

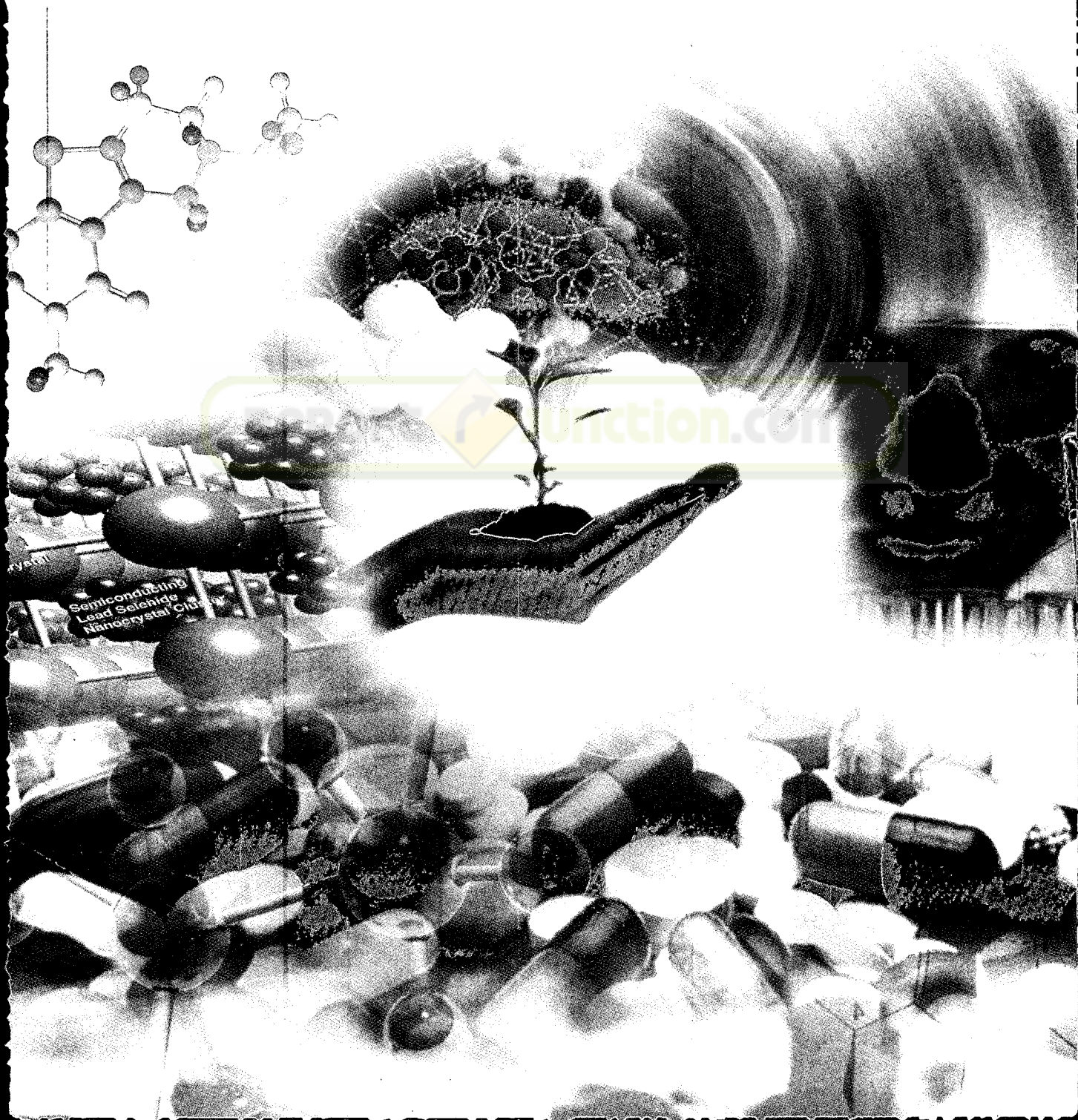
C-456



CELESTIAL
Values innovations

Celestial Labs Limited

Annual Report 2008 - 2009



CONTENTS

Particulars	Page No.
Corporate Information	2
Notice	3
Director's Report	10
Annexure to Director Report	13
Report of Corporate on Governance	15
Corporate Governance	22
CEO and CFO Certification	23
Management Discussion and Analysis	25
Auditor's Report	26
Financial - Balance Sheet, P & L Account	29-34
Notes on Accounts	35
Cash Flow Statement	38

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dr. A. N. Singh	Chairman & Managing Director
Mr. Subhash Chandra Srivastava	Director
Mrs. Padma Singh	Director
Dr. D. C. Sastry	Director
Dr. B. Siva Kuma	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, Santi Apartments,
 Anand Nagar Colony
 Khairatabad
 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. 36, Jubilee Hills
 Hyderabad - 500 033

State Bank of India
 Industrial Finance Branch
 Somajuguda, Hyderabad

NOTICE

Notice is hereby given that the Eleventh Annual General Meeting of the members of CELESTIAL LABS LIMITED will be held on 30th September, 2009 at 09.00 A.M at The Federation of Andhra Pradesh Chamber of Commerce and Industry, Federation House, 11-6-841, Red Hills Hyderabad 500 004 to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the audited Balance Sheet as on 31st March, 2009, 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 thereon.
2. To declare Dividend
3. To appoint a Director in place of Dr. D C Sastry who retires by rotation, and being eligible offers himself for reappointment.
4. To appoint a Director in place of Smt Padma Singh who retires by rotation, and being eligible offers herself for reappointment.
5. To re appoint M/s. G V Rao & Co, 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:

6. To consider, and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to the provisions of Section 257 and other applicable provisions, if any, of the Companies Act, 1956, Dr Jeetainder Roy Gour, in respect of whom, the Company has received a notice proposing his candidature to the office of Director be and is hereby appointed as a Director of the Company and whose office is liable to retire by rotation".

7. To consider and if thought fit to pass the following resolution as special resolution:

"RESOLVED that 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 appointment 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 on a gross monthly remuneration of Rs.30,000/- together with the usual allowances and benefits, amenities and facilities including staff superannuation fund, retiring gratuity, and provident funds benefits as applicable to other employees occupying similar post or posts within the same salary grade."

FURTHER RESOLVED THAT this resolution shall be deemed to confer the necessary authority to the Board of Directors to sanction at their discretion and with the approval of central government, where necessary, increments within the grade as they may deem fit and proper to promote him to any higher grade or grades at their discretion and in due course together with the allowances and benefits as may be applicable to the grade or grades for the time being and to give increments within that grade or grades as they may deem fit and proper."

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

"RESOLVED THAT pursuant to Section 81 (1A) and all other applicable provisions, if any, of the Companies Act, 1956 read with the enabling provisions of the Memorandum and Articles of Association of the Company and subject to the regulations/rules/guidelines issued by the Securities and Exchange Board of India (SEBI), Listing Agreement entered into with the Stock Exchanges and subject to such approvals, consents, permissions and sanctions of all other appropriate and / or concerned authorities and departments, if any, and subject to such conditions and modifications as may be prescribed by any of them in granting such approvals, consents, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "Board" which term shall be deemed to include any Committee constituted / to be constituted by the Board to exercise its powers conferred by this Resolution), which the

Board be and is hereby authorized to accept, if it thinks fit in the interest of the Company, the consent of the Company be and is hereby accorded to the Board to offer, issue, allot and deliver 8,45,000 (Eight Lakh Forty Five Thousands only) convertible warrants on preferential basis in one or more tranches, convertible into 8,45,000 (Eight Lakh Forty Five Thousands only) equity shares (one Equity Share for one warrant issued) of the Company of the face value of Rs.10/- each to the following categories of persons:

Sl.No	Name of the proposed Allotted	No. of Warrants to be allotted
1	Promoters:	
	a. Amit Singh	3,00,000
	b. Nitin Singh	3,00,000
2	Non Promoters - Indian Public	2,45,000
Total		8,45,000

for cash which shall upon conversion rank pari-passu with the existing equity shares of the Company, in such form and manner and upon such terms and conditions as the Board may in its absolute discretion deem fit, at a price which will be arrived at based on provisions of pricing guidelines as mentioned in Clause 13.1.1 of SEBI (Disclosure and Investor Protection) Guidelines, 2000.

RESOLVED FURTHER THAT the 'Relevant Date' for the purpose of determining the issue price of warrants, in pursuance of SEBI (Disclosure and Investor Protection) Guidelines, 2000, shall be 31.08.2009 i.e., 30 days prior to the date of the General Meeting at which the approval of the shareholders in terms of Section 81(1A) of the Companies Act, 1956 is obtained.

RESOLVED FURTHER THAT

- Each warrant be convertible into one equity share can be exercised at any time within a period of 18 months from the date of issue of such Warrants and on such other terms and conditions, subject to SEBI (Disclosure and Investor Protection) Guidelines, 2000, as may be applicable, from time to time.
- the aforementioned allottees shall have to pay a minimum 25% of the warrant offer price, which will be computed as per the pricing guidelines of SEBI (Disclosure and Investor Protection) Guidelines, 2000.
- The amount paid on issue of warrants shall be forfeited if the warrants are not exercised within a period of 18 months from the date of issue of warrants.
- Equity Shares to be issued and allotted by the Company on exercising of the option against the warrants shall rank pari passu in all respects with the then existing fully paid-up Equity Shares of the Company.

RESOLVED FURTHER THAT the Board be and are hereby authorized to do all such acts, deeds and things as may be necessary to give effect to this resolution and accept any alteration(s) or amendment(s) or corrections as they may deem fit and appropriate and give such directions/instructions as may be necessary to settle any questions, difficulties or doubts that may arise in regard to the offer, issue or allotment of the said securities and with a power to change the number of warrants hereby created, issued and offered to the person(s) referred above and within the limit mentioned above and also to seek listing of such securities at the Stock Exchanges where the existing securities are listed."

For and on behalf of the Board of Directors

For Celestial Labs Limited

Place: Hyderabad

Date : 31.07.2009

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.
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. Member / proxy should bring the attendance slip sent herewith, duly filed in, for attending the meeting.
5. 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.
6. 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.
7. Register of Members and Transfer Books of the Company will be closed from 25th September 2009 to 30th September 2009, both days inclusive.
8. Dividend, if declared, will be paid within thirty days from the date of declaration to those members or their mandates whose names appear:
 - a) As beneficial owners as on Friday 25th September, 2009 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 25th September 2009
9. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the special business set out above, is annexed hereto.
10. 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.
11. The Securities and Exchange Board of India has notified that the shareholders / transferee of shares (including joint holders) holding shares in physical form are required to furnish a certified copy of their Permanent Account Number (PAN) card to the RTA while transacting in the securities market including transfer, transmission or any other corporate action. Accordingly all shareholders / transferee of shares (including joint holders) are requested to furnish a certified copy of their Permanent Account Number (PAN) card to the RTA while transacting in the securities market including transfer, transmission or any other corporate action.
12. 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.
13. 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

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

Item No:6

Your Company has received a notice under Section 257 together with a deposit of requisite amount from a shareholder proposing the candidature of Dr Jeetainder Roy Gour to the office of Director of the Company.

He holds PHD in Alternative medicine. In order to benefit from his vast experience in providing right management decision, Board of Directors proposes to induct him on the Board of Company. As per Section 257 of the Companies Act, 1956 approval of members is required for his appointment. Hence the above resolution is submitted to members for approval.2

None of the Directors is concerned or interested in the proposed resolution.

Item No:7

Under Section 314 of the Companies Act, 1956 a special resolution is required for enabling any relative of a Director of the Company holding office or place of profit to hold any office or place of profit under the Company. Mr Amit Singh a post graduate who joined in your Company as Associate Vice President on a monthly salary of Rs.30,000/- with usual benefits/perquisites, is the son of Dr. A N Singh, Chairman & Managing Director of the Company.

Accordingly in terms of Section 314 of the Act, members are requested to grant their consent to Mr Amit Singh holding and continuing to hold an office or place of profit under a contract of service with the Company on the terms and conditions set out in the aforesaid resolution.

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.

Item No:8

Your Company plans to issue convertible warrants to finance the escalation cost in the construction of the Enzyme development unit at Shameerpet, Hyderabad. In view of this, it is proposed to create, offer, issue and allot 8,45,000 (Eight Lakh Forty Five Thousands only) warrants and each warrant convertible into one Equity share of Rs.10/- each fully paid to the following persons on preferential allotment basis:

Sl.No	Name of the proposed Allotted	No. of Warrants to be allotted
1	Promoters:	
	a. Sri Amit Singh	3,00,000
	b. Sri Nitin Singh	3,00,000
2	Non Promoters -Indian Public	2,45,000
	Total	8,45,000

The information as required under Clause 13.1A of the SEBI (Disclosure and Investor Protection) Guidelines 2000 for the preferential issue is as under:

a) Object of Issue

Mr.Amit Singh, Promoter Group and Mr Nitin Singh, Promoter Group are intending to subscribe for the warrants to be converted into equity shares within 18 months in one or more tranches as per SEBI Guidelines, Rules and Regulations.from the date of issue.

b) Intention of the Promoters/Directors/Key Management persons to subscribe to the offer:

Smt Padma Singh, Director and Promoter Group, Mr.Amit Singh, Promoter Group and Mr Nitin Singh, Promoter Group are intending to subscribe for the entire warrants to be converted into equity shares within 18 months in one or more tranches as per SEBI Guidelines, Rules and Regulations.from the date of issue.

c) Shareholding pattern before and after issue of warrants to be converted into equity shares within 18 months from the date of the allotment of the warrants

Sl.No	Category	Pre - Issue		Post - Issue (Assuming all warrants converted into Equity Shares)*	
		No. of shares held	% of holding	No. of shares held	% of holding
A	Shareholding of Promoters and Promoter Group				
1	Indian Promoters	4487278	40.09	5087278	42.26
2	Foreign Promoters	-	-	-	-
	Sub-Total (A)	4487278	40.09	5087278	42.26
B	Public Shareholding				
3	Institutions				
a	Financial Institutions / Banks	-	-	-	-
b	Mutual Funds & UTI	-	-	-	-
c	Venture Capital Funds	-	-	-	-
d	FIs	-	-	-	-
e	Foreign Venture Capital Investors	-	-	-	-
	Sub-Total (B1)				
4	Non-Institutions				
a	Private Corporate Bodies	1135334	10.14	1135334	9.43
b	Indian Public	5328086	47.60	5573086	46.29
c	NRIs	203987	1.82	203987	1.69
d	Clearing Members	19315	0.17	19315	0.16
e	Others(Trusts)	20000	0.18	20000	0.17
	Sub-Total (B2)	6706722	59.91	6951722	57.74
	Sub-Total (B = B1+B2)	6706722	59.91	6951722	57.74
C	Shares held by Custodians and against Depository Receipts, FCCBs etc.,				
		-	-	-	-
	Grand Total (A+B+C)	11194000	100	12039000	100

Notes:

- The above table has been prepared on the basis of the shareholding pattern as on 30th June 2009
- The Post-issue shareholding pattern in the above table has been prepared on the basis that the proposed allottees would have subscribed to and been allotted 8,45,000 warrants to be converted into equity shares within 18 months from the date of the allotment of the warrants of the Company. In the event for any reason, they does not or are unable to subscribe to and/or is not allotted the warrants, the shareholding pattern in the above table would undergo corresponding changes.

(*) The above calculations are worked out without considering the sweat equity shares to be issued to Dr A N Singh pending approval from SEBI.

d) Proposed time within which the allotment shall be completed

The Allotment of the warrants shall be completed within 15 days from the date of the General Meeting provided that where the allotment on preferential basis is pending on account of pendency of any approval of such allotment by any regulatory authority or the Central Government, the allotment shall be completed within 15 days from the date of such approval.

e) Identity of proposed allottee (s) of warrants and the percentage of the post issue capital that may be held by him/ her on conversion of the warrants into shares

The proposed 600,000 warrants are proposed to be issued to Mr. Amit Singh, Promoter Group and Mr Nitin Singh, promoter group.

The identity of the proposed allottees and their relations with the promoters are as under:

Name of the proposed allottee	Relation, if any, with the promoters or person in control of the Company
Mr Amit Singh	Son of Dr A N Singh, Chairman & Managing Director
Mr Nitin Singh	Son of Dr A N Singh, Chairman & Managing Director

The percentage of the holding, post conversion of warrants into equity shares to the proposed allottees:

S.No.	Name of the Allottee	Total Shares held Pre- Issue of warrants	% of Pre issue holdings to the Total Share Capital of the Company	Total Shares held after the conversion of warrants	% of holdings After conversion of Warrants to the Total Capital of the Company
1	Amit Singh	213750	1.91	513750	4.27
2	Nitin Singh	195000	1.74	495000	4.11

Note: The above holdings after conversion of warrants has been prepared without considering the sweat equity shares issued to Dr A N Singh pending approval from SEBI.

f) Change in the Composition of the Board of Directors and Control of the Company

There will not be any change in the composition of the Board of Directors and control of the Company on account of the proposed preferential allotment but there will be a corresponding change in the shareholding pattern as well as voting rights consequent to the preferential allotment.

g) Non transferability of the Securities

The securities issued and allotted on a preferential basis hereunder will be subject to lock-in as per the provisions of Clause 13.3 of the SEBI (Disclosure and Investor Protection) Guidelines, 2000.

h) Price at which allotment is proposed

The pricing of the warrants shall not be lower than the price determined in accordance with Chapter XIII of SEBI (Disclosure and Investor Protection) Guidelines 2000. The proposed allottees of the warrants have agreed to pay the price determined in accordance with these Guidelines.

A copy of the certificate of the Company Auditor for pricing of warrant as per the SEBI guidelines shall be placed before the shareholders at the meeting.

The Relevant Date for the purpose of determining the issue price of the warrants shall be 30 days prior to the date of the General Meeting i.e 31.08.2009

As per Section 81 (1A) of the Companies Act 1956, approval of the shareholders in the General Meeting is required for the issue of the shares by way of preferential allotment as stated in the resolution. Hence consent of the shareholders by way of special resolution is being sought for the issue of such warrants on preferential basis.

The Board recommends the resolution for approval.

None of the Directors except Dr A N Singh and Smt Padma Singh is concerned or interested in the resolution.

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

Place: Hyderabad
Date : 31.07.2009

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

ANNEXURE TO NOTICE

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

Sl No	Particulars	Dr D C Sastry	Smt Padma Singh	Dr Jeetinder Roy Gour
1	Qualification	P.hd in Botany	Graduate and Post Graduate diploma in Computer application	PHD in Alternative Medicine
2	Experience	30 Years in Research and Development in Bio Products	A decades of experience as a social activist	15 years of experience in Ayurvedic Medicines
3	Directorships in other companies	No	No	No
4	Membership in committees of Board of Directors of other Companies	No	No	No