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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. GV 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.

SI 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:

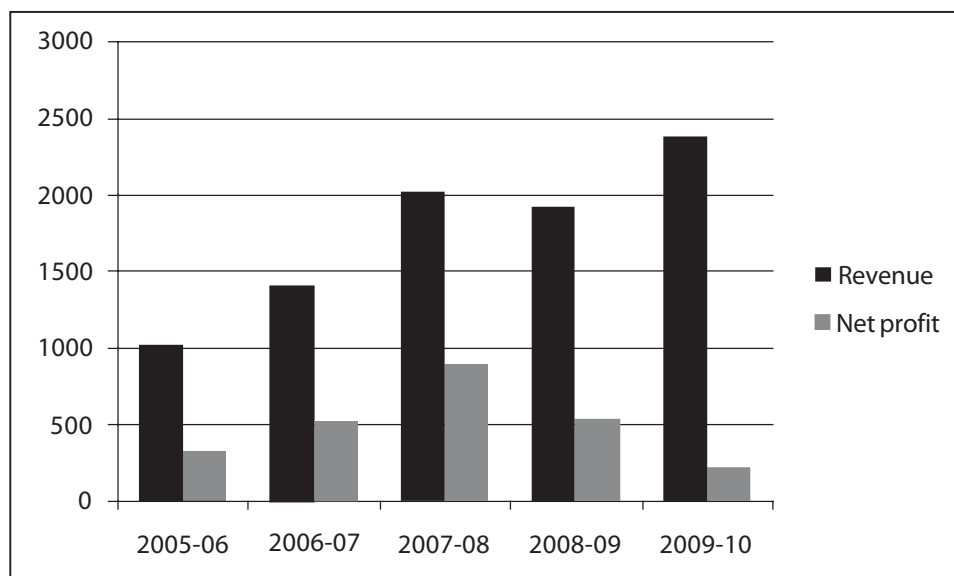
(Rs. In Lakhs)

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 and unique combination to her 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 formation 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)

ANNEXURE TO DIRECTOR'S REPORT

INFORMATION UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 \READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THIS REPORT.

A	Energy Conservation measures taken	A team has been made to take care of energy conservation
B	Additional investments & proposals, if any being implemented for reduction of consumption of energy	No
C	Impact of measures at (a) and (b) above for reduction of energy consumption & consequent impact on the cost of production	Continuous monitoring has reduced the energy bill
D	Total Energy Consumption & Energy Consumption per unit of production	At the moment we have energy conservation practices at our corporate office and Bio IT Division. Our manufacturing plant is not yet operational.

FORM A

(Form for Disclosure of particulars with respect to Consumption of Energy)

As the company has not yet commenced commercial manufacturing activity, reporting under this section is not required.

A. Power & Fuel Consumption

1	Electricity	Current year	Previous year
a)	Purchased:	09-10	08-09
	Units		
	Total Amount	Not applicable	Not applicable
	Rate / Unit	Not applicable	Not applicable
b)	Through Diesel Generator:		
	Units		
	Unit per Ltr. Of Diesel Oil	Not applicable	Not applicable
	Cost / Unit	Not applicable	Not applicable
2	Coal (specify quantity & where used)		
	Quantity (tones)		
	Total cost		
	Average rate	Not applicable	Not applicable

TECHNOLOGY ABSORPTION:

A.	Research & Development (R & D)	
1	Specific area in which R & D carried out by the company	Bio tools, Software Package, Drug Molecule Development and Enzyme Bio Product Development
2	Benefits derived as a result of the above R & D	Products are under development and optimization stage
3	Future plan of action	We will continue to work on Bio Package Tool / Bio and Synthetic Drug Molecule Development for different application

4 Expenditure on R&D (Rs. In Lakhs)

Particulars	For the Year ended March 31				
	2010	2009	2008	2007	2006
A Capital	159.03	203.68	183.87	60.11	31.43
B Recurring	50.86	548.22	46.22	444.87	310.95
C Total	209.89	751.90	230.09	504.98	342.38

B. Technology Absorption, Adaptation and Innovation

1 Efforts, in brief, made towards technology absorption, adaptation & innovation	Not applicable
2 Benefits derived as a result	Not applicable
3 Import of technology	Not applicable

C. Foreign Exchange Earnings & Outgo

(Rs. In Lakhs)

Particulars	2009-2010	2008-09
Expenditure in Foreign currency	105.21	106.29
Earning in Foreign Exchange	732.10	1340.08

REPORT ON CORPORATE GOVERNANCE

1. Company philosophy on Corporate Governance

The spirit and practice of Corporate Governance in the company is about commitment to corporate ethics & values and aimed at best practices, timely compliances and correct disclosures of financial information on performance, ownership and governance of the Company. The company has always remained as a responsible Corporate Citizen which always strive to protect the interest of its share owners. High emphasis is always placed on ethical conduct & management of the business with accountability for every decision made or taken. Your management is always committed to improve the share owner's wealth by retaining their immense trust and confidence. Celestial has set in place systems, procedure and standards that are promoting good corporate governance standards within the company.

In accordance with clause 49 of the listing agreement with Stock Exchanges in India and the best practices followed internationally on corporate governance, the details of governance system and process are as follows

2. Board of Directors

- i) The Board of the Company comprises of five Directors. The Chairman and Managing Director is whole time executive and non-independent director. Three directors (i.e 60%) are independent directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreements.
- ii) None of the Directors on the Board is a Member of more than 10 Committees or Chairman of more than 5 Committees across all the companies in which he is a Director. Necessary disclosures regarding Committee positions in other public companies as on 31st March 2010 have been made by the Directors.
- iii) The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships / Memberships held by them in other companies is given below.

Names of Director	Category	Board Meetings Held during the Period of directorship	Board Meetings attended	Weather attended last AGM	Directorships held in other public limited companies incorporated in India
Dr.A.N.Singh Chairman and Managing Director	Promoter Executive	6	6	Yes	No
Mrs. Padma Singh	Non Independent Non Executive	6	6	No	No
Dr.D.C Sastry	Independent Non Executive	6	6	Yes	No
Mr.B.Siva Kumar	Independent Non Executive	6	6	Yes	No
Mr.Subash Srivastava*	Independent Non Executive	2	0	No	No
Mr Jeetainder Roy Gour	Independent Non Executive	4	4	Yes	No

*Mr Subash Srivastava ceased to be a Director at the Annual General meeting held on 30th September 2009.

- iv) Six Board Meetings were held during the year and the gap between two meetings did not exceed four months. The dates on which the Board Meetings were held are as follows:

27th April, 2009; 31st July, 2009; 30th October, 2009; 6th November, 2009; 25th January, 2010 and 26th February 2010.

- v) Disclosure of shareholding of Non-executive Directors required under Clause 49(iv)(e)

Names of the Directors	Shares held on 31.03.2010
Mrs.Padma Singh	9,76,350
Mr.Subash Srivastava*	1,00,000
Mr.D.C.Sastry	5000
Dr.B.Siva Kumar	Nil

* Mr Subhas Srivastava ceased to be a Director at the Annual General meeting held on 30th September 2009

- vi) During the year, information as mentioned in Annexure 1A to Clause 49 of the Listing Agreements has been placed before the Board for its consideration.

The board periodically reviews compliance reports of all laws applicable to the company, prepared by the company as well as steps taken by the company to rectify instances of Non-compliance.

Code of Conduct

The company has in place a code of conduct applicable to all employees of the company and the board members. All Board Members and Senior Management of the company have confirmed Compliance with the Code for the year ending March 31st 2010. Annual report contains the declaration to this effect signed by Dr. A.N.Singh, Chairman and Managing Director of the Company.

3. Audit Committee:

The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreements with the Stock Exchanges read with Section 292A of the Companies Act, 1956.

- a. Brief description of terms of reference

- Authority to investigate any matter pertaining to the items specified in section 292A of the Companies Act or referred to it by the Board
- Investigate any activity within its terms of reference
- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible
- Reviewing with management the annual financial statements
- Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit
- Reviewing the Company's financial and risk management policies
- Periodic discussion with the auditors about internal control systems, scope of audit including the observations of the auditors and review the quarterly, half-yearly, and annual financial statements before submissions to the Board.

- b) The present composition of the Audit Committee is as follows

Name & Designation	Category	No of meetings	
		Held	Attended
Dr D C Sastry-Chairman	Non Executive Independent	4	4
Dr B Siva Kumar	Non Executive Independent	4	4
Mr Subhas Srivastava*	Non Executive Independent	4	Nil
Dr Jeetainder Roy Gour**	Non Executive Independent	4	2

The Secretary of the Company acts as Secretary to the Audit Committee. The audit committee meetings are also attended by the Managing Director, Chief Operating Officer, Internal Auditors and Statutory Auditors of the Company.

*Consequent to the cessation of Mr Subhas Srivastava (a member of the audit committee) the Audit Committee of the company was reconstituted in the Board Meeting held on 30th October 2009 wherein Dr Jeetainder Roy Gour was appointed as a member of the committee.

- c) Meetings of the Committee:

The committee met 4 times during the financial year on 27th April, 2009; 31st July 2009; 30th October, 2009 and 25th January 2010 there was no time gap of four months between any meetings. The necessary quorum was present at all meetings

4. Remuneration Committee

- i. The Company has constituted a Remuneration Committee of Directors.
- ii. The broad terms of reference of the Remuneration Committee are as under:
 - a) To approve the terms and conditions for appointment and remuneration payable to Managing Director and other Executive Directors
 - b) To approve the remuneration payable to executives of the Company and other matters related thereto.

The remuneration committee of the Company was reconstituted comprising of Dr B.Siva Kumar as Chairman, Dr. D C Sastry and Dr Jeetainder Roy Gour as members of the committee. The Committee performs the functions of Remuneration Committee as recommended in the Listing Agreement to be entered into with the Stock Exchanges. It will determine the Company's policy on specific packages for Executive Directors. The company pays sitting fees to the Non-Executive Directors and reimburses the out-of-pocket expenses incurred by the Directors for attending meetings.

- iii. Details of Remuneration for the year ended March 31st March, 2009:

a. Non-Executive Directors

Name	Sitting Fees (Rs)
Smt Padma Singh	15000
Dr D C Sastry	15000
Dr B Siva Kumar	15000
Dr Jeetainder Roy Gour	10000
Mr Subhas Srivastava	—

b. Managing Director & Executive Directors

Name	Salary, perquisites & Allowances(in Rs)
Dr A N Singh	6,60,000/-

5. SHARE TRANSFER COMMITTEE

- i) The Company has constituted a Share transfer Committee of Directors to look into the approval of transfer/transmission /demat/remat of shares, issue of duplicate, split-up, consolidation, renewal of share certificate, non receipt of balance sheet, non receipt of declared dividends etc.
- ii) Four meetings of the Share transfer Committee were held during the year on 16.04.2009, 17.08.2009, 15.09.2009 and 29.10.2009
- iii) The Share Transfer committee of the company at present comprises of three Non- executive directors namely Dr.D.C.Sastry Chairman, Mrs. Padma Singh and Dr B Siva Kumar as members.

iv) Name, designation and address of Compliance Officer

Ms. T A Veena
Company Secretary
Celestial Biolabs Ltd
231A, M L A Colony,
Road # 12, Banjara Hills,
Hyderabad – 500 034.
Tel: 040 23540008; Fax: 040 23542844

v. Details of Complaints received:

Opening Balance	Received during the year	Resolved during theYear	Closing Balance
0	9	9	0

The company's Registrar & Transfer agents (R&T Agents) Karvy Computershare Private Limited, are adequately equipped to carry out activities connected with transfer of shares both in physical and demat form and redressal of shareholder's/investor's complaints. The company maintains continuous interaction with the said R&T agents and takes steps for resolving complaints/queries of the shareholder's/investor's and also take initiative and actions for resolving critical issues. Periodic reminders are sent to the shareholder for encashment of unclaimed refund order amount.

The committee has been authorized to approve proposals from transfer of shares in order to expedite the transfer process as also for deletion/spitting/consolidation of share certificates. Valid transfer proposals are approved frequently and the transfer process is completed within the stipulated time period.

6. GENERAL BODY MEETINGS:

i. Location and time, where last three AGMs held.

Details of Meeting	Venue	Day	Date	Time
Annual General Meeting 2008-09	FAPCCI	Wednesday	30.09.2009	9.00 A.M
Annual General Meeting 2007-08	FAPCCI	Thursday	14.08.2009	2.30 P.M
Annual General Meeting 2006-07	Registered Office	Thursday	10.05.2007	11.00 A.M

In the Extraordinary General meeting held on 14.12.2009 the Company has obtained approval of members by way of Special Resolution for changing the name of the company from Celestial Labs Limited to Celestial Biolabs Limited and for allotting of sweat equity shares to Dr A N Singh, Chairman & Managing Director of the Company.

Further the shareholders of the company by way of voting through Postal ballot have approved the following resolutions:

- 1) Creation of charge on the assets of the company upto an amount not exceeding Rs.75.00 crores
- 2) Issue of 22,00,000 warrants to Non Promoters
- 3) Issue of Sweat Equity Shares to Dr.A.N Singh, Chairman & Managing Director of the company 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

7. DISCLOSURE

- i. The company has complied with the provisions of Companies Act, 1956 & other applicable provisions w.r.t related party transaction during the financial year.
- ii. Details of Non-compliance by the Company, penalties strictures imposed on the Company stock exchange or SEBI or any statutory authorities or any matter related to capital markets during last three years- Nil
- iii. In the preparation of financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable.
- iv. The Company adopted the Code of Conduct for Directors and Senior Management. The code has been circulated it to all the members of the Board and Senior Management. The Board members and senior management have affirmed their compliance with the code.
- v. A certificate from the CEO (Managing Director) and CFO (Director (Finance)) was placed before the Board under clause 49 (V) of the Listing Agreement.
- vi. In compliance with the Securities & Exchange Board of India (Prevention of Insider Trading) Regulations, 1992, the Company has framed a Code of Conduct for prevention of insider trading by the company insiders.
- vii. A qualified practicing Company Secretary carried out secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The secretarial audit report confirms that the total issued/ paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.
- viii. The Board in its report have confirmed that the financial accounts for the period ended 31st March 2010 have been prepared as per applicable accounting standards and policies and that sufficient care has been taken for maintaining adequate accounting records.
- ix. The Company has fulfilled the following non-mandatory requirements as prescribed in Annexure I D to Clause 49 of the Listing Agreements with the Stock Exchanges:

8. Means of communication:

The quarterly, half yearly and Annual results of the Company are normally published in Business Standard and Andhra Prabha and are also sent to The Bombay Stock Exchange Limited and the National Stock Exchange of India Limited. A management Discussion and Analysis statement is a part of the Company's Annual Report.

9. General Shareholder information:

- i) Annual General Meeting
Date :30th September 2010
Time : 09.00 A.M
Venue : Federation of Andhra Pradesh Chamber of Commerce and Industry, Hyderabad
- ii) Financial Year ending : 31st March 2010
- iii) Date of Book closure : 27th September to 30th September 2010(Both days inclusive)
- iv) Dividend Payment Date : Not applicable
- v) Listing on Stock Exchanges : Bombay Stock Exchange Limited, Floor, 25, P.J.Towers, Dalal Street, Mumbai - 400 001
National Stock Exchange of India Limited, Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051

Listing Fees as applicable have been paid.

vi) Stock Code / Symbol

Bombay Stock Exchange Ltd : 532871 / CELESTIAL

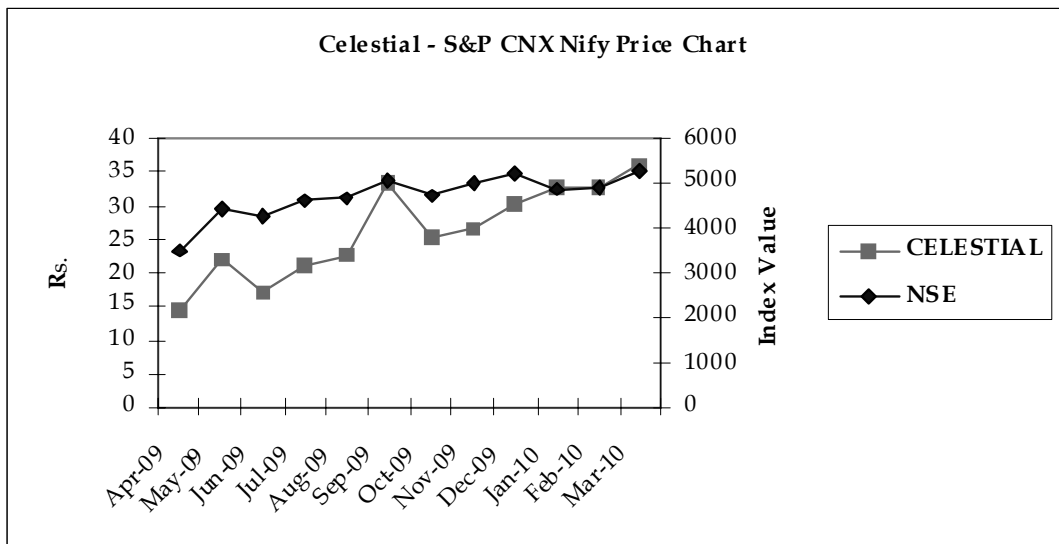
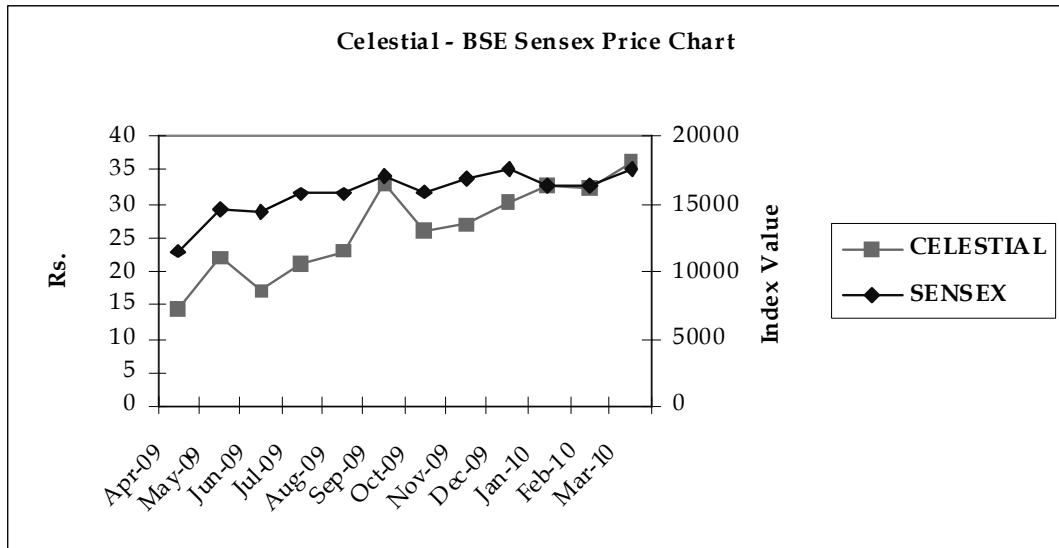
National Stock Exchange Ltd : CELESTIAL

vii) Market Price Data: High, Low during each month in last financial year

Month	BSE		NSE	
	High	Low	High	Low
April 2009	19.25	10.60	19.05	9.10
May 2009	22.12	13.20	21.85	13.10
June 2009	24.35	16.20	24.10	16.10
July 2009	21.95	14.00	21.90	13.50
August 2009	24.40	18.25	24.00	18.10
September 2009	33.15	21.00	33.30	21.00
October 2009	34.80	24.65	35.00	24.75
November 2009	30.40	24.10	30.40	23.85
December 2009	32.95	26.45	32.90	26.20
January 2010	45.00	30.00	45.00	30.00
February 2010	38.70	30.35	38.80	30.15
March 2010	37.90	32.20	37.90	31.25

viii) Relative moment chart

The chart below gives the relative movement of the closing price of the company's shares and the BSE Sensex/ NSE Nifty relative to the closing price for the period covering from 1st April 2009 to 31st March 2010. The management cautions that the price movement of the stock shown below should not be considered indicative of potential future stock price performance.



ix) Registrar and Transfer Agents

The company has appointed M/s. Karvy Computershare Private Limited as its Registrar & Share Transfer Agents. Shareholders are advised to approach M/s. Karvy Computershare Private Limited on the following address for any share and demat related queries and problems:

Karvy Computershare Private Limited

17-24, Cital Rao nagar, Madhapur, Hyderabad – 500 081
 Tel: 91 40 23420814/23420857, Fax: 91 40 23420815-28
 Website: www.karvycomputershare.com

x) Share Transfer System

All activities relating to transfer of shares both physical and demat form are handled by the company’s R & T Agents , Karvy Computershare private Limited. Valid share transfer proposals are processed by them and approved by share transfer committee at least twice a month or more depending up on the transfer proposals. Shares of the Company are traded compulsorily on dematerialized form. Transfers are effected by sending certificates within the stipulated period of 30days from the date of receipt, if all the required information is completed in all respects.

xi) Distribution of shareholding

a. Distribution of shareholding as on 31st March, 2010:

DISTRIBUTION SCHEDULE AS ON 31/03/2010					
Sno	Category	No of Cases	% of Cases	No of shares	%
1	upto 1 - 5000	8499	82.46	1490136	12.65
2	5001 - 10000	943	9.15	809534	6.87
3	10001 - 20000	416	4.04	665835	5.65
4	20001 - 30000	136	1.32	350238	2.97
5	30001 - 40000	59	0.57	213297	1.81
6	40001 - 50000	64	0.62	306507	2.60
7	50001 - 100000	97	0.94	738811	6.27
8	100001 & ABOVE	93	0.90	7208642	61.18
	Total:	10307	100.00	11783000	100.00

b. Categories of Shareholders as on 31st March 2010:

Category	No of shares	Percentage
Promoters	5097178	43.26
Non Resident Indians	238428	2.02
Clearing Members	65023	0.55
Bodies Corporate	987586	8.38
Indian Public	5394785	45.79
Total	11783000	100.00

xi) Dematerialization of shares and liquidity

The Company has admitted its shares to the depository system of National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialization of shares. The International Securities Identification Number (ISIN) allotted to the Company is INE 22101017. The equity shares of the Company are compulsorily traded in dematerialized form as mandated by SEBI.

Details as on 31/03/2010

SI No	Description	No of Holders	Shares	% To Equity
1	PHYSICAL	52	913459*	7.75
2	NSDL	6977	8650069	73.41
3	CDSL	3278	2219472	18.84
	Total		11783000	100.00

xii) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity

Not Applicable

xii) Address for correspondence

Registered Office:

231A, M L A Colony,
Road # 12, Banjara Hills,
Hyderabad – 500 034
Telephone : +91 40 23540008
Fax : 091 40 23542844

Plant Location:

Lalgadi Malakpet Village
Shameerpet Mandal
Ranga Reddy District,
Hyderabad

CORPORATE GOVERNANCE REPORT

To the Members of
Celestial Biolabs Limited

1. We have examined the compliance of conditions of corporate governance by Celestial Biolabs Limited for the year ended 31st March 2010, as stipulated in Clause 49 of the Listing agreement of the Company with stock exchanges.
2. The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation there of, adopted by the Company for ensuring compliance with the condition of Corporate Governance as stipulated in the said Clause. It is neither audit nor an expression of opinion of the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of the corporate governance as stipulated in clause 49 of the above mentioned listing agreement.
4. We further state that such compliance is neither assurance as to the future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For G.V.RAO & CO
Chartered Accountants

Place: Hyderabad
Date: 12.08.2010

G.V.RAO
PROPRIETOR
Membership No. 216153

CEO and CFO Certification

The Board of Directors
Celestial Biolabs Limited
231A, MLA Colony,
Road No:12, Banjara Hills
Hyderabad – 500 034

I, Dr A N Singh, Chairman and Managing Director of Celestial Biolabs Limited, to the best of my knowledge and belief, certify that:

1. I have reviewed the Balance sheet and Profit and Loss account (Consolidated and standalone), and all the schedules and notes on accounts, as well as cash Flow statements, and the directors' report.
2. Based on my knowledge and information, these statements, do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under such statements were made, not misleading with respect to the statements made.
3. Based on my knowledge and information, the financial statements, and other financial information included in this report, present in all material respects, a true and fair view of the company's affairs, the financial condition, results of operations and cash flow of the company as of, and for, the periods presented in this report, and are in compliances with the existing accounting standards and / or applicable laws and regulations.
4. To the best of my knowledge and behalf, no transactions entered into by the company during the year are fraudulent, illegal or violative of the Company's code of conduct.
5. I am responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the company's, and I have:
 - a) Designed such disclosure controls and procedures to ensure that materials information relating to the Company, including its consolidated subsidiaries, is made known to us by other within those entities, particularly during the period in which this report is being prepared.
 - b) Designed such internal control over financial reporting or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with Generally Accepted Accounting Principles (GAAP).
 - c) Evaluated the effectiveness of the company's disclosure, controls and procedures.
 - d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the Company's most recent fiscal year that has material affected, or is reasonably likely to materially affected, the Company's internal control over financial reporting.
6. I have disclosed based on our most recent evaluation, wherever applicable, to the Company's auditors and the audit committee of the Company's Board of Directors (and persons performing the equivalent functions).
 - a) There were no deficiencies in the design or operation of internal controls that could adversely affected the Company, ability to record, process, summarize and report financial data, and there have been no material weakness in internal controls over financial reporting including any corrective action with regard to deficiencies.
 - b) There were no significant changes in internal controls during the year covered by this report.
 - c) All significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements.
 - d) There were no instances of fraud of which I am aware, that involve the Management of other employees who have a significant role in the Company's internal control system.
7. In the event of any materially significant misstatements or omissions, I will return to the Company that part of any bonus or incentive or equity-based compensation, which was inflated on account of such errors.
8. I affirm that I have not denied any personnel, access to the audit committee of the Company (in respect of matters involving alleged misconduct) and I have provided protection to whistleblowers from unfair termination and other unfair or prejudicial employment practices.
9. I further declare that all Board members and senior managerial personnel have affirmed compliance with the code of conduct for the current year.

Place : Hyderabad
Date : 12.08.2010

Dr. A N Singh
Chairman & Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

Current Scenario in global and Indian perspective

Herbal products

Native to India, Ayurveda is the ancient medicinal form, developed during the Vedic times, about 5000 years ago. The word 'Ayur' means life, while 'Veda' means science. Therefore, Ayurveda literally means the 'Science of Life'. It is not just a medicinal system, but also a way of life. Ayurveda gives thrust on holistic and natural therapies which cure the patient. Balancing the mind and body of patients, Ayurvedic herbs cure the physical body with medicines abundantly available in nature. Unlike Allopathic medicines which are being used as a reactive mechanism to fight disease once it occurs, Ayurvedic herbs are being used to strengthen and nourish the body and soul of patient.

Today, Ayurveda is an officially recognized system of medicine in India. Globally, the World Health Organization (WHO) recognizes it as Traditional Medicine (TRM). It is estimated that the total market size of the Indian Ayurveda market is Rs. 8000 crore and it is growing substantially between 10-15 percent, with the same growth rate targeted for the next 10 years. Research driven herbal formulations that is effective and the need of hour is our ultimate objective and we have prepared formulations of 50 herbal products and 15 are under lab testing and 5 are under clinical testing.

NUTRACEUTICALS

The role of food in total health care is not something new to mankind. More than 2,000 years ago, Hippocrates, considered as the father of medicine, said, "Let food be your medicine and medicine be your food." It is this principle that eventually led to the explosion of the nutraceutical industry.

The nutraceutical industry is concerned with nutraceuticals, that is, "food or part of a food that offers medical and/or health benefits including prevention or treatment of disease."

Nutraceuticals, a mixture of nutrition and pharmaceutical, refers to extracts of foods claimed to have a medicinal effect on human health. The nutraceuticals is usually contained in a medicinal format such as a capsule, tablet or powder in a prescribed dose. More rigorously, nutraceuticals implies that the extract or food is demonstrated to have a physiological benefit or provide protection against a chronic disease.

Nutraceuticals is widely popular in the US, Canada, Japan, and Europe. The Nutraceuticals industry, which focuses on the use of foods and food components in disease treatment and prevention is already an \$80 billion global industry, and has been growing worldwide due to consumer awareness of the links of diet and disease, aging population, rising health care cost and innovations in food technology and nutrition.

The US has been the major market for Nutraceuticals with India and China becoming fastest growing markets. Vitamins, Minerals and Nutrients constitute about 85% of the market while antioxidants and anti-agents account for 10%, while other segments such as herbal extracts occupy 5% of the market, globally

Celestial has already begun the process of expanding its manufacturing facility in natural ingredients exclusively derived from traditional Indian medicine. Your Company strongly believe that technology is the way to reinvent the immense knowledge base of traditional medicine resulting in quality ingredients that add to taste and health needs, from our solid base of research & innovation

BIOPHARMACEUTICALS

The term biopharma captures a broadening of discussion about pharmaceutical policy and the growing significance of biotechnology. Indeed, the commercialisation of the discoveries of the biological sciences, oriented towards an understanding of living cells at the molecular level, is widely seen as potentially sustaining another long wave of economic growth, 'making reality of the prediction that this will be the century of biotechnology.

The significance of India, China, South Korea and other Asian countries is growing. Indian firms have achieved a position as significant players in global biopharma markets. In particular, low costs coupled with high quality personnel make Indian firms competitive suppliers of manufacturing and R&D services, and other outsourced activities. China is considered to be ahead of India in biology and to have made notable advances in gene therapy and stem cell research.

The recent crisis was widespread and global which changed the way biotech and pharmaceutical companies look at drug development. Biotech demonstrated unprecedented industry profitability, sustained strength in deals and had rebounded well from the crisis

Celestial works with Bio industry to help them achieve

- ☞ Decrease time from lab to market
- ☞ Increase efficiency and productivity
- ☞ Minimize financial risk by minimizing operational and ownership cost
- ☞ Cash in on in-depth experience and resources with regulatory processes around the world
- ☞ Be able to focus on their core strengths

Performance of CELESTIAL

During the year under review, your company has achieved a turnover of Rs.2,183.41 lakh as compared to Rs. 1,925.10 lakh in the previous fiscal year 2008-09. The sales have increased by 13%. However profitability has been reduced because of high expenditure in setting the marketing net work, new products development and certain products return from the market as the products were spoiled during the flood period in Andhra Pradesh.

As you all are aware that Dr A N Singh, Chairman and Managing Director of the company to whom sweat equity shares are issued/allotted in lieu of the 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 have already 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.

Business Analysis -Products of CELESTIAL*Formulation*❖ Herbal formulation:

Celestial has a strong research team that formulates & developes the different herbal products, analyze by using accredited labs approved by Ayush. After getting the analysis report from the agencies approved by Ayush, Celestial gets clinical trails and reports by a team of senior practicing doctors and submits to Ayush for approvals. Celestial has already been licensed 55 herbal products for manufacturing. Some of the products manufacture by celestial include Biovita granules (Herbal drink for Health and Intellect), Cel-digest tablet(Indigestion, acidity, & burning sensation), C-Kaps(New horizon in the treatment of neuro muscular & cerebrovascular disorders), Cel-clear syrup (blood purifier), Gynocel Syrup (Effective in all kinds of gynecological disorders) etc.

❖ Synthetic Formulation:

Celestial Manufactures list of premium synthetic products at Roorkee, Uttaranchal by adopting Good Manufacturing Practice having compliance level of WHO. Celestial is also in the process of manufacturing 4th generation antibiotics that will be marketed in India and some of the overseas countries

❖ Nutraceuticals

Celestial produce a whole array of products that include Glucosamine, carnitine, Omega, Lycopene etc in this segment.

Informatics

Celestial has developed its own ERP that has been packaged and integrated with SAP and Microsoft focussed on Biopharmaceutical and Healthcare industry in the verticals of pharma, chemicals, bulk drugs, biotechnology, hospitals and medical retail chains

Bioinformatics

Celestial has developed inhouse bioinformatics toosl like Celsuite , CLLtox, DNA Kutter, Gene annotator and PDC database (Plant Disease and Chemicals Database). Celestial provides customized services to Biotechnology / Pharmaceutical industries and Medical Research centres in the area of New Drug Molecule development, Iinsilico Toxicity Prediction and Molecular modeling by utilizing the tools developed by Celestial.

- ❖ CELSUITE is an integrated insilico drug design tool available on Linux platform for structure based drug design. CELSUITE is a modular, cost-effective package.
- ❖ CLLTOX, an insilico toxicity prediction tool for predicting toxicity profiles in qualitative and quantitative terms. It generates reliable toxicity predictions for chemicals and enables low cost identification of hazardous chemicals. CLLTOX helps in refining and reducing the reliance on the use of large numbers of laboratory animals
- ❖ DNA Kutter Analyzes and helps in the identification of restriction sites in a given sequence. It is a DNA sequence tool to find large, non-overlapping, open reading frames and maps the sites for all restriction enzymes. A program to cut linear or circular DNA with any of the known restriction enzymes. DNA Kutter highlights your favorite enzymes in color or boldface for easy recognition.

It allows users to freely check

- ❖ Gene Annotator An annotation tool which performs SNP, RFLP CODON BIAS analysis. Gene finder module of the annotator tool helps in finding the gene in a given GENOME
- ❖ PDB Database: A database of plants, human diseases & bioactive compounds. The main advantage of Celestial PDB database is that the user can get all the information related to the usage of a particular bioactive principle for curing a disease, its complete chemical information including 3D structures, its availability in various plants and the sequence information of target proteins involved in that particular disease.

Celestial has made an successful presentation to DSIR for evaluation and funding a bio tool development to create insilico bio genes that will save major cost in research

Cel Sanjivani

Celestial has developed an Ayurvedic portal dedicated to B2B&C market with online live consulting with our Ayurvedic consultants. It provides excellent platform for trading of herbal products, with identification of raw herbs, scientific data, market & trade data, monographs, policy, laws, good manufacturing practices, DNA finger printing etc. It facilitates contacts with suppliers, manufacturers and dealers of herbal and nutraceuticals industry.

R & D in Celestial

Your company always continue to upgrade packaged ERP and Bioinformatic tools to meet the latest requirement of various clients. Celestial is in advance stage of clinical trials of new bio peptide molecules applicable for the treatment of Vitiligo, Psoriasis, Wound Healing, Anti Wrinkles, Wrinkles and skin aging and Skin Tan.

Celestial is in the process of developing formulations particularly by taking the molecules that has become of patents combining with new herbal and enzyme ingredients to improve the efficacy and reduce the side effects of new combination drugs

Opportunities, Strength Weakness & Concerns

Celestial is trying to grab the tremendous opportunity available in new products developments and formulations as per the healthcare requirements. Large fund and experienced professionals are real concern however continuous training is making the job easier.

Human Resoruces

Regular recruitment of suitable professionals is a continued process and in house human resource development is our major emphasis.

Disclaimer

Some of the statements in this Management Discussion & Analysis, describing the Company's objectives, projections, estimates and expectations may be "forward looking statement" within the meaning of applicable laws and regulations. Actual results might differ substantially from those expressed or implied. Important developments that could affect the Company's operation including changes in the industry structure, significant changes in political and economic environment in India, tax laws, import duties, litigation and labour relations.

AUDITOR'S REPORT

To

THE MEMBERS OF CELESTIAL BIOLABS LIMITED

1. We have audited the attached Balance sheet of Celestial Biolabs Limited as on 31st March 2010 and the Profit and Loss Account attached thereto for the period ended on that date and the Cash Flow Statement for the year ended on that date, both annexed thereto. 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.
2. 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 the 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.
3. As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government 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 therein.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. 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;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - iii. The balance sheet, profit and loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the balance sheet, profit and loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - v. On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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;
 - a. In the case of the balance sheet, of the state of affairs of the Company as at 31st March 2010.
 - b. In the case of the profit and loss account, of the profit for the period ended on that date;
 - c. In the case of Cash Flow statement, of the Cash Flow for the said year ended on that date.

For G.V. RAO & CO
Chartered Accountants

G. V. RAO
Proprietor
Membership No. 216153

Place : Hyderabad
Date : 12.08.2010

**ANNEXURE TO THE AUDITORS REPORT AS REFERRED TO IN PARA 3 OF THE SAID
REPORT OF EVEN DATE**

- (1) In respect of its fixed assets
- a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) The fixed assets have been physically verified by the management at reasonable intervals. No material discrepancies have been noticed on such verification.
 - c) Fixed Assets disposed of during the year are not material enough to affect the going concern of the company. The assets have been regrouped wherever felt necessary.
- (2) In respect of its inventories
- a) As explained to us, the inventories were physically verified during the year by the management at reasonable intervals.
 - b) In our opinion and according to the information and explanations given to us, the procedures followed by the Management for the physical verification of stocks are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) In our opinion and according to the information and explanations given to us, no material discrepancies were noticed on physical verification of stores as compared to book balances in so far as appears from my examination of the books.
- 3) The Company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 during the year.
- The Company has not granted any loans, secured or unsecured to the Companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956 during the year.
- 4) There are adequate internal control procedures 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.
- 5) According to the records of Company, there were no transaction of purchase of goods, services and sale of goods, services, made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956.
6. In our opinion and according to information and explanations give to us the company has not accepted any deposit as such the question of compliances of section 58, 58AA and other relevant provision of Companies act do not arise. Scrap or by-products are not generated by the Company.
7. As explained to us, the Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956.
8. In our opinion and according to the information and explanations given to us, the provisions of Provident Fund & Family Pension Act, Employees State Insurance Act are applicable to the company. The company is generally regular in depositing PF and ESI dues with the appropriate authorities.
9. According to the information and explanations given to us and the books and records examined by us, there are no undisputed amounts, payable in respect of Income Tax, Sales Tax, Customs Duty and Excise Duty outstanding six months from the date they become payable.
10. The company has no accumulated loss as on 31st March 2010 neither it has sustained any cash loss in current year nor in the previous year.

11. According to the information and explanations given to us and the records examined by us and so far as we could ascertain, no personal expenses have been charged to revenue account.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
13. The Company is not dealing or trading in shares, securities, debentures and other investments.
14. The Company has not furnished any guarantee during the year, for loans taken by the other firms, banks or financial institutions, terms and conditions whereof are prima-facie, prejudicial to the interest of the Company.
15. In view of the nature of the activities carried out and services rendered the company does not consider it necessary to allocate man hours utilized to the related jobs.
16. The Company has not made any preferential allotments of shares to any party covered in the register maintained under section 301 of the Companies Act 1956, during the year.
17. The Company has not issued any debentures.
18. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.
19. Other clauses of the order are not applicable to the company for the year.

Place: Hyderabad
Date : 12.08.2010

G.V. RAO & CO
Chartered Accountants

G. V. RAO
Proprietor
Membership No.216153

**CELESTIAL BIOLABS LIMITED
FORMERLY CELESTIAL LABS LIMITED
BALANCE SHEET AS AT 31.03.2010**

PARTICULARS	Sch. No	As At 31.03.2010 Rs.	As At 31.03.2009 Rs.
I SOURCE OF FUNDS			
Shareholder's Funds			
a) Share Capital	1	132,680,000	111,940,000
b) Reserves & Surplus	2	558,160,246	524,778,381
		690,840,246	636,718,381
Loan Funds			
a) Secured Loans	3	51,543,017	133,244
b) Unsecured Loans	4	5,550,000	7,500,000
		57,093,017	7,633,244
Deferred Tax Liability(Net)		15,792,564	16,480,430
TOTAL		763,725,827	660,832,054
II APPLICATION OF FUNDS			
Fixed Assets			
a) Gross Block	5	346,050,476	327,855,276
Less: Depreciation		24,605,750	19,585,768
Net Block		321,444,726	308,269,508
b) Capital Work-in-Progress (including Capital Advances)		232,387,006	153,676,659
Investments	6	41,457,870	69,483,010
Current Assets, Loans & Advances			
a) Inventory	7	22,102,248	18,010,994
b) Sundry Debtors	8	13,344,390	23,747,481
c) Cash and Bank Balances	9	42,260,872	1,104,386
d) Loans and Advances	10	6,883,974	1,129,500
TOTAL		84,591,484	43,992,361
Less: Current Liabilities & Provisions			
Current Liabilities	11	2,066,038	1,186,907
Provisions	12	5,271,354	14,716,058
TOTAL		7,337,392	15,902,965
Net Current Assets		77,254,092	28,089,396
Miscellaneous Expenditure	13	91,182,133	101,313,482
TOTAL		763,725,827	660,832,054
Significant accounting Policies and notes to accounts	14		

As per our Report attached

For G.V.RAO & CO

Chartered Accountants

for and on behalf of the board

G.V.Rao

Proprietor

M.NO.216153

A.N.Singh

Chairman and Managing Director

Dr D.C.Sastry

Director

Place Hyderabad

Date: 12.08.2010

T A Veena

Company Secretary

CELESTIAL BIOLABS LIMITED
FORMERLY CELESTIAL LABS LIMITED
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010

PARTICULARS	Sch. No	As At 31.03.2010 Rs.	As At 31.03.2009 Rs.
I INCOME			
Sales	15	215,322,785	192,509,881
Other Income	16	3,018,549	-
TOTAL		218,341,334	192,509,881
II EXPENSES			
(Increase)/Decrease in Stock	17	(4,091,254)	(18,010,964)
Material Consumed	18	96,454,712	66,793,418
Production Cost	19	19,852,898	16,667,530
Administrative Selling and Other Expenses	20	37,293,484	32,582,552
Staff Cost	21	29,853,019	27,162,736
Finance Cost	22	2,304,917	657,219
R & D Expenses	23	5,085,644	4,045,765
Depreciation & Amortisation		5,019,982	2,740,249
TOTAL		191,773,402	132,638,505
Profit for the year		26,567,932	59,871,376
Provision for taxation			
Current Tax		3,886,933	6,783,427
Deferred Tax		(687,866)	(297,131)
Fringe Benefit Tax		-	284,762
Profit After Tax		23,368,865	53,100,318
Balance brought forward from the previous year		161,114,205	119,872,129
Profit available for appropriation		184,483,070	172,972,447
Appropriations			
Provision for Dividend		-	5,597,000
Corporate Dividend Tax		-	951,210
Transferred to General Reserve		2,336,886	5,310,032
Balance Carried to Balance Sheet		182,146,184	161,114,205
Earnings per Share (EPS) - Basic		1.98	4.74
Diluted		1.89	4.74
Significant accounting Policies and notes to accounts	14		

As per our Report attached

For G.V.RAO & CO

Chartered Accountants

for and on behalf of the board

G.V.Rao

Proprietor

M.NO.216153

A.N.Singh

Chairman and Managing Director

Dr D.C.Sastry

Director

Place Hyderabad

Date: 12.08.2010

T A Veena

Company Secretary

**CELESTIAL BIOLABS LIMITED
FORMERLY CELESTIAL LABS LIMITED
SCHEDULES TO BALANCE SHEET**

PARTICULARS	As At 31.03.2010 Rs.	As At 31.03.2009 Rs.
SCHEDULE: 1		
SHARE CAPITAL		
AUTHORISED		
1,70,00,000 Equity Shares of Rs 10/- each	170,000,000	140,000,000
SUBSCRIBED AND PAID UP CAPITAL		
1,17,83,000 Equity shares of Rs.10 Each Fully paid up	117,830,000	111,940,000
Share Allotment Money		
22,00,000 Share warrants of Rs.10/- each partly paid up at Rs.6.75	14,850,000	
TOTAL	132,680,000	111,940,000
SCHEDULE: 2		
RESERVES & SURPLUS		
Share Premium		
Opening Balance	261,280,000	261,280,000
Additions	10,013,000	-
TOTAL	271,293,000	261,280,000
GENERAL RESERVE		
Opeing Balance	102,384,176	97,074,144
Additions	2,336,886	5,310,032
	104,721,062	102,384,176
Profit and Loss Account	182,146,184	161,114,205
TOTAL	558,160,246	161,114,205
SCHEDULE:3		
Secured Loans		
Hire Purchase	1,504,400	131,790
ICICI Cash Credit Account		1,454
SBI Cash Credit	20,038,617	-
SBI Term Loan	30,000,000	-
TOTAL	51,543,017	133,244
SCHEDULE:4		
UNSECURED LOANS		
Loan from DSIR	5,550,000	7,500,000
TOTAL	5,550,000	7,500,000
SCHEDULE:6		
INVESTMENTS		
Investments non trade quoted	41,457,870	69,483,010
TOTAL	41,457,870	69,483,010

SCHEDULE : 5
FIXED ASSETS

PARTICULARS	Gross Block			Depreciation			Net Block		
	As on 01.04.2009 Rs.	Additions During the Year Rs.	Deductions During the Year Rs.	Total as on 31.03.2010 Rs.	Upto 01.04.2009 Rs.	During the Year Rs.	Total as on 31.03.2010 Rs.	As on 31.03.2010 Rs.	As on 31.03.2009 Rs.
Land & Buildings	29,800,000	-	-	29,800,000	-	-	29,800,000	29,800,000	29,800,000
Furniture & Fixtures	4,224,841	-	-	4,224,841	1,274,913	141,110	1,416,023	2,808,818	2,949,928
Office Equipment	2,076,887	16,500	-	2,093,387	692,399	107,381	799,780	1,293,607	1,384,488
Computers & Pheripherals	17,027,756	62,700	-	17,090,456	5,910,355	878,531	6,788,886	10,301,570	11,117,401
Lab Equipment	58,380,371	-	-	58,380,371	2,810,824	3,006,589	5,817,413	52,562,958	55,569,547
Bio and IT Packages	207,707,538	15,903,000	-	223,610,538	5,138,208	-	5,138,208	218,472,330	202,569,330
Electrical Equipment	3,366,508	-	-	3,366,508	1,514,979	420,813	1,935,792	1,430,716	1,851,529
Vehicles	5,271,375	2,213,000	-	7,484,375	2,244,090	465,558	2,709,648	4,774,727	3,027,285
TOTAL	327,855,276	18,195,200	-	346,050,476	19,585,768	5,019,982	24,605,750	321,444,726	308,269,508
Previous Year	306,604,961	21,250,315	-	327,855,276	16,845,519	2,740,249	19,585,768	308,269,508	289,759,442

**CELESTIAL BIOLABS LIMITED
FORMERLY CELESTIAL LABS LIMITED
SCHEDULES TO BALANCE SHEET**

PARTICULARS	As At 31.03.2010 Rs.	As At 31.03.2009 Rs.
SCHEDULE 7		
a) Inventories		
Raw material	1,414,126	12,135,663
Packing Material	611,231	-
Finished Goods	20,076,891	5,875,331
TOTAL	22,102,248	18,010,994
SCHEDULE 8		
b) Sundry Debtors		
(Unsecured and considered good)	442,518	3,210,257
Less than 6 months	12,901,872	20,537,224
TOTAL	13,344,390	23,747,481
SCHEDULE 9		
c) Cash and Bank Balances		
Cash on hand	375,970	158,721
Balance with Scheduled banks	41,884,902	945,665
TOTAL	42,260,872	1,104,386
SCHEDULE 10		
LOANS AND ADVANCES		
Advances recoverable in cash or kind or for the values to be received	6,089,059	747,500
Deposits with others	794,915	382,000
TOTAL	6,883,974	1,129,500
SCHEDULE 11		
CURRENT LIABILITIES AND PROVISIONS		
a) CURRENT LIABILITIES		
Creditors for Raw Material	880,146	236,907
Creditors for Expenses	105,892	-
Other Creditors	1,080,000	950,000
TOTAL	2,066,038	1,186,907

**CELESTIAL BIOLABS LIMITED
FORMERLY CELESTIAL LABS LIMITED
SCHEDULES TO BALANCE SHEET**

PARTICULARS	As At 31.03.2010 Rs.	As At 31.03.2009 Rs.
SCHEDULE 12		
b) PROVISIONS		
Provision for taxation	5,271,354	8,167,848
Proposed Dividend	-	5,597,000
Corporate Dividend Tax	-	951,210
TOTAL	5,271,354	14,716,058
SCHEDULE 13		
MISCELLANIOUS EXPENSES		
(To the extent not written off)		
a) Product development expenses	81,539,619	90,599,577
Less: Written off 10%	8,153,962	9,059,958
Total a	73,385,657	81,539,619
b) Public Issue Expenses	19,773,862	21,970,958
Less: written off	1,977,386	2,197,096
Total b	17,796,476	19,773,862
Total a+b	91,182,133	101,313,482

CELESTIAL BIOLABS LIMITED
FORMERLY CELESTIAL LABS LIMITED
SCHEDULES TO THE PROFIT & LOSS ACCOUNT

PARTICULARS	As At 31.03.2010 Rs.	As At 31.03.2009 Rs.
SCHEDULE 15		
Sales - Formulations	144,723,412	58,501,978
Sales-Bio-IT	70,599,373	134,007,903
TOTAL	215,322,785	192,509,881
SCHEDULE 16		
Interest received on Investments	2,902,296	-
Miscellaneous Income	116,253	-
TOTAL	3,018,549	-
SCHEDULE 17		
(Increase)/ Decrease in Stocks		
OPEING STOCK		
Raw Material	12,135,633	-
Finished Goods	5,875,331	-
	18,010,964	-
CLOSING STOCK		
Raw material	1,414,126	12,135,633
Finished Goods	20,076,891	5,875,331
Packing material	611,231	-
	22,102,248	18,010,964
(INCREASE)/DECREASE IN STOCKS	(4,091,284)	(18,010,964)
SCHEDULE:18		
MATERIAL CONSUMED		
a) RAW MATERIAL		
Opening Stock	12,135,633	-
Purchases	79,669,430	78,929,051
Less:Closing Stock	1,414,126	12,135,633
A	90,390,937	66,793,418
b) PACKING MATERIAL		
Opening Stock	-	-
Purchases	6,675,006	-
Less:closing Stock	611,231	-
B	6,063,775	-
Total A+B	96,454,712	66,793,418

**CELESTIAL BIOLABS LIMITED
FORMERLY CELESTIAL LABS LIMITED
SCHEDULES TO THE PROFIT & LOSS ACCOUNT**

PARTICULARS	As At 31.03.2010 Rs.	As At 31.03.2009 Rs.
SCHEDULE 19		
PRODUCTION COST		
Stores, Spares and Consumables	8,107,727	6,769,980
Power and Fuel	8,292,114	6,932,587
Repairs and Maintenance	2,347,254	2,033,476
Processing charges	1,105,803	931,487
TOTAL	19,852,898	16,667,530
Schedule 20		
Administrative, Selling & Other expenses		
Communications Postage & Telephone	1,323,884	1,330,012
Rent, Rates & Taxes	1,510,223	1,405,791
Office Maintenance	1,123,841	984,243
Travelling, conveyance & vehicle upkeep	1,411,413	1,533,744
Printing & Stationary, Computer consumables	812,271	615,431
Electricity charges	1,303,324	1,081,331
Insurance Charges	1,001,361	597,554
Professional charges	1,106,841	893,240
Books & Periodicals	701,117	537,021
Training & Recruitment expenses	611,239	513,134
Bank Charges	895,329	891,137
Audit fee	315,000	300,000
Repairs & Maintenance	1,573,773	1,200,393
Entertainment	914,137	641,014
Miscellaneous Expenses w/o	10,131,348	10,629,340
Advertisement Expenses	1,214,226	382,131
Sales Expenses	10,521,439	8,029,676
Miscellaneous Expenses	822,718	1,017,360
TOTAL	37,293,484	32,582,552

**CELESTIAL BIOLABS LIMITED
FORMERLY CELESTIAL LABS LIMITED
SCHEDULES TO THE PROFIT & LOSS ACCOUNT**

PARTICULARS	As At 31.03.2010 Rs.	As At 31.03.2009 Rs.
SCHEDULE 21		
STAFF COST		
Salaries and Wages	28,015,207	25,495,209
Staff Welfare	1,837,812	1,667,527
TOTAL	29,853,019	27,162,736
SCHEDULE: 22		
FINANCIAL CHARGES		
Interest on Term Loan	216,781	
Interest on working capital	32,861	615,988
Interest on Hire Purchase Loans	148,275	31,087
interest (others)	207,000	
Processing Fee on SBI WC & Term Loan	1,700,000	
TOTAL	2,304,917	647,075
SCHEDULE: 23		
R & D EXPENSES		
Raw Material	1,510,769	1,041,337
Consumables	646,847	515,034
Salaries and Wages	2,515,684	2,173,947
Lab Expenses	412,344	315,447
TOTAL	5,085,644	4,045,765

SCHEDULE 14

NOTES ON ACCOUNTS:

A. Significant Accounting Policies

1. Basis of Accounting:

The Financial Statements have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the accounting policies generally accepted in India ("GAAP") and comply with the mandatory Accounting Standards ("AS") issued by the Institute of Chartered Accountants of India ("ICAI") to the extent applicable and the relevant provisions of the Companies Act, 1956.

2. USE OF ESTIMATES:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions. Actual results could differ from these estimates. Any revision of accounting estimates is recognized prospectively in the current and future periods

The previous period's figures have been rearranged/regrouped/reclassified wherever necessary.

3. Fixed Assets:

Fixed Assets are stated at cost less accumulated depreciation. All costs, directly attributable to bringing the asset to the present condition for the intended use, are capitalized.

4. Depreciation & Amortization:

Depreciation on Fixed Assets has been provided on the Straight Line method and Depreciation on the assets acquired during the year is provided on Pro-rata basis at the rates specified in Schedule XIV of the Companies Act, 1956.

5. Deferred Revenue Expenditure:

Expenditure incurred on research of new products has been treated as deferred revenue expenditure and the same has been written off in 10 years equally yearly installments from the year in which it is incurred.

6. Retirement Benefits:

a) Provident Fund: The Company is contributing to the funds maintained by the Government towards Provident Fund to employees.

b) Gratuity: No provision for gratuity has been made as none of the employees had completed the minimum stipulated period for entitlement of gratuity.

7. Sales and Revenue Recognition:

Revenue from services is recognized when significant risks and rewards in respect of ownership of the products are transferred to the customer. Revenue from domestic sales is recognized on dispatch of products from the company.

8. Foreign Currency transactions

The reporting currency of the company is Indian Rupee. Expenditure in Foreign currency during the month is accounted at a rate, which approximates the actual rate during that month. The exchange differences arising on foreign currency translation during the year are recognized as income or expenses in the profit and loss account.

9. Taxes on Income

Income tax is provided on the profits of the company as per the Income Tax Act, 1961 and other applicable rules and regulations to the company.

Deferred Tax is recognized on time difference between the accounting income and taxable income for the period and quantified using the tax rates and laws enacted or substantially enacted on the balance sheet date.

10. Earning Per Share (EPS):

The basic Earnings per Share ("EPS") is computed by dividing the net profit after tax for the year by the weighted average number of equity shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares.

B. Notes on Accounts

1.1 Contingent Liabilities not provided – Nil

1.2 Segment Reporting:

Based on the guiding principles given in Accounting Standard on Segment Reporting (AS -17) issued by the Institute of Chartered Accountants of India, the company's primary business segment is formulations. During the period your company has achieved a turn over of Rs.1447.23 lakh for formulations and Rs.705.99 lakh for Bio-IT.

1.3 Related Party Disclosures

(Rs. In Lakhs)

Sl . No.	Name of related party	Name of the transaction	Amount
1	Dr. A.N. Singh	Remuneration	7.20
2	Padma Singh	Sitting Fee	0.15
3	Amit Kumar Singh	Remuneration	3.60

The Company has allotted 5,89,000 (Five Lakh Eighty Nine Thousand Only) equity shares of Rs.10/- each to Dr. A.N Singh @Rs.27/- per share (inclusive of a premium of Rs.17/- per share) towards purchase of software packages under Intellectual Property Rights (IPR). In this regard the Company had obtained the approvals of the Regional Director, Ministry of Corporate Affairs; the National Stock Exchange of India and The Bombay Stock Exchange.

1.4 Deferred Tax

The deferred tax asset as at 31st March 2010 is Rs. 6,87,866.00

1.5 Auditors remuneration and expenses charged to the accounts:

(In Rupees)

	2009-10	2008-09
Audit Fees	1,95,000	1,80,000
For Tax Matters	80,000	80,000
Other Matters	40,000	40,000

1.6 Additional information required under Part II of Schedule VI to the Companies Act, 1956

1. Capacities and & Production

Product Unit Installed capacity/Actual production Not Applicable

Licensed Capacity Not Applicable

2. TURNOVER:

	2009-10	2008-09
Bio-IT, Herbal and allopathic formulations	2183.41	1925.10
3. Inventory	200.77	58.75
4. Raw Material, Stores, Spare Parts	20.25	121.36
5. Expenditure in Foreign Currency		

Rs. in Lakhs

	2009-10	2008-09
Expenditure in Foreign currency	105.21	106.29
6. Earning in Foreign Exchange:		
Earning in Foreign Exchange	732.10	1340.08

Rs. in Lakhs

7. R&D Expenditure Details

(Rupees)

	Particulars	2009-10	2008-09	2007-08	2006-07	2005-06
A	Capital	15903000	20367775	18387487	6011340	3143140
B	Recurring	5085644	54822196	4622483	44486916	31095299
C	Total	20988644	75189971	23009970	50498256	34238439

8. RESEARCH AND DEVELOPMENT FIXED ASSETS (INCLUDED IN SCHEDULE 5)

PARTICULARS	Gross Block			Depreciation			Net Block		
	As on 01.04.2009 Rupees	Additions During the Year Rupees	Deductions During the year Rupees	Total as on 31.03.2010 Rupees	Upto 01.04.2009 Rupees	During the Year Rupees	Total as on 31.03.2010 Rupees	As on 31.03.2010 Rupees	As on 31.03.2009 Rupees
Office Equipment	316,175	-	-	316,175	65,132	16,283	81,415	234,760	251,043
Computer Systems	4,075,617	-	-	4,075,617	576,229	209,895	786,124	3,289,493	3,499,388
Software Tools	3,634,482	-	-	3,634,482	649,890	187,176	837,066	2,797,416	2,984,592
Lab Equipment	8,343,947	-	-	8,343,947	920,862	429,714	1,350,576	6,993,371	7,423,085
Software Products	17,881,803	-	-	17,881,803	-	-	-	17,881,803	17,881,803
Bio and IT Packages	13,657,718	15,903,000	-	29,560,718	-	-	-	29,560,718	13,657,718
TOTAL	47,909,742	15,903,000	-	63,812,742	2,212,113	843,068	3,055,181	60,757,561	45,697,629
Previous Year (2008-09)	27,541,967	20,367,775	-	47,909,742	1,491,805	720,308	2,212,113	45,697,629	26,050,162
Previous Year (2007-08)	9,154,480	18,387,487	-	27,541,967	813,817	677,988	1,491,805	26,050,162	8,340,663
Previous Year (2006-07)	3,143,140	6,011,340	-	9,154,480	161,872	651,945	813,817	8,340,663	2,981,268
Previous Year (2005-06)	-	3,143,140	-	3,143,140	-	161,872	161,872	2,981,268	-

Signatures to Schedules 1 to 15

As per our Report attached

For G.V. RAO & CO

Chartered Accountants

for and on behalf of the board

G. V RAO

Proprietor

Membership No.216153

Dr.A. N. SINGH

Chairman and Managing Director

Dr. D.C. Sastry

Director

Place : Hyderabad

Date : 12.08.2010

**CELESTIAL BIOLABS LIMITED
(FORMERLY CELESTIAL LABS LIMITED)
CASH FLOW STATEMENT**

Rupees

Particulars	1.4.2009 to 31.03.2010	1.4.2008 To 31.03.2009
A. Cash Flow From Operating Activities		
Net Profit before Tax & Appropriations	26,567,932	59,871,376
Depreciation	5,019,982	2,740,249
Interest and Financial Charges Paid	2,304,917	657,219
Interest Earned	(2,902,296)	-
Deffered tax	687,866	297,131
Provison for tax	(3,886,933)	(7,068,189)
Operating Profit Before Working Capital Charges	27,791,468	56,497,786
Adjustments for:		
(Increase)/Decrease in Sundry Debtors	10,403,091	57,465,984
(Increase)/Decrease in Deposits, Loans & Advances	(5,754,474)	(60,827,858)
(Increase)/Decrease in Inventory	(4,091,254)	(18,010,994)
Increase/(Decrease) in Current Liabilities	879,131	900,862
Cash Generated from Operations	29,227,962	36,025,780
Net Cash generated from Operating Activities (A)	29,227,962	36,025,780
B. Cash Flow from Investing Activities:		
Purchase of fixed assets	(18,195,200)	(21,250,315)
Capital work in progress	(78,710,347)	10,324,221
Investments	28,025,140	(33,810,066)
Interest earned	2,902,296	-
Net Cash generated from/(Used) Investing Activities (B)	(65,978,111)	(44,736,160)
C. Cash Flow from Financial Activities		
Net Cash generated from/(used) Financial Activities (c)		
Increase/(Decrease) in Bank Borrowings	49,904,151	1,077,352
Increase (Decrease) in Hire purchase Loans	1,504,400	-
Issue of capital with premium	30,753,000	-
Increase/(Decrease) in unsecured loans	(1,950,000)	500,000
Interest and Financial Charges Paid	(2,304,917)	(657,219)
	77,906,634	920,133
Net Increase/(Decrease) in Cash and Cash Equalants (A+B+C)	41,156,485	(7,790,247)
Cash and Cash equilants at the beginning of the year	1,104,386	8,894,633
Cash and Cash equilants (Closing Balance)	42,260,872	1,104,386

As per our Report attached
For **G.V.RAO & CO**
Chartered Accountants

For and on Behalf of the Board

G.V.Rao
Proprietor
M.NO.216153

Dr. A.N. Singh
Chairman and Managing Director

Dr.D.C. Sastry
Director

Place: Hyderabad
Date : 12.08.2010

CELESTIAL BIOLABS LIMITED

Plot No.231 A, MLA Colony, Road No 12, Banjara Hills, Hyderabad - 500 034, A.P., India

BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registration Number

0 1 - 2 8 3 7 4

State code

0 1

Balance Sheet Date

3 1 0 3 2 0 1 0

II. CAPITAL RAISED DURING THE YEAR (ABOUT IN Rs.THOUSANDS)

Public Issue

N I L

Rights Issue

N I L

Bonus Issue

N I L

Private Placement

N I L

III. POSITION OF MOBILISATION & DEPLOYMENT OF FUNDS (AMOUNT IN Rs.THOUSANDS)

SOURCE OF FUNDS

Total Liabilities

7 6 3 7 2 6

Total Assets

7 6 3 7 2 6

Paid up Capital

1 3 2 6 8 0

Reserves & Surplus

5 5 8 1 6 0

Secured Loans

5 1 5 4 3

Unsecured Loans

5 5 5 0

APPLICATION OF FUNDS

Net Fixed Assets

3 2 1 4 4 5

Investments

0 4 1 4 5 8

Net Currents

7 7 2 5 4

Misc.Expenditure

9 1 1 8 2

Accumulated Losses

N I L

Deferred Revenue Expenditure

N I L

Public Issue Expenses

1 7 7 9 6

Product Development

7 3 3 8 6

IV. PERFORMANCE OF THE COMPANY (AMOUNT IN Rs.THOUSANDS)

Turnover

2 1 8 3 4 1

Total Expenditure

1 9 1 7 7 3

Profit Before Tax

2 6 5 6 8

Profit After Tax

2 3 3 6 9

Earnings per share

1 . 9 8

Dividend Rate

N I L

As per our Report attached
For G.V.RAO & CO
Chartered Accountants

for and on behalf of the board

G.V.Rao
Proprietor
M.NO.216153

A.N.Singh
Chairman and Managing Director

Dr D.C.Sastry
Director

Place:Hyderabad
Date:12.08.2010

T A Veena
Company Secretary

CELESTIAL BIOLABS LIMITED

PROXY

I/We _____ of _____ a Member/Members of the above named company, hereby appoint _____ of _____ or failing him _____ of _____ as my /our proxy

To attend and vote for me/us on my/our behalf of the 12th Annual General Meeting of the company to be held on Wednesday, 30th September, 2010 at 9.00 a.m and at any adjournment there of.

Signed this _____ day of _____ 2010.

Reference folio No. / DPID / Client ID

Signature

Affix necessary stamp

No of Shares _____

PLEASE SEE THE INSTRUCTIONS OVER LEAF

Notes:

1. The Proxy to be effective, should be deposited at the registered office of the company at Hyderabad, 231A, MLA Colony, Road No-12, Banjara Hills, Hyderabad - 500 034, Andhra Pradesh, India not later than Forty-eight hours before the commencement of meeting.
2. A proxy need not be a member of the company. Should you desire, you may also appoint the chairman or the company secretary of the company as indicated above in the event of a poll being demanded at the meeting.

CELESTIAL BIOLABS LIMITED

Registered Office: 231A MLA Colony, Road No.12, Banjara Hills, Hyderabad 500 034,
A.P. INDIA

ATTENDENCE SLIP

PLEASE FILL THIS ATTENDENCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

Joint shareholders may obtain additional attendance slips at the venue of the meeting

DPID*	
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Master Folio No	
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Client ID*	
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No of Shares	
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NAME AND ADDRESS OF THE SHARE HOLDERS

I hereby record my presence at the 12th ANNUAL GENERAL MEETING OF THE Company held on Wednesday 30th September, 2010 at 09.00 a.m at Federation of Andhra Pradesh Chamber of Commerce and Industry, Hyderabad

*Applicable for Investors holding shares in dematerialized.

Signature shareholder/proxy