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Corporate Information

BOARD OF DIRECTORS

Dr. A. N. Singh	Managing Director
Mrs. Padma Singh	Director
Dr. D. C. Sastry	Director
Dr.B.Siva Kumar	Director
Dr. Jeetainder Roy Gour	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 23540008
Fax: +91 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

State Bank of India
Industrial Finance Branch
Somajuguda,
Hyderabad

ICICI Bank
Jubilee Hills Branch
Plot No .1259, Road No.36
Jubilee Hills, Hyderabad

Chairman's Statement

"BACKED BY OUR EXCELLENT MANPOWER, SYSTEMS, STRATEGIES, CORPORATE GOVERNANCE AND INNOVATION, WE ARE CONFIDENT OF MEETING ALL CHALLENGERS"

Dear Shareholders

We have crossed difficult period that was driven by a prolonged worldwide recession in the Industry. We have started contract manufacturing of Herbal, Synthetic & Enzyme Formulation & Launched the product in the market. The Formulation, Processes, product and packaging have been standardized and accepted by the market. Now the initial problems are over and our own R&D and production facilities are getting ready, where we can have full control of quality, cost and transfer of medicines to the respective destinations.

The company bioinformatics facility was already recognized by Department of Science & Industrial Research, Ministry of science and technology and now wet lab experimentation facility has also been recognized. Further, our Good Manufacturing Process meeting schedule M and WHO compliance shall be able to provide an edge in the market.

In the knowledge driven society of today, it is excellent manpower that builds a company and we are making all effort to achieve our objective in this regard. The manpower is being increased in Research, production, and marketing after going through tough selection process and are being given orientation in each area of operation.

Your company is putting major emphasis on product improvisation, operational efficiency & investing in technology for better tomorrow. Your company is improving decision support system backed by advance IT initiatives. We are extremely confident that your company shall be able to perform better in very near future. Our diversified business model is unique. We are working in a mix model of Products & Services to serve the biopharma communities.

We are developing intellectual property rights both in the form of biotools & biopharma products that will provide internal strength to our business in terms of quality and quantity. Our Herbal & Enzyme products are getting wider recognition among the consumers and we are coming out with different formulations to meet the expectation of the market. We are scaling up our marketing network in south east Asian and CIS countries. We are also registering our products in Latin American countries apart from African countries where we have substantial network. We are also adding healthcare services pertaining to Hospital and medical clinics in USA and UK.

I appreciate our staff members for their contribution, our business partners, vendors, business associates as well as the statutory authorities for their valuable support. I would like to thank our shareholders for their trust, encouragement & support.

Dr. Aditya Narayan Singh

NOTICE

Notice is hereby given that the Twelfth Annual General Meeting of the members of **CELESTIAL BIOLABS LIMITED** will be held on 30th September, 2010 at 09.00A.M at The Federation of Andhra Pradesh Chamber of Commerce and Industry, Federation House, 11-6-841, Red Hills, Hyderabad to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the audited Balance Sheet as on 31st March, 2010, the Profit & Loss Account for the year ended on that date together with the schedules and annexure thereto and the reports of the Auditors and Directors
2. To appoint a Director in place of Dr. B Siva Kumar who retires by rotation, and being eligible offers himself for reappointment.
3. To appoint a Director in place of Dr Jeetinder Roy Gour who retires by rotation, and being eligible offers himself for reappointment.
4. 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:

5. 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 Sections 198, 269, 309, 310, 311, 316, read with Schedule XIII and other applicable provisions if any of the Companies Act, 1956, consent of the members be and is hereby accorded for the re-appointment of Dr A N Singh as the Chairman and Managing Director of the Company for a further period of three years, i.e from 01.10.2010 to 30.09.2013 at a remuneration as detailed hereunder:

Remuneration

Salary Rs.6,60,000/- p.a

Perquisites

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

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

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

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

Place: Hyderabad
Date : 12.08.2010

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

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
 2. The instrument appointing the proxy, in order to be effective, should be duly stamped, completed and signed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting. Corporate Members are requested to send a duly certified copy of the Board Resolution / power of attorney authorizing their representative to attend and vote on their behalf at the Annual General Meeting. Member / proxy should bring the attendance slip sent herewith, duly filed in, for attending the meeting.
 3. Members who hold shares in dematerialized form are requested to write their Client ID and DPID Number and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.
 4. In case of joint holders attending the meeting, only such joint holder who is higher in the order of name will be entitled to vote.
 5. Register of Members and Transfer Books of the Company will be closed from 27th September 2010 to 30th September 2010, both days inclusive.
 6. 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.
 7. 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.
 8. 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.
 9. 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.
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EXPLANATORY STATEMENT

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

Item No : 6

Dr A N Singh, aged 57 years, holds a B.Tech Degree from Pant University of Agriculture & Technology, Nainital in Agricultural Engineering with a post graduate Diploma in Business Management (MBA) from Xavier Institute of Management Bhubaneswar. He worked at ICRISAT Hyderabad for 15 years and has working experience of bioinformatics extensively. He has completed Doctorate course and was awarded degree in Technology Management, from Texas, USA. He has experience in Intellectual property rights matter 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 for 15 years and has experience in Operation management, Information technology, Intellectual Property rights and technology transfer in India and overseas for over 10 years.

Under his supervision, the Company has scaled new heights. In order to benefit from his vast experience and knowledge, the Remuneration Committee has recommended his reappointment & the Board of Directors had in their meeting held on 12th August 2010 agreed to place the proposal of his reappointment as the Chairman & Managing Director of the Company w.e.f. 1st October, 2010 for a period of 3 years in this annual general meeting.

As per the provisions of Section 269 of the Companies Act, 1956 read with Schedule XIII, his appointment has to be approved by the members in their meeting. Your directors recommend the resolution for your approval. None of the Directors except Dr A N Singh and Smt Padma Singh is concerned or interested in the resolution.

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

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

Place: Hyderabad
Date : 12.08.2010

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 B Siva Kumar	Dr Jeetainder Roy Gour	Dr A N Singh
1	Qualification	MSC	a. Ph.D-Doctor of philosophy (pharmacology) b. M.D-Doctor of Medicine (Pharmacology-Rasa Shastra) c. Bachelor of Ayurvedic medicine & surgery	a. Ph.D - Doctrate in Technology Management b. BTech in Agricultural Engineering c. Post Graduate Diploma in Business Management (MBA)
2	Experience	Worked in different capacities at the National Institute of Nutrition for over 36 years and retired as the Director of the Institute	15 years of experience in Ayurvedic Medicines	Vast experience in the field of Bioinformatics, Operation Management, Information Technology, Intellectual property rights matter and knowledge in IPR database search.
3	Directorships in other companies	No	No	No
4	Membership in committees of Board of Directors of other Companies	No	No	No
5	Shareholding in the company	Nil	Nil	36,97,098 (31.38%)

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Twelfth Annual Report of your Company along with the audited Statement of Accounts for the financial year ended 31st March 2010. The Report also includes the Management Discussion and Analysis Report in accordance with the Guidelines on Corporate Governance and consolidated Financial Statements.

The highlights of the financial results for the year 2009-10 in comparison to the year 2008-09 are as follows:

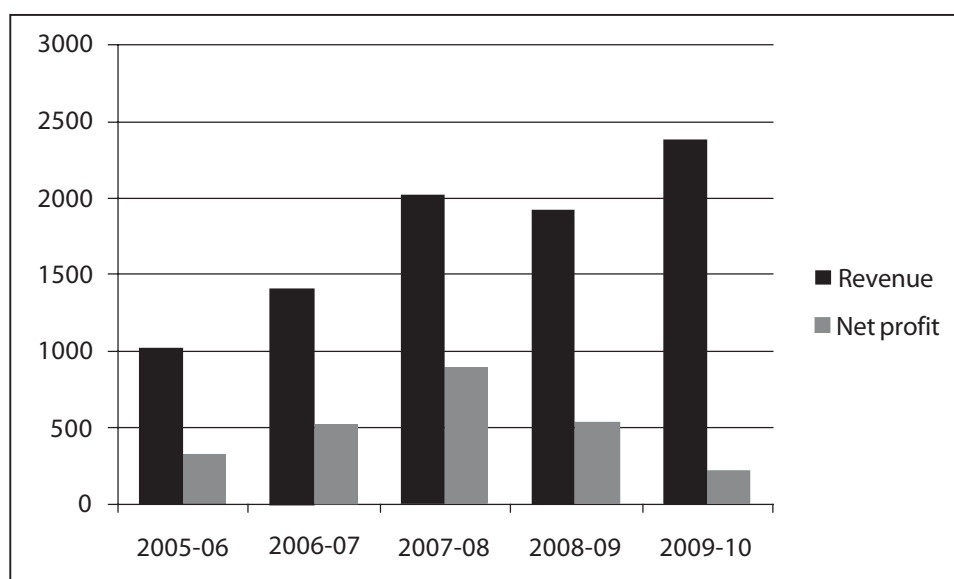
(Rs. In Lakhs)

Particulars	2009-10	2008-09
Sales	2183.41	1925.10
Profit before Depreciation'	315.88	626.12
Depreciation	50.20	27.40
Profit Before Tax	265.68	598.71
Deferred Tax	6.87	2.97
Provision for MAT	38.87	67.83
Provision for FBT	Nil	2.85
Net Profit for the year	233.69	531.00
Profit & Loss Account balance brought forward	1821.46	1611.14
Dividend	Nil	55.97
Corporate Dividend Tax	Nil	9.51

Performance

We have been able to achieve a turnover of Rs.2,183.41 Lakhs. The percentage increase in the turnover is 13% and decrease in net profit 59% respectively when compared to that of previous year.

(Rs. In Lakhs)



Future Outlook

The sale of herbal and synthetic products have already been established and enzyme marketing net work is being created. Nutraceuticals formulations with the composition of natural products, herbal and enzymes have been completed and production is in progress. Nutraceuticals shall be marketed in India and overseas. The company is also looking to diversify the services in healthcare domain in India and USA. Research Products in cosmetic range to take care of Vitiligo, anti wrinkles and Tan shall be launched shortly.

Transfer of IPR's - allotment of Sweat Equity Shares and Listing of the same

During the period under review Dr.A.N.Singh was allotted 5,89,000 equity shares of Rs.10/- each (as first tranche) for transfer of the ownership rights of the Intellectual Property Assets developed and owned by him to the Company after obtaining the consent of members in the postal ballot. These shares were listed on The National Stock Exchange of India w.e.f 2nd July 2010 and Mumbai Stock Exchange w.e.f 5th July 2010.

The IPR's transferred to the company has generated revenue of Rs 5.75 crores till 31st march 2010 and after upgradation of the products approximate revenue expected are about Rs 15 crore in next 5years.

Patents The following patents under the herbal and enzyme formulation category had been filed with the Chennai Patent Office.

1. Novel lipase from mutated a strain – the lipases are enzymes used in oil processing, detergents, diagnostics etc. The present funding will provide a unique combination to have a major positive impact in detergent industry.
2. A combinatorial synergistic formulation for the treatment of generalized stable leucoderma comprising – A unique product to take care of vitiligo patients.
3. A cream using a peptide and phyto chemicals formulation for improving the skin tan.
4. Production of cellulose from aspergillus sp. Rcal5 for Biopolishing, bioscouring and denim fading fo.
5. Cel-Digest – It is in unique herbal based formulation and composition to improve the digestion in human.
6. Term Plus – A natural break through in complexion.
7. Infantaal Syrup – A polyherbal formulation for toning up of overall growth and strengthening immunity in children.
8. O-Kof Syrup – A polyherbal composition for relief from bronchial congestion, nasal blocks.

The patents which are in pipeline (1) Venti layer (2) Bio-power (3) Bio-vita (4) Bio-sleep (5) Hemo-plus (6) Lung-care (7) Cardio-care (8) Kidney-care (9) Neuro-care and few other nutraceuticals.

Corporate Governance

As per Clause 49 of the Listing Agreement with the Stock exchanges, a separate section on Corporate Governance is enclosed herewith which forms part of the Annual Report. A certificate from the Auditors of the Company on compliance with the conditions of Corporate Governance as stipulated under the Clause 49 of the Listing Agreement is annexed to this Report.

Management Discussion and Analysis

A detailed section of the Management Discussion and Analysis for the period under review as required under Clause 49 of the Listing Agreement, is given as a separate statement forming part of the Annual Report.

Change in the name of the Company

It may be recalled that the Company had obtained the consent of the members in their Extraordinary General Meeting held on 14.12.2009 for changing the name of the Company from "Celestial Labs Limited to Celestial Biolabs Limited." Accordingly the company made an application to the Central Government for effecting the change in the name of the Company. The Registrar of Companies had approved the change in the name w.e.f 23.12.2009.

Increase in the Share Capital of the Company

The Authorised Share Capital of the Company has been enhanced from Rs.14.00 Crores to Rs.17.00 Crores. The paid up capital of the company has been enhanced from Rs.11,19,40,000 to Rs.11,78, 30,000 by allotment of 5,89,000 equity shares of Rs.10/- each to Dr A N Singh, Chairman and Managing Director in lieu of compensation for transfer of the ownership rights of the Intellectual Property Assets (Software Programmes - worth of Rs.8.17 Cr.) developed and owned by him to the Company.

Employee Relations

During the year under review, the company has enjoyed cordial relationship with almost all section of employees. The company believes that the employees play a vital role in increasing the turnover and profitability of the company and the strength of the company lie in harnessing the manpower in achieving sustained long-term growth in all spheres.

Directors

Dr B Siva Kumar and Dr Jeetainder Roy Gour, retire by rotation and being eligible have offered themselves for re-appointment.

The tenure of Dr A N Singh as Chairman & Managing Director of the Company expires on 30.09.2010. Considering the need for his valuable guidance, knowledge and support for the Company to reach the heights of excellence your Board of directors propose his reappointment in this annual general meeting.

The brief profiles of the director(s) seeking appointment/reappointment at the ensuing Annual General Meeting are presented in the Annual Report.

Auditors

The existing Statutory Auditors, M/s. G.V. Rao & Company, Chartered Accounts retire at the ensuing Annual General Meeting and has confirmed their eligibility and willingness to accept office, if re-appointed.

Internal Control Systems

Your company has well-established procedures for internal control system commensurate with its size and operations. The organization is adequately staffed with qualified and experienced personnel for implementing and monitoring the internal control environment.

Conservation of Energy, Research, Development and Innovation

Information as required under Section.217 (1)(e) of the Companies Act, 1956 is annexed and forms part of this report

Directors' Responsibility Statement

Pursuant to the requirement under section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility statement, it is hereby confirmed.

- i. that in the preparation of the accounts for the financial year ended 31st March 2010, the applicable accounting standards have been followed along with proper explanations for marking all departures, if any.
- ii. that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the year under review.
- iii. that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and from preventing and detecting fraud and other irregularities.
- iv. that the directors have prepared the accounts for the financial year ended 31st March 2010 on a going concern basis.

PARTICULARS OF EMPLOYEES

The Information required under section 217(2A) of the Companies Act, 1956 read with the companies (Particulars of Employees) (Amendment) Rules 2002, be treated as NIL as none of the employees of the company draw remuneration in excess of Rs. 2,00,000 P.M.

FIXED DEPOSITS

The Company has not accepted any deposits with in the meaning of Section 58A of the Companies Act 1956 and the Rules made there under.

Reply to Auditors observations:

Replies of the Company forming part of the Directors' Report to the members under Section 217 (3) of the Companies Act, 1956.

AUDITOR'S QUALIFICATIONS / OBSERVATIONS	REPLY BY THE BOARD OF DIRECTORS UNDER SECTION. 217 (3)
The internal control procedures are not adequate commensurate with the size of company and nature of its business for the purchase of store, raw materials including components, plant and Machinery, equipment and other assets and for the sale of goods. The management needs to strengthen the internal control system.	The Management is taking necessary measures to improve the internal control procedures and have assigned the internal audit to Mr Pavan Kumar CA

Acknowledgements

Your Company places on record their appreciation of the continued support and co-operation received from Government of Andhra Pradesh, State Bank of India and ICICI Bank Limited for their kind cooperation. Your company also thanks vendors, customers, consultants, auditors and other who have been assisting and guiding the company in various facts of operation.

Your company wishes to place on record its appreciation of employees at all levels for their dedicated contribution towards growth of the company.

For and on behalf of the Board of Directors

Place: Hyderabad
Date : 12.08.2010

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