythropoietin' with brand names EPOVIN, EPOSINO, TRANSFER & NEPHRODIL. We hope to have a good turnover for this product in the year 2009-10.

We are waiting for the approval from DCGI for higher potencies of the above product, which are used for the treatment of Leukemia.

**Risks and Concerns :**

The time required to get the approval is increasing due to the fact that the number of additional conditions are growing. Before applying for registration a lot of work is to be done, like market potential estimation, competition, cost verses availability etc. To complete all these activities requires a lot of spending in addition to time. There is no guarantee of getting the approvals even after completing all these things. There is a risk of rejection from regulatory bodies, which will result in loss of time and money. That is the reason the company is trading cautiously.



**Internal Control systems and their adequacy :**

The internal control systems are adequate to the size and nature of operations of the company.

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

During the year the company has revenue of Rs.374.18 Lakhs as against last year revenue of Rs.164.77 lakhs. The management is expecting that the revenues will increase during this year as we have four brands now in the market.

**ANNEXURE -B****Report On Corporate Governance**

The following is a report on the steps taken by the company for implementation of Corporate Governance.

**Adoption of Code of Corporate Governance by the Company**

Corporate Governance is the road map, which guides and directs the Board of Directors to govern the affairs of the Company in a manner most beneficial to all the shareholders, the Creditors, the Government and the Society at large. It ensures the accountability of the Board in its decisions.

Corporate Governance is indispensable to resilient and vibrant capital markets and is an important instrument of investor protection.

Corporate Governance, in its true sense, is deeply embedded in the corporate Philosophy of your company.

**BOARD OF DIRECTORS:**

The Board Of Directors comprising one Managing Director and Four other Directors. The details are given below.

- |                            |   |                              |
|----------------------------|---|------------------------------|
| 1. Sri J.V.R.Mohan Raju    | - | Chairman & Managing Director |
| 2. Kum. J. Tanuja Raju     | - | Director                     |
| 3. Sri B.R.Rao             | - | Director                     |
| 4. Sri A.V.V.Satyanarayana | - | Director                     |
| 5. Smt. J.Uma              | - | Director                     |

**Board Meetings:**

The board of directors met 4 (Four) times during the financial year on 30-6-2008, 31-07-2008, 31-10-2008 & 31-01-2009.

Name of the Director	Category	No. of Board Meetings Attended	Attendance at Last AGM	No. of out side Directorships held
1. J.V.R.Mohan Raju	MD	4	Yes	1
2. J. Uma	NED	4	Yes	1
3. J. Tanuja Raju	NED	4	Yes	NIL
4. B.R. Rao	NED	4	Yes	NIL
5. A.V.V. Satyanarayana	NED	1	No	NIL

**Remuneration to Directors**

The details of remuneration paid to all the directors for the year 2008-2009 are:

**1. Non Executive Directors: (Sitting Fee only)**

a. Smt. J. Uma	-	Rs. 4000/-
b. Kum. J.Tanuja Raju	-	NIL
c. Sri B.R.Rao	-	Rs. 4000/-
d. Sri A.V.V.Satyanarayana	-	NIL

**2. Executive Directors :**

a. Sri J.V.R.Mohan Raju	-	Rs. 12,00,000/-
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**Audit Committee :**

The audit committee as on 31<sup>st</sup> March, 2009 consists of

- 1) Sri B.R.Rao, Chairman
- 2) Kum. J. Tanuja Raju
- 3) Smt J.Uma.

All the above members are non-executive directors. Sri B.R.Rao possess expert knowledge in the area of finance and accounting

In accordance with Clause 49 of the Listing Agreement and also Section 292A of the Companies Act, 1956, the terms of reference stipulated by the Board to the Audit Committee are as follows:

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement (s)/are correct, sufficient and credible.
- Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- Reviewing with the management the annual financial statements before submissions to the Board.
- Reviewing with the management, external auditors and the adequacy of internal control systems.
- Discussions with external auditors before the audit commences regarding the nature and scope of audit as well as to have post audit discussion to ascertain any area of concern.
- Reviewing the company's financial and risk management policies.

During the year, audit committee met on 30-06-2008, 31-07-2008, 30-10-2008, and 31-01-2009 and all the members attended the meeting under the chairmanship of Sri B.R.Rao

The audit committee has not made any specific recommendations.

#### **Investor Grievance Committee :**

All the directors of the board are the members of investors grievance committee, Sri B.R.Rao is the chairman of the committee.

In view of SEBI's new regulations, a series of steps have been taken to put in place appropriate corporate governance policies for your Company as reported below:

- 1) The Board of Directors had met 4 times during the year 2008-2009 and the gap between any two successive meetings did not exceed four months.
- 2) The Board has Five members comprising of one Managing Director and four Non Executive Directors.
- 3) Share transfer/Transmissions are being processed and approved promptly through Circular Resolutions of the Share Transfer Committee ratified subsequently by the Board at its regular meetings.

- 4) There are no *outstanding major complaints* received from the share holders.
- 5) The Board is pleased to inform that during the financial year 2008–2009 no penalties/strictures have been imposed on the company by the stock exchanges, Registrar of companies, SEBI or any statutory authority in any manner related to capital market.
- 6) The Listing fees to Bombay Stock Exchange Limited, Mumbai for the year 2009–2010 is paid.
- 7) The Company has complied with the requirements of allowing shareholders to hold the shares in electronic form and appointed M/s. Venture Capital & Corporate Investments Ltd., as Registrars for Demat shares. So far 9658095 shares have been dematerialized.
- 8) The Company has complied with the requirements of the stock exchanges like holding Board meetings for consideration of Un–Audited Financial Results, obtaining a limited review report from the auditors and the half yearly accounts (Un–Audited for the half year ended 30–09–2008) and sent a copy of the same to the stock exchanges as stipulated in the Listing Agreement with the stock exchanges.

**Remuneration Committee:**

The remuneration committee consists of the following Directors.

- 1) Sri B.R.Rao, Chairman
- 2) Kum. J. Tanuja Raju
- 3) Smt J.Uma

The committee had no occasion to meet during the financial year 2008–09

**Postal Ballot :**

No special Resolutions were required to be passed through postal ballot last year.

No special resolutions on matters requiring postal ballot are placed for Share holder's approval at the ensuing Annual General Meeting.

**GENERAL SHAREHOLDER INFORMATION:**

1. Book Closure Date : 16.09.2009 to 30.09.2009 ( both days inclusive)
2. Date, Time and Venue of the 17<sup>th</sup> Annual General Meeting : 30.09.2009 at 10.00 A.M. at Pride Inn, H.No. 8-2-289/8/1, Road No.14, Banjara Hills, Hyderabad - 500 034.
3. Listing On Stock Exchanges : Bombay Stock Exchange Ltd.
4. Listing Fee : Listing Fees for the year 2009-10 has been paid to the Bombay Stock Exchange Ltd.
5. Registered Office : H.No: 8-2-269/S, Plot No: 31, Sagar Co-Operative Housing Society, Road No: 2, Banjara Hills, Hyderabad - 500 034.  
Ph.No: 23555161, Fax: 23549411  
Email: pharma.hindustanbio@gmail.com
6. Place Where Share Transfers are to be lodged' : Secretarial Dept. at Regd Office.
7. Investors' Correspondence & Share Transfers (in Physical Form) : Compliance Officer.  
HINDUSTAN BIO SCIENCES LIMITED  
H.No: 8-2-269/S, Plot No: 31, Sagar Co-Operative Housing Society, Road No: 2, Banjara Hills, Hyderabad - 500 034.  
Ph.No: 23555161, Fax: 23549411  
Email: pharma.hindustanbio@gmail.com  
  
(Share transfers in physical form are processed In house by Secretarial Department of the Company)
- For Electronic Mode : M/s. Venture Capital & Corporate Investments Pvt. Limited.,  
12-10-167,  
Bharat Nagar,  
Hyderabad - 500 018.
8. Company's ISIN No. : INE 597C01013

9. Trading in shares (Electronic Form) : Compulsory Demat
10. Dividend Declared in earlier years : The Company has not declared dividend so far
11. Publication of Unaudited/Audited Financial Results in the press : Normally Published
12. Date & Venue of the last Three Annual General Meetings
- |                                   | Date       | Venue  | Special Resolution passed          |
|-----------------------------------|------------|--|------------------------------------|
| Fourteenth Annual General Meeting | 30-09-2006 | Plot No: 31, Sagar Society, Road No. 2, Banjara Hills, Hyderabad - 500 034.    | Reappointment of Managing Director |
| Fifteenth Annual General Meeting  | 29-09-2007 | Pride Inn, H.No. 8-2-289/8/1, Road No: 14, Banjara Hills, Hyderabad - 500 034. | Increase of MD Remuneration        |
| Sixteenth Annual General Meeting  | 27-09-2008 | Pride Inn, H.No. 8-2-289/8/1, Road No: 14, Banjara Hills, Hyderabad - 500 034. | Nil                                |

**Market Price Data on Company's Scrip on Bombay Stock Exchange Ltd., for the Financial Year 2008-2009**

Month	Highest		Lowest	
	(Rs.)	Date	(Rs.)	Date
April '08	6.32	25-04-2008	4.36	01-04-2008
May '08	5.94	08-05-2008	4.80	30-05-2008
June '08	4.89	11-06-2008	3.62	30-06-2008
July '08	4.50	28-07-2008	2.97	02-07-2008
August '08	4.28	06-08-2008	3.71	28-08-2008
September '08	4.10	10-09-2008	2.95	30-09-2008
October '08	3.17	01-10-2008	1.76	31-10-2008
November '08	2.32	12-11-2008	1.45	21-11-2008
December '08	2.54	31-12-2008	1.46	01-12-2008
January '09	2.65	05-01-2009	1.26	27-01-2009
February '09	1.47	03-02-2009	1.24	06-02-2009
March '09	1.80	12-03-2009	1.24	25-03-2009

## Pattern of Shareholding as on 31.03.2009

Description	No. of Shareholders	%	No. of Shares	%
Individual	7217	96.69	8919198	87.01
FI	-	-	-	-
FII	-	-	-	-
NRI	29	0.39	32571	0.32
Bodies Corporate	186	2.49	1134202	11.06
Clearing Member	32	0.43	164829	1.61
Mutual Funds	-	-	-	-
Trustees	-	-	-	-
Bank	-	-	-	-
<b>TOTAL</b>	<b>7464</b>	<b>100.00</b>	<b>10250800</b>	<b>100.00</b>

## Distribution of Shareholding as on 31.03.2009

Range	No. of Shareholders	%	No. of Shares	%
Up to 500	4531	60.71	1229303	11.99
501 to 1000	1434	19.21	1295137	12.64
1001 to 2000	757	10.14	1262210	12.31
2001 to 3000	257	3.44	685532	6.69
3001 to 4000	123	1.65	458470	4.47
4001 to 5000	116	1.56	568850	5.55
5001 to 10000	142	1.90	1081157	10.55
10001 & Above	104	1.39	3670141	35.80
<b>TOTAL</b>	<b>7464</b>	<b>100.00</b>	<b>10250800</b>	<b>100.00</b>

**Chairman & Managing Director's (CMD) Certification & Declaration**

Pursuant to the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges, it is hereby certified that for the financial year ended March 31, 2009.

A) We have reviewed financial statements and the cash flow statements for the year and that to the best of our knowledge and belief,

- i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B) There is, to the best of our knowledge and belief, no transactions entered into by the company during the year that are fraudulent, illegal or violate of the Company's Code of Conduct.

C) We accept responsibility for establishing and maintaining internal controls and they have evaluated the effectiveness of internal control systems of the company and they have disclosed to the Auditor's and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which they are aware and the steps they have taken or propose to take, to rectify these deficiencies.

D) We have indicated to the Auditors and the Audit Committee:

- i) Significant changes in internal control over financial reporting during the year;
- ii) Significant change in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
- iii) Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

E) We affirm that all Directors and Senior Management have complied with the code of Conduct for the year.

**J.V.R. Mohan Raju**  
**Chairman & Managing Director**

Place : Hyderabad  
Date : 30-06-2009



**Auditor's Certificate on compliance of conditions of Corporate Governance as per Clause 49 of the Listing Agreement with the stock exchanges.**

To  
The Members of  
Hindustan Bio Sciences Limited

We have examined the compliance of conditions of corporate governance by Hindustan Bio Sciences Limited, for the year ended 31-03-2009 as stipulated in Clause 49 of the Listing Agreement of the said Company with Mumbai Stock Exchange Limited.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the company for ensuring compliance with the conditions of the certificate of Corporate Governance as stipulated in the said clause.

It is neither an audit nor an expression of opinion on the financial statements of the company.

No investor grievances are pending for a period exceeding one month against the company as per the records maintained by the company.

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

We further state that such compliance is neither an assurance as to the further viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For RAO & SRIDHAR  
Chartered Accountants**

**A.Viswanatha Rao  
Partner  
Member Ship No. 29597**

Place : Hyderabad  
Date : 30-06-2009

**AUDITOR'S REPORT****Auditor's Report to the Members of Hindustan Bio Sciences Ltd.**

We have audited the attached Balance Sheet of **Hindustan Bio Sciences Limited** as on 31<sup>st</sup> March, 2009 and also the Profit and Loss Account for the year ended on that date annexed thereon. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. 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.

As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.

**Further to our comments in the Annexure referred to above, we report that :**

1. 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.
2. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books.
3. The Balance Sheet and Profit and Loss account dealt with by this report are in agreement with the books of account.
4. In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in Sub-Section (3 C) of section 211 of the Companies Act, 1956.

5. On the basis of written representations received from the Directors, as on 31-03-2009 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31-03-2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
6. In our opinion and to the best of our information and according to the explanations given to us, the said account 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 31<sup>st</sup> March, 2009 and
  - ii. In the case of the Profit and Loss Account, of the Profit for the year ended on that date.

**For RAO & SRIDHAR  
Chartered Accountants**

Place : Hyderabad  
Date : 30-06-2009

**A.Viswanatha Rao  
Partner  
Member Ship No. 29597**

**ANNEXURE TO THE AUDITORS REPORT**

As required by the Companies (Auditor's Report) Order 2003 issued by the Central Government of India, in terms of sub-section (4A) of Section 227 of Companies Act, 1956, we report that.

- i) a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
b) These fixed assets have been physically verified by the management during the year discrepancies noticed on such verification have been properly dealt with in the books of account. In our opinion, the frequency of verification is reasonable having regard to the size of the company and the nature of the assets.  
c) None of the fixed assets have been revalued during the year under review.
- ii) a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.  
b) In our opinion the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.  
c) The discrepancies noticed on verification between the physical stocks and the book records, which are not significant, have been properly dealt with in the books of account.
- iii) The company has neither granted nor has it taken any loans, secured or unsecured from Companies, firms or other parties listed in the registers maintained under section 301 or from companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of stores raw materials including components, plant and machinery, equipment and other assets and with regard to the sale of goods.
- v) In our opinion and according to the information and explanations given to us, there were no transactions of purchase of goods and materials and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the registers maintained under section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000/- or more in respect of each party.

- vi). The company has not accepted any deposits from the public governed by section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 do not apply to this company.
- vii) The company does not have a formal internal audit department but we are of the opinion that the Company's internal control procedures together with the internal checks conducted by the management during the year can be considered as an adequate internal audit system commensurate with the size and nature of its business.
- viii) The Central Government has not prescribed the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956.
- ix) a) The company is regular in depositing undisputed statutory dues with the appropriate authorities including Income Tax, Sales Tax, Wealth Tax and other statutory dues applicable to it.  
b) According to the information and explanations given to us no undisputed amounts payable by the company in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty outstanding as at 31.03.2009 for the period of more than six months from the date they became payable.
- x) The company does not have any accumulated losses at the end of the financial year under reference. The company has not incurred any cash losses in the financial year under reference.
- xi) The company has not defaulted in repayment of dues to financial institutions and banks.
- xii) The company has not granted any loans and advances on the basis of the security by way of pledge of shares, debentures, and other securities.
- xiii) In our opinion, the company is not a Chit Fund or Nidhi/ Mutual Benefit Fund/ Society. Therefore, the provision of clause 4(xiii) of the Companies (Auditor's Report) Order 2003 are not applicable to the company.
- xiv) In our opinion, The company is not dealing in or trading in shares, securities, debentures and other investments.
- xv) The company has not given any guarantee for loans taken by other from banks or financial institutions.
- xvi) In our opinion, the company has not taken any term loans during the year under review.

- xvii) In our opinion, and according to explanations and information give to us, funds raised on short – term basis have not been used for long – term investment and vice versa.
- xviii) The company has not made any preferential allotment of shares during the year under reference.
- xix) The company had not issued any debentures.
- xx) The company, during the year, has not raised money by public issues.
- xxi) In our opinion according to explanations and information given to us, no fraud on or by the company has been noticed or reported during the year.

**For RAO & SRIDHAR**  
Chartered Accountants

Place : Hyderabad  
Date : 30-06-2009

**A.Viswanatha Rao**  
Partner  
Member Ship No. 29597

**BALANCE SHEET AS AT 31ST MARCH, 2009**

Particulars	Sch. No.	As At 31-03-2009 Rs.	As At 31-03-2008 Rs.
<b>I.SOURCES OF FUNDS:</b>			
(1) Shareholder's funds			
(a) Capital	1	102,508,000	102,508,000
(b) Reserves and Surplus	2	1,595,643	601,095
(2) Loans funds			
Secured Loans	3	325,514	742,068
<b>Total :</b>		<b>104,429,157</b>	<b>103,851,163</b>
<b>II. APPLICATION OF FUNDS:</b>			
(1) Fixed Assets	4		
(a) Gross Block		49,239,732	48,445,732
(b) Less: Depreciation		8,162,047	7,550,800
(c) Net Block		41,077,685	40,894,932
(2) Deferred tax asset		666,622	668,925
(3) Current Assets, Loans & Advances.	5		
(a) Sundry debtors		3,096,000	0
(b) Cash and bank balances		2,284,846	4,047,363
(c) Loans and advances		62,667,797	57,317,484
		68,048,643	61,364,847
Less: Current liabilities and provisions	6		
(a) Liabilities		7,267,962	2,829,309
(b) Provisions		342,100	82,750
		7,610,062	2,912,059
Net Current Assets		60,438,581	58,452,788
(4) Miscellaneous expenditure to the extent not written off or adjusted	7	2,246,269	3,834,518
Significant Accounting Policies and Notes on Accounts	11		
<b>Total :</b>		<b>104,429,157</b>	<b>103,851,163</b>

As per our report of even date  
For **RAO & SRIDHAR**  
Chartered Accountants

For and on behalf of the board

**A.Viswanatha Rao**  
Partner

**J.V.R.Mohan Raju**  
Chairman & Managing Director

**J.Uma**  
Director

Member Ship No. 29597

Place : Hyderabad  
Date : 30-06-2009

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

Particulars	Sch. No.	As At 31-03-2009 Rs.	As At 31-03-2008 Rs.
<b>INCOME :</b>			
Net Revenue	8	37,417,550	16,476,835
<b>Total (a) :</b>		<b>37,417,550</b>	<b>16,476,835</b>
<b>EXPENDITURE :</b>			
Material Cost and allied expenses		23,376,147	9,312,576
Personnel Expenses		2,151,200	2,149,139
Administrative and Selling Expenses	9	8,290,653	2,366,360
Loss on Sale of Cars		0	291,437
Financial Charges	10	123,103	118,049
Depreciation	4	611,247	715,243
Misc. Expenses to the extent written off		1,588,249	1,588,249
<b>Total (b) :</b>		<b>36,140,599</b>	<b>16,541,053</b>
Profit / (-) Loss for the year (a-b)		1,276,951	-64,218
Provision for Taxation		144,680	0
Provision for Fringe Benefit Tax		135,420	82,750
Profit(+) Loss(-) after Current Tax		996,851	-146,968
Provision for Deferred Tax		-2,303	29,441
Profit (Loss) for the year		994,548	-117,527
Profit brought forward from previous year		601,095	718,622
Balance carried to Balance Sheet		<b>1,595,643</b>	<b>601,095</b>
Significant accounting policies and notes on accounts	11		
Earning per equity share (Basic & Diluted)		0.10	-0.01

As per our report of even date

 For **RAO & SRIDHAR**  
Chartered Accountants

For and on behalf of the board

**A.Viswanatha Rao**  
Partner

**J.V.R.Mohan Raju**  
Chairman & Managing Director

**J.Uma**  
Director

Member Ship No. 29597

 Place : Hyderabad  
Date : 30-06-2009



## Schedules Forming Part Of Balance Sheet

Particulars	As At 31-03-2009 Rs.	As At 31-03-2008 Rs.
<b>SCHEDULE 1</b>		
Authorised Share Capital 11,000,000 Equity shares of Rs. 10 each	110,000,000	110,000,000
Issued, Subscribed and paid up 10,250,800 Equity shares of Rs. 10 each	102,508,000	102,508,000
<b>SCHEDULE 2</b>		
<b>Reserves &amp; Surplus</b>		
Surplus in Profit & Loss A/c	1,595,643	601,095
	<b>1,595,643</b>	<b>601,095</b>
<b>SCHEDULE 3</b>		
<b>(a) Secured Loans</b>		
ICICI Bank Limited	0	59,658
Kotak Mahindra Prime Limited	325,514	682,410
	<b>325,514</b>	<b>742,068</b>

**Schedule : 4 Statement Of Consolidated Depreciation**

Particulars of Assets	Gross Block				Depreciation Block				W.D.V.	
	As on 01.04.08	Dedu- ctions	Additions During the Year	Balance as on 31.03.09	As on 01.04.08	Dedu- ctions	For the Period	As on 31.03.09	As on 31.03.09	As on 31.03.08
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Buildings	5,654,000	-	-	5,654,000	-	-	-	-	5,654,000	5,654,000
Computers	8,077,763	-	-	8,077,763	5,363,394	-	-	5,363,394	2,714,369	2,714,369
Computers 1	20,000	-	-	20,000	7,562	-	4,975	12,537	7,463	12,438
Furniture & Fixtures	510,905	-	-	510,905	205,473	-	13,281	218,754	292,151	305,432
Land	726,000	-	204,000	930,000	-	-	0	-	930,000	726,000
Office Equipment	402,019	-	-	402,019	279,091	-	13,866	292,957	109,062	122,928
Plant & Machinery	10,000	-	-	10,000	-	-	0	-	10,000	10,000
Vehicles	2,991,965	-	-	2,991,965	966,428	-	462,452	1,428,880	1,563,085	2,025,537
Capital Work-in-Progress	19,229,514	-	-	19,229,514	-	-	-	-	19,229,514	19,229,514
Pre Operative Expenditure	8,767,627	-	-	8,767,627	-	-	-	-	8,767,627	8,767,627
Air Conditioner	111,552	-	-	111,552	64,845	-	6,497	71,342	40,210	46,707
Refrigerator	86,098	-	-	86,098	19,047	-	9,327	28,374	57,724	67,051
Net Workings (LAN)	45,614	-	-	45,614	28,766	-	2,344	31,110	14,504	16,848
Television	19,300	-	-	19,300	11,534	-	1,080	12,614	6,686	7,766
Web Site	40,000	-	-	40,000	24,848	-	2,108	26,956	13,044	15,152
EPBX Model No. 308	42,800	-	-	42,800	27,405	-	2,141	29,546	13,254	15,395
Laboratory Equipment	1,497,575	-	-	1,497,575	529,174	-	-	529,174	968,401	968,401
Walk in Cooler	213,000	-	-	213,000	23,233	-	26,397	49,630	163,370	189,767
Fitness Equipment	-	-	590,000	590,000	-	-	66,779	66,779	523,221	-
	48,445,732	-	794,000	49,239,732	7,550,800	-	611,247	8,162,047	41,077,685	40,894,932

## SCHEDULES FORMING PART OF BALANCE SHEET

Particulars	As At 31-03-2009 Rs.	As At 31-03-2008 Rs.
<b>SCHEDULE : 5</b>		
<b>Current Assets, Loans And Advances</b>		
<b>A) Sundry Debtors</b> (Unsecured and considered good) Debtors less than 6 months	3,096,000	0
<b>Total A</b>	<b>3,096,000</b>	<b>0</b>
<b>B) Cash &amp; Bank Balances</b>		
Cash in hand	1,469,651	3,934,490
Centurion Bank, Punjagutta Branch	792,398	95,823
Standard Chartered Bank	10,000	0
Oriental Bank of Commerce, Srinagar Colony, Br.	12,797	17,050
The HSBC Limited	0	0
<b>Total B</b>	<b>2,284,846</b>	<b>4,047,363</b>
<b>C) Loans &amp; Advances :</b> (Recoverable in cash or Kind or for value to be received)		
01. Advance to suppliers	50,307,435	50,307,435
02. Rent Deposit	60,000	60,000
03. Telephone Deposit	14,413	14,413
04. K.V.R.Projects Pvt. Limited	600,000	600,000
05. Venkar Chemicals Pvt. Ltd.	2,200,000	2,200,000
06. Srikaa Aqua Mineral (P)Ltd.	900	900
07. Prepaid Insurance	17,306	39,298
08. Advance paid against Agriculture Lease Land	0	200,000
09. Mahindra Holiday & Resorts India Ltd.,	238,334	187,688
10. Nipuna Shelters Pvt. Ltd.,	7,839,500	3,625,000
11. Advance FBT Paid	83,000	82,750
12. S. Sri Lakshmi	3,185	0
13. C.S. Narendra & Co.,	3,724	0
14. Transglobe	800,000	0
15. Quick & Quality Enterprises	500,000	0
<b>Total C</b>	<b>62,667,797</b>	<b>57,317,484</b>
<b>Total Current Assets (A+B+C)</b>	<b>68,048,643</b>	<b>61,364,847</b>

## SCHEDULES FORMING PART OF BALANCE SHEET

Particulars	As At 31-03-2009 Rs.	As At 31-03-2008 Rs.
<b>SCHEDULE 6 :</b>		
<b>Current Liabilities</b>		
<b>(A) Liabilities</b>		
01. Audit Fee Payable	54,415	39,857
02. Salaries Payable	82,940	78,610
03. Rent Payable	21,980	21,980
04. Professional Tax payable	640	640
05. TDS Payable	504,670	9,113
06. TDS on Salaries	0	27,110
07. C.S. Narendar & Co.	0	8,410
08. Directors Remuneration Payable	101,670	72,890
09. Sudarshan Biotech Ltd.,	7,880	1,627,349
10. Novachem Pharma	0	943,350
11. Shandong Kexing Bioproducts Co. Ltd.,	1,987,294	0
12. Selling Expenses Payable	4,305,600	0
13. Professional charges payable	873	0
14. HES Infra Pvt. Ltd.	200,000	0
	<b>7,267,962</b>	<b>2,829,309</b>
<b>(B) Provisions</b>		
01. Finge Benefit Tax Payable	135,420	82,750
02. C.S.T 2008-09	62,000	0
03. Provision for Taxation	144,680	0
	<b>342,100</b>	<b>82,750</b>
<b>Total Current Liabilities (A+B)</b>	<b>7,610,062</b>	<b>29,12,059</b>
<b>SCHEDULE 7 :</b>		
<b>Miscellaneous Expenditure</b>		
(To the Extent not written off or adjusted)		
a) Preliminary Expenses	37,421	74,842
b) Public Issue Expenses	313,977	627,954
c) Lease Hold Agricultural Land Developing Expenses	0	763,134
d) Clinical Trail Expenses	1,894,871	2,368,588
	<b>2,246,269</b>	<b>3,834,518</b>
<b>SCHEDULE 8 :</b>		
<b>Income</b>		
Sales	37,417,550	15,291,500
Income from Agricultural operations	0	1,085,000
Interest Received	0	2,630
Foreign Exchange Gain	0	97,705
	<b>37,417,550</b>	<b>16,476,835</b>

## Schedules Forming Part Of Profit &amp; Loss Account

Particulars	As At 31-03-2009 Rs.	As At 31-03-2008 Rs.
<b>SCHEDULE 9 :</b>		
<b>Administrative &amp; Selling Expenses</b>		
Advertisement	35,000	36,418
Audit Fee	60,665	44,950
Conveyance Charges	24,109	32,930
Electricity Charges	37,340	32,272
Licenses & Taxes Fees	75,486	1,27,010
Listing Fee	33,251	51,300
Misc. Expenses	21,545	31,288
Office Maintenance	19,067	19,741
Car Maintenance charges	2,79,387	2,10,102
Motor Cycle Maintenance charges	24,784	12,971
Postage	33,557	37,013
Printing & Stationery	71,566	81,037
Professional Charges	37,875	24,000
Rent	3,12,000	3,12,000
Staff welfare Expenses	5,59,864	1,21,097
Business Promotion	0	34,898
Telephone Charges	1,39,349	1,53,276
Travelling Expenses – In Land	1,64,022	1,20,844
– Foreign	4,65,658	5,24,197
Director Sitting Fee	8,000	16,000
Repairs & Maintenance	6,755	4,911
Subscriptions	10,000	16,882
Selling Expenses	4,800,000	150,000
Carriage Inwards	0	2,335
Donations	0	5,000
Carriage Outwards	5,900	34,225
Debit Balances Written Off	1,057,550	1,29,663
Service Charges – LC Discounting	7,923	0
	<b>8,290,653</b>	<b>2,366,360</b>
<b>SCHEDULE10 :</b>		
<b>Financial Charges</b>		
Bank Charges	66,327	22,830
Interest	4,354	1,050
Car Loan Finance Charges	52,422	94,169
	<b>1,23,103</b>	<b>1,18,049</b>

**Schedule : 11**

Notes forming part of accounts

**A) Significant Accounting Policies:****1) Basis of preparation of Financial Statements:**

- i. The accounts have been prepared to comply in all material aspects with applicable accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and relevant provisions of the Companies Act, 1956.
- ii. Financial Statements are based on historical cost and are prepared on accrual basis.

**2) Fixed Assets**

Fixed Assets are stated at original cost less accumulated depreciation. Cost includes invoice price and wherever applicable freight, duties and taxes, related interest on specific borrowings upto the date of acquisition / installation and expenses incidental to acquisition and installation but exclude recoveries.

**3) Depreciation:**

Depreciation on fixed assets is provided on written down value method at the rates prescribed in schedule XIV of the Companies Act 1956. An asset whose written down value falls below Rs.5000/- is fully depreciated for the remaining balance.

**4) Stock In Trade:**

There is no closing stock as on 31-03-2009

**5) Revenue Recognition:**

The income from activities is recognized as income on the date of sale. The Company Provides for all expenses on accrual basis. Expenditure, the benefit of which accrues over a number of years are treated as deferred revenue expenses and is written off equally over the number of years during which such benefits accrued in installments over a period of ten years during which such benefits accrued to the Company. Preliminary expenses are written off in equal installments over a period of ten years.

**6) Miscellaneous Expenditure:**

- a) Preliminary and Public issue expenses are written off in equal installments over a period of ten years.
- b) Cost of lease hold rights on agriculture lands and the assets such as Motors & Pipes, Transformers and Labour Quarters have been written off over a period of six years, being lease period equally.
- c) It has been decided that clinical trial expenses to be write off over a period of 6 (six) years commencing from the year of generation of revenue from the clinical study of the product developed.

**7) Provision For Taxation:**

Since there are profits for this financial year, provision for income tax made is Rs. 1,44,680/-.

Provision for Fringe Benefit Tax is made based on the liability computed in accordance with relevant tax rates and tax laws.

**8) Secured Loans :**

Loans obtained from Kotak Mahindra Prime Limited is secured against hypothecation of company vehicles.

**9) Remuneration of Auditors :**

Statutory Audit Fee	-	Rs. 40,000
Tax Audit Fee	-	Rs. 15,000
Service Tax	-	Rs. 5,665

Total	-	Rs. 60,665
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**10) Quantitative details of purchases and sales during the year are as follows:**

Pre Filled Syringes	Purchase Units	Sales Units	Closing Stock Units
2000IU	81000	81000	NIL
4000IU	71490	71490	NIL
6000IU	6000	6000	NIL

**B. NOTES TO ACCOUNTS:****1. Retirement Benefits:**

At present, there is no liability towards retirement benefits.

**2. Executive Directors Remuneration:**

Sri J.V.R.Mohan Raju -

2008-09 Rs.	2007-08 Rs.
12,00,000	12,00,000

3. As per requirements of Accounting Standard (AS 22) "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the Company, in the books of accounts has recognized the net deferred tax in respect of depreciation and accumulated losses under Income tax Laws, to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred asset can be realised

The deferred tax asset as on 31<sup>st</sup> March 2009 comprises of the following

	2008-09 Rs.	2007-08 Rs.
1. Unabsorbed Losses under Income Tax Act	5,61,633	5,61,633
2. Related to fixed assets	1,04,989	1,07,292
3. Quantitative Details and the information required under paragraphs 3 and 4C of part ii of schedule VI of the Companies Act, 1956.		
Licensed Capacity	NA	NA
Installed Capacity	NA	NA
Actual Production	NA	NA
4. CIF Value of Imports. : US\$	4,40,267	2,06,975
5. Expenditure in Foreign Currency. :	NIL	NIL
6. Earning in foreign Exchange :	NIL	10,34,183
7. Estimated amount of Contracts remaining to be executed on capital account and not provided for	NIL	NIL
8. Related Party Transactions:		
Key Management Personnel:		
Sri. J.V.R. Mohan Raju, Managing Director		
Transactions carried out with related parties		
Managerial remuneration	12,00,000	12,00,000
9. Earnings per Share (EPS)		
a) Net profit as per Profit & Loss Account Rs.	994548	(117527)
b) Weighted Average number of equity shares used as denominator for calculating EPS Nos.	10250800	10250800
c) Basic and Diluted Earnings per share of Rs.10 each	0.10	(0.01)
10. The advances and deposits include an amount of Rs. 503.07 lakhs advanced during the tenure of previous management, which are subject to confirmation.		
11. The Company operates in only one business segment of pharmaceuticals and there is no geographical segment to be reported		
12. Current liabilities include Rs. NIL payable to small scale and Ancillary industrial undertakings to the extent such parties have been identified from the available documents.		
13. Previous year figures have been regrouped wherever necessary.		

Vide our report of even date

For **RAO & SIRDHAR.,**  
Chartered Accountants

**A.Viswanatha Rao**  
Partner

For and on behalf of the Board

**J.V.R.Mohan Raju**  
Chairman & Managing Director

**J.Uma**  
Director

Member Ship No. 29597

Place: Hyderabad

Date : 30-06-2009



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

Particulars	2008-2009 Rs.	2007-2008 Rs.
<b>A.Cash Flow From Operating Activities</b>		
Net Profit /(-) before Taxation	1,276,951	-64,218
Depreciation	611,247	715,243
Misc.Expenses to the extent Written Off	1,588,249	1,588,249
Operating profit before working capital changes	3,476,447	2,239,274
<b>Adjustments for :</b>		
Sundry Debtors	-3,096,000	1,163,846
Loans & Advances	-5,350,063	-3,787,980
Income -Tax paid/ Fringe Benefit Tax paid	-83,000	-104,260
Current Liabilities & Provisions	4,500,653	2,679,609
<b>Net Cash from operating activities (A)</b>	<b>-551,963</b>	<b>2,190,489</b>
<b>B.Cash Flow From Investing Activities :</b>		
Purchase of Fixed Assets	-794,000	-233,000
Sale of Vehicles	0	466,437
<b>Net Cash used investing activities (B)</b>	<b>-794,000</b>	<b>233,437</b>
<b>C.Cash Flow From Financing Activities :</b>		
Borrowal / (Payment) of Secured Loans	-416,554	-495,607
Payment of Unsecured Loans	0	0
<b>Net cash used in financing activities ( C )</b>	<b>-416,554</b>	<b>-495,607</b>
<i>Net Increase/Decrease in cash and bank balances</i>		
<b>(A+B+C)</b>	<b>-1,762,517</b>	<b>1,928,319</b>
Cash and cash equivalents at the beginning of the year	4,047,364	2,119,045
Cash and cash equivalents at the end of the year	2,284,846	4,047,364

As per our report of even date  
For **RAO & SRIDHAR**  
Chartered Accountants

For and on behalf of the board

**A.Viswanatha Rao**

Partner

Member Ship No. 29597

Place : Hyderabad

Date : 30-06-2009

**J.V.R.Mohan Raju**

Chairman & Managing Director

**J.Uma**

Director

**AUDITORS CERTIFICATE**

We have examined the above cash flow statement of Hindustan Bio Sciences Limited for the year ended March 31, 2009. The statement has been prepared by the company in accordance with the requirements of the listing agreement clause 32 with stock exchanges and is based on and is in agreement with the corresponding Profit and Loss Account and Balance Sheet of the company covered by our report date to the members of the Company.

For **RAO & SRIDHAR**  
Chartered Accountants

Place : Hyderabad  
Date : 30-06-2009

**A.Viswanatha Rao**  
Partner  
Member Ship No. 29597

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

(As per schedule VI, part IV of the Companies Act, 1956).

## 1) Registration Details:

Registration No : 01 - 13564 State Code : 01  
 Balance Sheet Date : 31-03-2009

## 2) Capital Raised During the year ( Amount in Rs. Thousands)

Public Issue : NIL Right Issue : NIL  
 Bonus Issue : NIL Private Placement : NIL

## 3) Position of Mobilization and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities : Total Assets :

**Source of Funds**

Paid up Capital : 102508 Reserves & Surplus : 1596  
 Secured Loans : 325 Unsecured Loans : NIL

**Application of Funds**

Net Fixed Assets : 41078 Investments : NIL  
 Net Current Assets : 60438 Misc. Expenditure : 2246  
 Accumulated Losses : Nil Deferred Tax (Asset) : 667

## 4) Performance of Company (Amount in Thousands)

Turnover : 37417 Total Expenditure : 36140  
 Profit/Loss before Tax : 1277 Profit/Loss after Tax : 995  
 Earnings per share in Rs : 0.10 Dividend Rate % : NIL

## 5) Generic Names of principal products /services of company ( as per Monetary terms)

Item Code No (ITC CODE) - 3004 50 10  
 Product Description - Recombinant Human Erythropoietin

for and on behalf of the Board

Place : Hyderabad.  
 Date : 30-06-2009

**J.V.R.Mohan Raju**  
 Chairman & Managing Director

**J.Uma**  
 Director

**ATTENDANCE SLIP**

**HINDUSTAN BIO SCIENCES LIMITED**

Plot No. 31, Sagar Society, Road No. 2, Banjara Hills, Hyderabad – 500 034.

1. Please fill this attendance slip and hand it over at the entrance of the meeting hall.
2. Only shareholders of the company or their proxies will be allowed to attend the meeting.

I hereby record my presence at the Seventeenth Annual General meeting of the shareholders of the Company, held on Wednesday, the 30th day of September, 2009 at 10.00 A.M. at the Pride Inn, H.No. 8-2-289/8/1, Road No.14, Banjara Hills, Hyderabad – 500 034.

Shareholder's/Proxy's signature .....

Shareholder's/Proxy's full Name .....

( in Block Letters)

Folio No./ Client ID.....DPID .....

No. of shares held .....

.....

**PROXY FORM**

**HINDUSTAN BIO SCIENCES LIMITED**

Plot No. 31, Sagar Society, Road No. 2, Banjara Hills, Hyderabad – 500 034.

I/We .....  
of.....

.....being a member of HINDUSTAN BIO SCIENCES LIMITED , hereby  
appoint ..... of .....or  
failing him / her as my / our proxy to vote for me / us behalf at the Seventeenth Annual  
General Meeting of the shareholders of the company, to be held on Wednesday the 30th day  
of September,2009 at 10.00 A.M. at the Pride Inn, H.No. 8-2-289/8/1, Road No.14, Banjara  
Hills, Hyderabad – 500 034.

As witness signed this ..... day of ..... 2009

Signed by the said .....

Folio No./ Client ID ..... DPID .....

No. of shares held .....

Affix a
Revenue
Stamp

Note: The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The proxy need not be a member of the Company.

**BOOK POST  
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**HINDUSTAN BIO SCIENCES LIMITED**

H.No. 8-2-269/S, Plot No. 31,  
Sagar Society, Road No. 2,  
Banjara Hills, Hyderabad - 500 034.