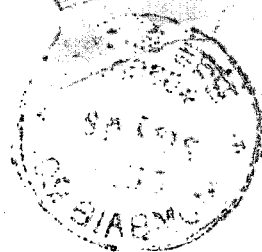


# Celestial Labs Limited

Annual Report 2007-2008



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## MISSION STATEMENT

Celestial is committed to be a technology company respected globally for its Software development, Products, Services in the areas of Bioinformatics, Enterprise Resource Planning, Information Technology, and Information Technology Enabled Services

Celestial is diversifying to be a quality global manufacturer and service provider in the life sciences sector.

Enhancing the Stake Holders interest and to be an employer of choice.

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**CORPORATE INFORMATION****BOARD OF DIRECTORS**

Dr A.N.Singh	Chairman & Managing Director
Mr. Subhash Charndra Srivastava	Director
Mrs. Padma Singh	Director
Dr D.C.Sastry	Director
Mr. K.C.Sarma	Director
Dr. P.S.N.Reddy	Director
Dr. B.Siva Kumar	Director

**REGISTERED OFFICE**

Plot No 231 A, M L A Colony,  
Road No 12, Banjara Hills  
Hyderabad 500 034  
A.P.India  
Phones: + 91 40 2354008  
Fax: 091 40 23542844

**STATUTORY AUDITORS**

M/s G.V.Rao & Co  
Chartered Accountants  
G/4, Shanti Apartments  
Anand Nagar Colony,  
Khaitarabad  
Hyderabad - 500 004

**REGISTRAR SHARE TRANSFER AGENT**

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

**BANKERS**

ICICI Bank Limited  
Road No 33  
Jubilee Hills  
Hyderabad 500 033

Punjab National Bank  
MID Corporate Branch  
Sufi Chambers, Road No.1  
Banjara Hills, Hyderabad-500 034

**NOTICE**

Notice is hereby given that the Tenth Annual General Meeting of the members of **CELESTIAL LABS LIMITED** will be held on Thursday, the 14<sup>th</sup> August, 2008 at 02.30 p.m. at The Federation of Andhra Pradesh Chambers of Commerce and Industry, Federation House, 11-6-841, Red Hills, Hyderabad - 500004, Andhra Pradesh to transact the following business:

**Ordinary Business:**

1. To consider and adopt the Audited Balance Sheet as at March 31st, 2008, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date together with the schedules and notes attached there to along with the reports of the Board of Directors and Auditors thereon.
2. To declare dividend.
3. To appoint auditor and to fix their remuneration and in this regard to consider and if thought fit to pass, with or without modification, the following resolution as an ordinary resolution:

**"RESOLVED THAT M/S G. V. RAO & Co., Chartered Accountants, Hyderabad, be and is hereby re-appointed as the Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the company on such remuneration as will be fixed by the Board of Directors of the Company."**

**Special Business :**

4. To consider and if thought fit, to pass, with or without modification(s), the following as an **Ordinary Resolution**:

**"RESOLVED THAT** the vacancy of the office of Directorship of Mr. Subhash Srivastava, who is liable to retire by rotation at this Annual General Meeting, arising on account of not offering himself for re-appointment be and is hereby not filled-in."

5. To consider and if thought fit, to pass, with or without modification(s), the following as an **Ordinary Resolution**:

**"RESOLVED THAT** the vacancy of the office of Directorship of Mr. K.C. Sarma, who is liable to retire by rotation at this Annual General Meeting, arising on account of not offering himself for re-appointment be and is hereby not filled-in."

6. To consider and if thought fit, to pass, with or without modification(s), the following as an **Ordinary Resolution**:

**"RESOLVED THAT** Dr. B. Sivakumar, who was appointed as an Additional Director, and in whose favour the Company has received a Notice under Section 257 of the Companies Act, 1956, from a member of the Company be and is hereby appointed as a Director of the Company liable to retire by rotation."

7. To consider and if thought fit, to pass, with or without modification(s), the following as an **Ordinary Resolution**:

**"RESOLVED THAT** Dr. P.S.N. Reddy, who was appointed as an Additional Director, and in whose favour the Company has received a Notice under Section 257 of the Companies Act, 1956, from a member of the Company be and is hereby appointed as a Director of the Company liable to retire by rotation."

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

**"RESOLVED THAT** pursuant to the 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 5,89,000 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 financial year ending 31st March, 2009, 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, viz. Sweat Equity Shares, at such price, as may be arrived at as per the Relevant Date viz.28th July, 2008, and under the terms and conditions and the Relevant Date 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."

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

**"RESOLVED THAT** subsequent to the successful allotment of not exceeding 5,89,000 Equity Shares of Rs.10/- each as Sweat Equity Shares during the financial year ending 31st March,2009, and the compliance of all the applicable laws and the terms and conditions of the said Sweat Equity Issue as proposed vide the above-mentioned Special Resolution, and pursuant to the 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 6,20,000 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, after 1<sup>st</sup> April, 2009, during the validity of this resolution within the financial year ending 31<sup>st</sup> March, 2010, 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, viz. Sweat Equity Shares, at such price as may be arrived at as per the Relevant Date viz.2<sup>nd</sup> March, 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."

**Registered Office :**

231/A, Road No:12, MLA Colony  
Banjara Hills. Hyderabad - 500034

**For CELESTIAL LABS LIMITED**

**Dr. Aditya Narayan Singh**  
Chairman & Managing Director

Place : Hyderabad

Date : 14.07.2008

**NOTES**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING, IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. Proxies in order to be effective must be lodged with the company not less than 48 hours before the time of the meeting.
3. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board resolution authorizing their representative to attend and vote on their behalf at the Meeting.
4. Members are requested to bring their Attendance slip along with their copy of the Annual report to the Meeting.
5. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, with respect to Item No. 4 to 9 of the Notice is annexed herewith and forms part of the Notice.
6. 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.
7. 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.
8. Register of members and transfer books will remain closed from Monday, August 11<sup>th</sup> 2008, to Thursday, August, 14<sup>th</sup> 2008 (both days inclusive)
9. The dividend on shares, if declared at the meeting, will be paid within thirty days from the date of declaration of to those members or their mandates whose names appear:
  - a. As beneficial owners as on Thursday, 14<sup>th</sup> August, 2008 as per the lists to be furnished by NSDL/ CDSL, in respect of shares held in electronic form: and
  - b. As Members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the company on or before Thursday, August 14<sup>th</sup>, 2008
10. Members are requested to notify the change in their address to the company and always quote their Folio Numbers or DP ID and client ID numbers in all correspondence with the company. In respect of holding in electronic form, Members are requested to notify and change of address to their respective depository participants.
11. 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.

12. All the documents referred in the Notice and Explanatory Statement, are available for inspection at the Registered Office of the Company during office hours on all working days, except on Saturdays between 11.00 a.m. to 1.00 p.m. up to the date of the Annual General Meeting.

**Explanatory statement under section 173(2) of the Companies Act, 1956:**

**Item No. 4 & 5**

Mr. Subhash Srivastava and Mr. K. C. Sarma, who are liable to retire by rotation at this Annual General Meeting, have not offered themselves for re-appointment. Hence the resolutions are proposed not to fill-in the said vacancies.

None of the Directors may be deemed to be concerned or interested in these resolutions.

**Item No. 6 & 7**

Mr. B. Sivakumar and Mr. P. S. N. Reddy had been appointed as additional Directors and in favour of the said persons the company has received notice for their appointment as Directors liable to retire by rotation. Considering their rich experience and in the business interest of the Company, your Directors recommend their appointment.

None of the Directors, other than Mr. B. Sivakumar and Mr. P. S. N. Reddy, may be deemed to be concerned or interested in these resolutions.

**Item No. 8 and 9**

Our Company is in the field of IT / Bioinformatics, Biotechnology and Consultancy work and offers enterprise resource planning solutions, data warehousing, business intelligence solutions and bio services like clinical data management, gene sequence analysis, molecular modeling, design and development of Drug Molecules dedicated to health sector to Govt. Institutions, pharma and Biotech companies, Hospitals and Medical centers in India and overseas. Considering the improved economy and better lifestyles, the Company could expand its activities, to improve shareholders value by acquiring new technologies from time to time.

Dr. Aditya Narayan Singh, the Promoter and the Chairman and Managing Director of the Company, 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 has worked at ICRISAT Hyderabad for about 15 years and has working experience of bioinformatics extensively. He was also involved in providing the technology transfer at Nigeria in the field of Bio Processing. He has been awarded Doctorate in Technology Management, from the University of Belford, Texas, USA. He has experience in Intellectual property rights matter and knowledge in IPR Database search. 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 (an UN Research organization) for 15 years; and has experience in Operation Management, Information Technology, Intellectual Property rights in India and Technology transfer experience of further 10 years.

He has traveled widely in Europe, South East Asian and African countries along with Government and Technology mission delegation several times. He has exposure in attending seminars and round table discussion organized by various specialized agencies. His passion towards Technological innovation and converting to IPR level has brought immense contribution to the company. His brain child, DENOVO DRUG DESIGN TOOL developed by Celestial is a revolutionary effort in the field of Drug design and development area specifically in designing the molecules and bringing down the Drug developmental cost.

Under his supervision, the Company has scaled new heights and the turnover of the company has increased manifold. He took initiatives to drive the company towards professionalism. He exercises overall control and supervision over various activities of the Company, under the policy guidelines framed by Board of Directors.

Hence, considering the future business growth, the Board of Directors of the Company has proposed to acquire the following Intellectual Property Assets (Software Programmes) developed and owned by Dr. Aditya Narayan Singh. In this connection, the valuation of the said IPR and its value addition has been carried out by 'M/s. Chartered Capital and Investment Limited', a Category I, Merchant Banker in terms of Explanation II of



sub-section (1) of Section 79A of the Companies Act, 1956, in consultation and certification from the Andhra Pradesh Technology Development & Promotion Centre, Hyderabad, a Government of Andhra Pradesh Enterprise. (APTDPC).

## SUMMARY OF VALUATION OF IPR

S.No.	Title & nature of the Software and application	Copyright/patent	Business potential for next five years certified by APTDPC	Valuation as certified by APTDPC (75% of the expected business volume)
1)	'RATNA' - Frontend ERP Tool for comprehensive Management for jewellery & diamond industry with all modules and solutions Price Per User: Rs 1 Lakh	'Copyright Certificate bearing No: SW - 2660/06 issued by Govt. of India.	The conservative accumulated value is Rs. 90 Lakhs.	Rs.67,50,000/-
2)	'VYASA' - Frontend ERP Tool for comprehensive Management system for Education Management System with all modules and solutions Price Per User: Rs 1.75 Lakhs	'Copyright Certificate bearing No: SW - 2661/06 issued by Govt. of India.	The conservative accumulated value is Rs. 187.50 Lakhs.	Rs.1,40,62,500/-
3)	'DHANVANTRI' - Frontend ERP tool for comprehensive management system for hospital and healthcare industry with all modules and solutions Price Per User: Rs 1.75 Lakhs	'Copyright Certificate bearing No: SW - 2664/06 issued by Govt. of India.	The conservative accumulated value is Rs. 187.50 Lakhs.	Rs.1,40,62,500/-
4)	'SAHAKAR' - Frontend ERP tool for comprehensive management system for banking industry with all modules and solutions Price Per User: Rs 1.75 Lakhs	'Copyright Certificate bearing No: SW - 2662/06 issued by Govt. of India.	The conservative accumulated value is Rs. 625 Lakhs.	Rs.4,68,75,000/-
	Total		Rs.10,90,00,000/-	Rs.8,17,50,000/-

**Note :** As per APTDPC, 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.

Considering the possibilities of the business growth, your Board of Directors have, subject to necessary approvals, proposed to acquire the above-mentioned software programmes for the total consideration of Rs.817.50 lacs, payable in a phased manner, through offer, issue and allotment of 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. The following information is furnished with respect to the proposed offer, issue and allotment of Sweat Equity Shares viz.

- a) Not exceeding 5,89,000 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, during the financial year 2008-09, at such price as may be arrived at as per the Relevant Date viz. 28th July, 2008; and
- b) Not exceeding 6,20,000 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 1<sup>st</sup> April, 2009, during the validity of this resolution within the financial year ending 31st March, 2010, at such price as may be arrived at as per the Relevant Date viz. 2<sup>nd</sup> March, 2009,

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 5,89,000 Equity Shares of Rs.10/- each, to be offered, issued and allotted to Dr. Aditya Narayan Singh, during the financial year 2008-09, at such price as may be arrived at as per the Relevant Date viz. 28th July, 2008; and
- b) Not exceeding 6,20,000 Equity Shares of Rs.10/- each, to be offered, issued and allotted to Dr. Aditya Narayan Singh, only after 01st April, 2009, during the validity of this resolution within the financial year ending 31st March, 2010, at such price as may be arrived at as per the Relevant Date viz. 02nd March, 2009.

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

On 14th July, 2008

- i) The price quoted at BSE High :Rs.40/- and Low : Rs.37.50 Closing : Rs.38.05
- ii) The price quoted at NSE High :Rs.39.50 and Low : Rs.37.65 Closing : Rs.38.15

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 know how 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. (APTDPCC). The Summary of the Valuation is provided above.

**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