

## CLINIGENE INTERNATIONAL LIMITED

### DIRECTORS' REPORT

Your Directors take great pleasure in presenting their Seventh Annual Report on the business and operations of the Company, along with its Audited Accounts, for the year ended 31<sup>st</sup> March, 2007.

#### FINANCIAL HIGHLIGHTS:

The Financial Results for year ended:

	Rs. in Millions	
	March 31, 2007	March 31, 2006
Total revenues	115.5	56.6
Total expenditure	85.4	58.8
Profit / (Loss) before interest depreciation and tax	30.1	(2.2)
Depreciation & Interest	21.9	8.7
Profit / (Loss) before tax	8.2	(10.9)
Provision for tax	(0.4)	(0.2)
Profit / (Loss) after tax	7.8	(11.1)
Surplus brought forward from previous year	(62.7)	(51.6)
Profit available for appropriation	(54.9)	(62.7)

Appropriated as follows:

	March 31, 2007	March 31, 2006
Transfer to General Reserve	-	-
Dividend and Tax thereon	-	-
Balance carried to Balance Sheet	(54.9)	(62.7)

#### FINANCIAL ANALYSIS:

For the current financial year, Clinigene incurred a profit of Rs. 7.8 Million as against a loss of Rs. 11.1 Million in the previous year. The Company registered revenue of Rs. 115.5 million as against Rs. 56.6 million in the previous year.

**DIRECTORS:**

Mr. John Shaw retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-election.

During the year under review, Prof. Ravi Mazumdar was appointed as Additional Director of the Company and shareholders approval is sought for his appointment as Director of the Company.

**AUDITORS:**

The Statutory Auditors M/s S.R. Batliboi & Associates, Chartered Accountants, Bangalore, retire at the ensuing Annual General Meeting and are eligible for re-appointment.

In the report by the Auditors under Companies (Auditors' Report) Order, 2003 (as Amended), the Auditors have reported that company has maintained proper records showing full particulars, including details and situation, of fixed assets, however, is in process of updating the quantitative records for certain fixed assets. The company is, as stated by Auditors is updating the quantitative details of fixed assets in the Register.

The Auditors have also reported that the company has generally been regularly deposited with the appropriate authorities except for Rs. 12,93,063/- for the period Oct 2006 to Mar 07, within due dates. This amount represents service tax payable on certain export services rendered by the Company since the Company is of the view that the services are exempt services. The Company has however deposited the service tax under protest with the tax authorities subsequently.

**FIXED DEPOSITS:**

The Company has not accepted any fixed deposits and, as such, no principal or interest was outstanding on the date of the balance sheet.

**PARTICULARS OF EMPLOYEES U/S 217 (2A):**

The information required to be furnished under section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of employees) Rules, and 1975 is not applicable, as there were no employees in the Company who were in receipt of remuneration in excess of the limit specified therein.

**PARTICULARS OF RESEARCH & DEVELOPMENT, CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, ETC.:**

The Company's primary business is Clinical Trials and Research. All clinical trials are being carried out in compliance with the ICH guidelines. Laboratory data meets CAP specifications. A state of the art Human Pharmacology Unit has been set up to conduct Phase I, Bioequivalence and Bioavailability studies. The Company is also endeavouring to identify new biomarkers in the area of Diabetics and Oncology.

The Company is committed to energy conservation and adheres to international standards in terms of hygiene, health, safety, environment, and pollution control.

The Company has not bought any technology for absorption.

**FOREIGN EXCHANGE EARNINGS & OUTFLOW:**

Total earnings in foreign exchange during the year (Previous Year Rs. 30 Million)	- Rs. 54.9 Million
Total out flow of foreign exchange during the year (Previous Year Rs. 19 Million)	- Rs. 8.9 Million

**DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Board of Directors hereby confirm as under:

- i) In preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ii) We have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- iii) We have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) We have prepared the annual accounts on a going concern basis.

**ACKNOWLEDGMENTS:**

The Company acknowledges the commitment and dedication of the employees for their efforts in successful implementation of its various business initiatives. Your Directors thank the customers, investors, vendors and bankers, Government and other agencies for their continued support.

For and on behalf of the Board of Directors

Kiran Mazumdar -Shaw  
Director

John Shaw  
Director

April 14, 2007.