

# **VIVO BIO TECH LIMITED**

**n proteins for zero diseases**

**20<sup>th</sup>**

**Annual Report**

**2006-2007**

**Board of Directors**

Lanka Nagaraj  
Dr. Sudhakar Konda  
P.V.V.Prasad  
M. Swaminadham  
Kunasingam V.Sittamapalam

- Managing Director  
- Executive Director  
- Director  
- Director  
- Director

**Company Secretary**

N. Madhusudhana Reddy

**Bankers:**

M/s. Canara Bank  
Overseas Branch  
Adarsh Nagar  
Hyderabad

**Auditors:**

M/s. P. Murali & Co.,  
Chartered Accountants  
6-3-655/2/3, Somajiguda  
Hyderabad-500 082.  
Phone: # (040)-23326666, 23312554

**Registrars & Share Transfer Agents**

M/s. Aarthi Consultants Pvt. Ltd.,  
1-2-285, Domalguda,  
Hyderabad - 500 029.  
Phone: 27634445, 27638111  
Fax No: 27632184

**Registered Office:**

Flat: #608, 6<sup>th</sup> Floor  
Lingapur Complex  
Himayat Nagar,  
Hyderabad - 500 029.  
**Phone# Tel: 66784714; 66784719**  
**Fax: 040-66776112**

**Date, Time and Venue of AGM**

28.09.2007, 4.30 P.M  
at Padmashali Kalyana Mandapam  
West Marredpally, Secunderabad-26

**NOTICE**

NOTICE is hereby given that the 20<sup>th</sup> Annual General Meeting of the Members of the Company will be held on Friday, the 28<sup>th</sup> day of September, 2007, at 4.30 P.M. at Padmashali Kalyana Mandapam, 2-12-66, Nehru Nagar, West Marredpally, Secunderabad - 500 026 to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Profit & Loss Account for the year ended March 31, 2007: Balance Sheet as on that date along with the Schedules forming part of it, notes to accounts and the Reports of the Directors' and Auditors' thereon.
2. To appoint a director in place of Mr.P.V.V.Prasad, who retires by rotation and being eligible offer himself for reappointment.
3. To appoint M/s. P. Murali & Co., Chartered Accountants, Hyderabad as Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

**SPECIAL BUSINESS**

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

“RESOLVED THAT Sri Madhira Swaminadham , who was appointed as an Additional Director of the company, who holds office under Section 260 of the Companies Act, 1956, up to the date of the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company, liable to retire by rotation”.

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

“RESOLVED THAT Pursuant to the provisions of Section 198,269 and 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956(hereinafter referred to as the “Act” which includes any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the company be and is hereby accorded to the appointment of Mr.Lanka Nagaraj, as Managing Director, of the Company, for a period of 5 (Three) years with effect from 31<sup>st</sup> January, 2007 on the terms and conditions as mentioned in the explanatory statement.

“RESOLVED FURTHER that the remuneration as set out in this resolution including benefits, amenities and perquisites, shall be allowed and paid to Mr. Lanka Nagaraj as minimum remuneration during the currency of his tenure as mentioned in the explanatory statement, notwithstanding the absence or inadequacy of profits for any financial year, but shall not, in any such financial year, exceed the ceiling laid down in this behalf in Schedule XIII to the Act, including amendments made thereto”

“RESOLVED FURTHER THAT subject to the provisions of the Companies Act, 1956 and subject to the accordane of the requisite approvals, the board be and is here by

authorized to revise the gross salary of the appointee by a maximum of 50% per annum”.

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

“RESOLVED THAT Pursuant to the provisions of Section 198,269 and 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956(hereinafter referred to as the “Act” which includes any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the company be and is hereby accorded to the appointment of Dr. Sudhakar Kondaj, as Executive Director, of the Company, for a period of 5 (Three) years with effect from 31<sup>st</sup> January, 2007 on the terms and conditions as mentioned in the explanatory statement.

“RESOLVED FURTHER that the remuneration as set out in this resolution including benefits, amenities and perquisites, shall be allowed and paid to Dr.Sudhakar Konda as minimum remuneration during the currency of his tenure as mentioned in the explanatory statement, notwithstanding the absence or inadequacy of profits for any financial year, but shall not, in any such financial year, exceed the ceiling laid down in this behalf in Schedule XIII to the Act, including amendments made thereto”

“RESOLVED FURTHER THAT subject to the provisions of the Companies Act, 1956 and subject to the accordane of the requisite approvals, the board be and is here by authorized to revise the gross salary of the appointee by a maximum of 50% per annum”.

**BY ORDER OF THE BOARD  
For VIVO BIO TECH LTD**

PLACE : HYDERABAD  
DATE : 28.08.2007

**Dr.SUDHAKAR KONDA  
EXECUTIVE DIRECTOR**

**NOTES**

- a) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such a proxy need not be a member of the company. Proxies in order to be effective must be filed with the company not later than 48 hours before the commencement of the meeting.
- b) The relevant Explanatory Statement in respect of the Special Business set out above, as required by Sec.173 (2) of the Companies Act, 1956 is annexed hereto.
- c) The Register of Members and Share Transfer books of the Company will remain closed from 24<sup>th</sup> September, 2007 to 28th September, 2007 (both days inclusive).
- d) Members are requested to notify any change in their addresses to the Company immediately.

**Annexure to the Notice**  
**Explanatory statement pursuant to Section 173(2) of The Companies Act, 1956**

**Item#4**

Sri Swaminadham Madhira was appointed as an Additional Director of the company as per the provisions of Section 260 of the Companies Act, 1956 ("the Act") in the Board meeting held on 1<sup>st</sup> March, 2007. Pursuant to Section 260 of the Companies Act, 1956 Sri Swaminadham Madhira holds office of Director up to the date of the ensuing Annual General Meeting. The Company has received a notice in writing under Section 257 of the Companies Act, 1956 along with a deposit of Rs.500/- from a member signifying his intention to propose the name of Sri Swaminadham Madhira. The profile of the Director is given hereto under the head additional information.

The Board recommends the above resolution for members approval in the Annual General Meeting.

None of the Directors is interested or concerned except Sri Swaminadham Madhira

**Item# 5**

The Board of Directors of the Company in its meeting held on 31<sup>st</sup> January, 2007, appointed Mr. Lanka Nagaraj as Managing Director for a period of 5 years with effect from 31<sup>st</sup> January, 2007 at such remuneration and as per the terms and conditions mentioned below subject to the approval of members,

Considering his competence, experience as also the envisaged growth in the activities of the company and as compared to remuneration presently being paid to persons in similar situations in the country, the terms of his appointment and remuneration as set out below are viewed to be just, fair and reasonable. He is holding one directorship in M/s. Shri Shri Resorts Private Ltd. He is not a member in the committees of any other company. He is having 8 years of rich cross functional experience in Biotechnology & Information Technology. A DBT (Department of Biotechnology Scholarship Holder) for period 1995 to 1997 and Having attended University of Hyderabad, also known as HCU (One of the premier and prestigious Central Universities of India) for Masters in Biotechnology and PGDBA (2 yrs full time, equivalent to MBA) from ICFAI Business School, Hyderabad Campus (one of the Top 20 Business Schools in India), Nagaraj brings joint domain expertise from both fields and drives Market Research, Operations and Information Technology Best Practices. Nagaraj is a certified Internal Quality Auditor for ISO 9001:2000 Series, endorsed by Ministry of Information Technology and an Oracle Certified Professional in Database Technologies.

The remuneration has been approved by the remuneration committee for a period of 3 years as per the provision of Schedule XIII of the Companies Act, 1956

As per the provisions of Schedule XIII of the Companies Act, 1956 appointment of Mr. Lanka Nagaraj, Managing Director requires the approval of the members in General Meeting. Hence, the above resolution at item# 5 is submitted to the meeting for ratification by the members of the company by passing a Special Resolution.

The Board of Directors commends the above resolution at Item# 5 for your approval.

None of the Directors of the Company except Mr. Lanka Nagaraj to the extent of his appointment as director is concerned or interested in this resolution.

The Particulars of remuneration payable to Mr. Lanka Nagaraj

**a) Salary:**

Rs. 60,000 p.m. which is inclusive of Dearness Allowance and all other allowances not otherwise specified herein.

**b) Perquisites:**

**i) Housing**

1) Residential accommodation or house rent allowance not exceeding 50% of the Salary. The appointee shall be allowed free use of the company owned furniture and other consumable durables, if required.

**ii) Medical Expenses**

Domiciliary Treatment - At actuals subject to a ceiling of Rs. 15,000 p.a for Mr. Lanka Nagaraj and his family

Hospitalisation - Mr. Lanka Nagaraj and his dependents will be covered by the Company's Medical Insurance Scheme.

iii) Phone rental and call charges will be paid by the Company at actuals for mobile phone. Charges for personal STD/Trunk Calls would be borne by Mr. Lanka Nagaraj

iv) Company's contribution to Provident Fund, Gratuity and encashment of leave at the end of his tenure, payable as per rules of the Company.

v) Leave with full pay or encashment thereof as per the Rules of the Company.

vi) Mr. Lanka Nagaraj will further be entitled to reimbursement of actual entertainment and traveling expenses incurred by him for business purposes.

**Item # 6**

The Board of Directors of the Company in its meeting held on 20<sup>th</sup> January, 2007, appointed Dr.Sudhakar Konda as Executive Director for a period of 5 years with effect from 20<sup>th</sup> January, 2007 at such remuneration and as per the terms and conditions mentioned below subject to the approval of members,

Considering his competence, experience as also the envisaged growth in the activities of the company and as compared to remuneration presently being paid to persons in similar situations in the country, the terms of his appointment and remuneration as set out below

are viewed to be just, fair and reasonable. He is holding one directorship in M/s. Shri Shri Resorts Private Ltd . He is not a member in the committees of any other company.

He is a veterinarian by profession has extensive experience in breeding lab animals, maintenance of Lab Animal Facility, Pre Clinical Toxicology and practical knowledge in the areas of Molecular Biology, Protein Chemistry, Tissue Culture and Immunology.

He has hands on designing and turn key operations of developing an Animal House and has strong background in maintenance of Lab Animal Facility, Biotechnology, Practical knowledge of Pre Clinical / regulatory Toxicology and previously Worked in laboratories with highest of modern standards.

### **Skills and role**

- Designing and Construction of animal facility as per GLP norms
- Establishing Toxicology Lab as per GLP norms: Establishing bio-chemical, Immunotoxicity, Genotoxicity and Histo-pathological labs as per GLP norms.
- Evolving various SOPs for all routine, breeding and experimental procedures
- Antibody production and purification: Rising antibodies against various recombinant proteins in rabbits and purification form the serum using affinity chromatography.
- Maintenance of animal facility as per the GLP guidelines
- Creation of Various animal models used in Bio-medical research for cell therapies.
- Developing monoclonal antibodies for various bio-molecules
- Developing various Therapeutic Proteins by Recombinant Technology.
- Designing and execution of toxicological studies: To evolve protocols for Pre clinical toxicology as per the guidelines of DCGI (Drug and cosmetic Act 1940 schedule 'Y') and OECD and ICH for various recombinant proteins.
- Documentation of Study Report: Preparation of final study report to be submitted to regulatory bodies DCGI and DBT for approval prior to clinical studies.

The remuneration has been approved by the remuneration committee for a period of 3 years as per the provision of Schedule XIII of the Companies Act, 1956

As per the provisions of Schedule XIII of the Companies Act, 1956 appointment of Dr.Sudhakar Konda, Executive Director requires the approval of the members in General Meeting. Hence, the above resolution at item# 6 is submitted to the meeting for ratification by the members of the company by passing a Special Resolution.

The Board of Directors commends the above resolution at Item# 5 for your approval.

None of the Directors of the Company except Dr. Sudhakar Konda to the extent of his appointment as director is concerned or interested in this resolution.

The Particulars of remuneration payable to Dr.Sudhakar Konda

**a) Salary:**

Rs. 2,00,000 p.m. which is inclusive of Dearness Allowance and all other allowances not otherwise specified herein.

**b) Perquisites:**

**i) Housing**

Residential accommodation or house rent allowance not exceeding 50% of the Salary. The appointee shall be allowed free use of the company owned furniture and other consumable durables, if required.

**ii) Medical Expenses**

Domiciliary Treatment- At actuals subject to a ceiling of Rs. 15,000 p.a for Dr. Sudhakar Konda and his family

Hospitalisation- Dr.Sudhakar Konda and his dependents will be covered by the Company's Medical Insurance Scheme.

**iii) Phone rental and call charges will be paid by the Company at actuals for mobile phone. Charges for personal STD/Trunk Calls would be borne by Dr.Sudhakar Konda**

**iv) Company's contribution to Provident Fund, Gratuity and encashment of leave at the end of his tenure, payable as per rules of the Company.**

**v) Leave with full pay or encashment thereof as per the Rules of the Company.**

**vi) Dr.Sudhakar Konda will further be entitled to reimbursement of actual entertainment and traveling expenses incurred by him for business purposes.**

**BY ORDER OF THE BOARD  
For VIVO BIO TECH LTD**

**PLACE : HYDERABAD  
DATE : 28.08.2007**

**Dr.SUDHAKAR KONDA  
EXECUTIVE DIRECTOR**



**Additional Information required to be furnished under the Listing Agreement**

The particulars of directors who are proposed to be re-appointed are given below:

1. Name : Swaminadham Madhira  
Age : 51 years  
Qualifications : Graduation  
Expertise : He has 25 years of rich experience in various areas such as finance, Human resources and administration  
  
Other Directorships : Nil
  
2. Name : P.V.V.Prasad  
Age : 41 years  
Qualifications : Graduation  
Expertise : An Experience of 10 years in Trading and business administration  
  
Other directorships : 2

**DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting you the 20<sup>th</sup> **Annual Report** of your company together with the Audited Accounts for the year ended 31<sup>st</sup> March, 2007.

**Financial Results**

	<b>(Amount in Rs. Lakhs)</b>	
	<b>2006-2007</b>	<b>2005-2006</b>
Total Income	79.62	281.24
Profit before tax	(22.45)	7.05
Provision for Taxation	-	—
Deferred Tax Provision	0.23	0.30
Balance brought forward	(1.84)	(9.16)
Balance Carried to Balance Sheet	(24.58)	(1.84)

**Financial Highlights**

The total income of your company for the year 2006-07 was Rs. 79.62 Lakhs as against Rs.281.24 Lakhs in 2005-06.

**Filing of Draft offer document with SEBI with regard to the offer for sale**

As you are aware Bombay Stock Exchange Ltd (BSE) has directed the Company to go for offer sale of 25% of amalgamated capital in order to comply with the norms of listing agreement. The company has appointed M/s.Sobhagya Capital Options Ltd, Category 1 Merchant Bankers for the offer for sale. The merchant bankers are in the process to file the offer document with SEBI.

**Directors**

In accordance with the provisions of the Companies Act, 1956, Mr. P.V.V.Prasad retires by rotation at the forthcoming Annual General Meeting and eligible offer himself for reappointment.

Ms. Madhavi Latha Kompella Managing Director, T. Pavan Kumar, Whole time director resigned to their positions on 31.01.2007 and Dr.Valery Sagitov resigned on 1<sup>st</sup> March, 2007 due to their personal reasons. Dr.Sudhakar Konda appointed as Executive Director on 20.01.2007. Mr.Lanka Nagaraj appointed as Managing Director on 31.01.2007.

Mr. Swaminatham Madhira appointed as addl. Director in the board meeting held on 1<sup>st</sup> March, 2007.

**Directors' Responsibility Statement:**

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to the Directors' Responsibility Statement, it is hereby confirmed that:

- i) In the preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2007, the applicable accounting standards have been followed and there are no material departures.
- ii) We have selected appropriate accounting policies and applied them consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31<sup>st</sup> March 2007 and of the loss of the company for the financial year ended 31<sup>st</sup> March 2007.
- iii) We have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) We have prepared the annual accounts for the financial year ended 31<sup>st</sup> March, 2007 on a going concern basis.

**Auditors**

M/s. P. Murali & Co., Chartered Accountants, Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

**Deposits**

The Company has not accepted fixed deposits as on 31<sup>st</sup> March, 2007 so as to attract the provisions of Section 58A of the Companies Act, 1956 read with Companies (Acceptance of the Deposits Rules) 1975 as amended from time to time.

**Information required under Section 217(1)(e) of the Companies Act 1956 read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988.****a) Conservation of Energy:**

The Company is monitoring the Consumption of energy and is identifying measures for conservation of energy.

**b) i) Technology Absorption:**

No Technology either indigenous or foreign is involved.

**ii) Research and Development (R& D)**

The Company has started its research and development activities recently.

**c) Foreign Exchange Earnings and Outgo:**

NIL

**Particulars of Employees**

In pursuance of the provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975, the Directors are to report that one employee was in receipt of remuneration of Rs.24,00,000/- or more per annum or Rs.2,00,000/- or more per month where employed for a part of the year.

Sl.No	Name of the Director	Gross Salary
01	Dr.Sudhakar Konda	4,00,000

**Report on Corporate Governance**

Your Company had taken steps and complied with most of the recommendations during the year. For the year under review the Compliance Report is provided in the Corporate Governance section in this Report. The Auditors certificate on Compliance with the mandatory requirements of Corporate Governance is given in Annexure A to this Report.

**Management Discussion and Analysis**

This has been dealt with in the separate Annexure to this Report.

**Acknowledgements**

Your directors would like to place on record their appreciation of support, co-operation and assistance received from the company's clients, Central Government authorities, bankers, shareholders and suppliers. The board wishes to convey its appreciation of hard work, solidarity, cooperation and support put in by the company's employees at all levels in enabling such growth.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS  
**For Vivo Bio Tech Ltd**

PLACE : HYDERABAD

DATE : 28.08.2007

**Dr.Sudhakar Konda**

Executive Director

**Lanka Nagaraj**

Managing Director

**Annexure to Directors' Report  
Report on Corporate Governance**

**1. Company's Philosophy:**

Vivo Corporate Philosophy envisages complete transparency and adequate disclosure with an ultimate aim of value creation for all players i.e. stakeholders, creditors, Employees. Vivo is committed to the adoption of best governance practices and its adherence in the true spirit at all times.

**2. Board of Directors:**

**a) Composition**

Your Company is having 5 Directors comprising of 1 Managing Director, 1 Executive Director and 3 Independent Directors.

**b) Attendance of each Director at the Board Meetings and the last AGM**

During the Financial Year 2006-07 the Board of Directors met 8 times on the following dates: 29-04-2006, 29-07-2006, 31-08-2006, 31-10-2006, 02-12-2006, 20-01-2007, 31-01-2007, 01-03-2007

The attendance of each Director is given below:

<b>Name of the Director</b>	<b>Category</b>	<b>No. of other Director ships</b>	<b>No. of committees in which Member</b>	<b>No. of Board Meetings attended</b>	<b>Whether attended last AGM</b>
Smt. K.Madhavi Latha	Managing Director	1	—	6	No
Sri. P.V.V. Prasad	Independent Director	2	3	8	Yes
T. Pavan Kumar	Whole time Director	-	-	6	No
Dr.Valery Sagitov	Independent Director	-	3	-	No
Datuk Kunasingam V. Sittamapalam	Independent Director	6	3	-	Yes
Dr. Hariharan	Independent director	-	3	-	No
Dr.Sudhakar Konda	Executive Director	1	3	5	Yes
Lanka Nagaraj	Managing Director	1	-	1	No
Swaminadham Madhira	Independent Director	-	3	-	No

K.Madhavi Latha and T. Pavan Kumar resigned on 31.01.2007. Dr. Valery Sagitov resigned on 01.03.2007. Mr. Lanka Nagaraj appointed on 31.01.2007. Mr.Swaminadham Madhira appointed on 01.03.2007. Dr. Hariharan retired on 28.12.2006.

**AUDIT COMMITTEE**

During the year under review Four (4) meetings were held for approval of Unaudited Financial Results.

The constitution of the Committee and the attendance of each member of the Committee is given below:

Name of the Director	Designation	Nature of Directorship	Profession	Committee meetings attended
Mr. P.V.V. Prasad	Chairman	Independent	Business	4
Mr. Valery Sagitov*	Member	Independent	Business	4
Mr. Subramani Hariharan*	Member	Independent	Business	-
Dr.Sudhakar Konda	Member	Executive Director	Business	1
Swaminatham Madhira	Member	Independent Director	Business	-

Mr. Hariharan retired on 28.12.2006.

Dr. Sudhakar Konda appointed on 28.12.2006.

Dr.Valey Sagitov resigned on 01.03.2007

Mr. Swaminadham Madhira appointed on 01.03.2007

The meetings of Audit committee were also attended by the head of finance and Statutory Auditor as Invitees.

The un-audited financial results for each quarter are approved by the audit committee before passed on to the Board of Directors for approval and adoption.

**Terms and reference of the Audit Committee include a review of;**

- Financial reporting process
- Draft financial statements and auditor's report (before submission to the Board)
- Accounting policies and practices
- Internal controls and internal audit systems
- Risk management policies and practices
- Related party transactions
- Internal audit reports and adequacy of internal audit function

The role of the audit committee includes recommending the appointment and removal of the external auditor, discussion of the audit, plan and fixation of audit fee and also approval of payment of fees for any other services.

**4. Remuneration Committee**

The Company has constituted Remuneration Committee to decide, fix the remuneration payable to the Managing Director/whole time directors of the Company.

**The Remuneration Committee is constituted as follows:**

Name of the Director	Designation	Nature of Directorship	Meeting Attended
Mr. P.V.V. Prasad	Chairman	Independent	2
Mr. Valery Sagitov	Member	Independent	2
Mr. Subramani Hariharan	Member	Independent	-
Dr. Sudhakar Konda	Member	Executive director	2
Swaminadham Madhira	Member	Independent Director	-

Mr. Hariharan retired on 28.12.2006.

Dr. Sudhakar Konda appointed on 28.12.2006.

Dr. Valery Sagitov resigned on 01.03.2007

Mr. Swaminadham Madhira appointed on 01.03.2007

**Details of remuneration to the directors for the Year:**

Name of the Director	Relation-ship with other Directors	Business relation-ship with company if any	Loans and advances from company	Remu-nera-tion	Paid During the year 2006-2007		
					Sitting fees Rs.	Salary Rs.	Commi-sion Rs.
Smt. Madhavi Latha.	None	None	None	-	9,00,000	—	
Mr. Pavan Kumar	None	None	None	-	-	—	
Mr. Lanka Nagaraj					1,20,000		
Mr. Sudhakar Konda	None	None	None		4,00,000		

**5. INVESTORS' GRIEVANCE COMMITTEE:**

The Board constituted an investors' grievance committee which looks into shareholders and investors grievances like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc.,

**Composition of the Committee:**

Name of the Director	Designation	Nature of Directorship	Meeting Attended
Mr. P.V.V. Prasad	Chairman	Independent	2
Mr. Valery Sagitov	Member	Independent	2
Mr. Subramani Hariharan	Member	Independent	-
Dr. Sudhakar Konda	Member	Executive director	2
Swaminadham Madhira	Member	Independent Director	-

Mr. Hariharan retired on 28.12.2006.  
 Dr. Sudhakar Konda appointed on 28.12.2006.  
 Dr. Valey Sagitov resigned on 01.03.2007  
 Mr. Swaminadham Madhira appointed on 01.03.2007

Name & Designation of the Compliance officer: **Mr. P.V.V. Prasad**, Director

The total No. of Complaints received and complied during the year were; 75

The Complaints had been attended to within seven days from the date of receipt of the complaint, as communicated by our Registrars and Share Transfer Agents M/s. Aarthi Consultants Pvt. Ltd.

The outstanding complaints as on 31<sup>st</sup> March, 2007 were: 1

#### 6. Details of Annual General Meetings: Location and time of the last Three AGMs.

Financial Year	Date	Time	Venue	Nature of special resolutions if any
2005-2006	28.12.2006	11.00A.M.	Padmashali Kalyana Mandapam, 2-12-66, Nehru Nagar, West Marredpally, Secunderbad-500 026	Nil
2004-2005	28.12.2005	11.00A.M.	Sundaraiah Vignana Kendram (Mini Hall), Baghlingam Pally, Hyderabad-44	1.Approval for sitting fees under Clause 49 of the listing agreement 2.Amendment of Articles of Association with regard to insertions of ESOP Provisions 3.Resolution U/s 81(1A)
2003-2004	28.09.2004	11.00A.M.	G-4/B, SEIE, Kattedan, Hyderabad-500 077, R. R. Dist.	1.Increase of Authorised Capital 2.Change of Registered Office

#### 7. Disclosures

**A.** Disclosure on materially significant related party transactions i.e. transactions of the company of material nature with its promoters, the directors or the management's, their subsidiaries or relatives etc. that may have potential conflict with the interests of the company at large.

**None**

**B.** Details of non-compliance by the company, penalties, Strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

**None**



## 8. Means of Communications:

As per the listing requirements, the company published periodical financial results in The Business Standard, Andhra Bhoomi. The Management Discussion and Analysis (MD&A) forms part of annual report.

## 9. General Shareholder information

- a) AGM: Date, Time and Venue : 28<sup>th</sup> September, 2007 at 4.30 P.M.  
At Padmashali Kalyana Mandapam  
West Marredpally, Secunderabad-26
- b) Financial Year : 1<sup>st</sup> April to 31<sup>st</sup> March

Financial Reporting for:

Quarter ending June 30, 2007	Before end of July 07
Quarter ending September 30, 2007	Before end of October 07
Quarter ending December 31, 2007	Before end of January, 08
Quarter ending March 31, 2008	Before end of April, 08

- c) Date of Book Closure : 24th September, 2007 to 28th December, 2007 (both days inclusive)
- d) Listing on Stock Exchanges : The Company's Equity Shares are listed in the Hyderabad Stock Exchange Limited and the Stock Exchange, Mumbai (BSE).  
The Company has paid the listing fees to the stock exchanges for the financial year 2007-08.
- e) Stock Code :  
i) Stock Code – Physical  
Hyderabad: Not Allotted  
Mumbai : 511509
- f) Market Price Data :

**Note:** During the year shares of the company were not traded in Hyderabad Stock Exchange Ltd and The Bombay Stock Exchange Ltd. Hence, the monthly High and Low of the stock quotations in respect of the same are not furnished.

- g) Registrar and share transfer agents : M/s. Aarthi Consultants Pvt Ltd.  
1-2-285, Domalguda,  
Hyderabad -500 029.  
Ph: 27634445, 27 638111  
Fax: 27632184
- h) Share Transfer System : The Share transfers are being effected physically by the Company's share transfer agents, M/s. Aarthi Consultants Pvt. Ltd, Hyderabad.

**i) Distribution Shareholding as on 31<sup>st</sup> March, 2007**

Share Holding of Nominal Value		Share Holders		Share Amount	
	Rs.	Numbers	% of Total	In Rs.	% of Total
	(1)	(2)	(3)	(4)	(5)
Upto	5,000	6127	98.44	2356600	2.52
5,001	10,000	17	0.27	116300	0.12
10,001	20,000	11	0.18	152500	0.16
20,001	30,000	2	0.03	50200	0.05
40,001	50,000	11	0.18	550000	0.59
50,001	1,00,000	21	0.34	2051300	2.19
1,00,001	And above	35	0.56	88228300	94.36
<b>TOTAL</b>				<b>93505200</b>	<b>100.00</b>

**j) Categories of shareholders as at 31<sup>st</sup> March 2007**

Sl.No.	CATEGORY	No. of Shares held	% age of shareholding
A	<b>PROMOTER'S HOLDING:</b>		
1.	Promoters*		
	- Indian Promoters	5815000	6.220.00
	- Foreign Promoters	0	0.00
2.	Persons acting in Concert #		
B.	<b>NON-PROMOTERS HOLDING</b>		
3.	Institutional Investors	0	0.00
a.	Mutual Funds	0	0.00
b.	Banks, Financial Institutions, Insurance Companies (Central/ State Govt. Institutions / Non-government Institutions)	0	0.00
c.	FIs	0	0.00
4.	<b>OTHERS</b>		
a.	Private Corporate Bodies	5565000	59.52
b.	Indian Public	719020	7.68
c.	NRIs / OCBs	2485000	26.58
d.	Any other (please specify)		
	<b>TOTAL</b>	<b>9350520</b>	<b>100.00</b>

- k) Dematerialization of Shares and liquidity : The Company has not entered into arrangement with both the depositories namely NSDL and CSDL for dematerialization of its shares. However the Company has forwarded the requisite documents to the depositories requesting them to forward the agreements for completion of demat facilities
- l) Outstanding GDRs./ADRs./ Warrants or any Convertible instruments Conversion date and likely Impact convertible instruments on equity. : The Company has not issued any GDRs /ADRs ./ However the company allotted 10 lacs warrants to Ms. Madhavi Latha Kompella and She has not exercised them with in the time and the Company has forfeited the same.
- m) Address for Correspondence : 608, Lingapur Complex, Himayat Nagar, Hyderabad-500 009

**Non –Mandatory Requirements:**

The Company has already set up a Remuneration Committee. The Company shall adopt postal ballot system, where compulsory, under the Companies Act, 1956. The other suggestions have not yet been adopted.

**BY ORDER OF THE BOARD OF DIRECTORS  
For VIVO BIO-TECH LTD.**

PLACE : HYDERABAD  
DATE : 28.08.2007

**Dr.Sudhakar Konda**  
Executive Director

**Lanka Nagaraj**  
Managing Director

**ANNEXURE TO THE DIRECTORS' REPORT**

Pursuant to Clause 49 of the Listing Agreement, a report on Management Discussion and Analysis Report is given below:

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT:*****INDUSTRY STRUCTURE AND DEVELOPMENTS***

India has a unique opportunity to ride the biotechnology revolution. Biotechnology will be a much larger opportunity for India than information technology. This is because information technology is limited to the process of productivity and human living. On the contrary, biotechnology is expansive to the process of procreation and human life.

India has several factors going for it to attain global leadership in biotechnology. We have varied agro climatic zones that bring to life every conceivable plant, animal and aquatic life. We have one of the largest professional resources trained in biology in the world. These include several centers of educational excellence in universities and national laboratories. We have several overseas Indians at the leading edge of biology research in universities in the US and Europe. We have a strong framework of public funded research institutions in biological sciences in medical and agricultural domains.

The biotechnology industry touched 2 billion dollar mark in revenue for 2006-07 from the 1 billion dollars in 2004-05. The industry is on track to meet its target of five billion dollars by 2010. According to the ABLE-Biospectrum survey the biopharma sector touched 1.4 billion dollar mark while the bio-services sector reached 250 million dollars. The industry grew by 30 per cent, with bio-agri scoring the highest growth rate at 50 per cent and largest acreage of 9 million. Investments in the Indian biotechnology sector crossed 580 million dollars in 2006-2007 with Bangalore alone witnessing more than Rs 1000 crore outlay from companies like Jubilant, AstraZeneca, GE Healthcare and Biocon. The biotechnology companies spend 3 per cent of sales on an average on R&D. The scenario in India is changing rapidly with improving regulatory infrastructure, improving standards of bio-manufacturing, increasing capabilities in clinical development, increasing R&D collaborations with US and European companies and increasing acceptance of Indian clinical data by international bodies like USFDA/EMEA. India was ranked number 3 (following Japan and Korea) in the Asia Pacific region in Biotechnology by E&Y. (Source: Biospectrum)

***COMPETITIVE STRENGTHS OF YOUR COMPANY***

- Integrated Drug Discovery and Manufacture company with Insilco , invitro & invivo practices
- Listed on the Bombay and Hyderabad Stock Exchange
- Qualified Industry Experts on the Advisory Board
- Strategies for Regulated & Un-Regulated Markets
- In-house R&D Programmes for Intellectual Property Development
  - Gene Discovery Programme
  - Chlamydia
  - Plant Expression of Therapeutics ( Plant bodies)
- Strong Adherence to Project Management and Understanding of the Regulatory Frameworks

- Integrated End to End Design , Discovery & Delivery Model
- Aggressive Business Development for Partnerships : Channel Partners & Network Partners
- In Licensing & Out Licensing Partnerships for Accelerated Time to Market Strategies & Partner Engagement.

## **OPPORTUNITIES, RISKS & CONCERNS**

### **OPPORTUNITIES**

- Rising Cost of R&D abroad (“Contract Chemistry” - Low Cost Base and High Skill Base)
- Clinical Trials and Preclinical Research [\$ 13.0 bn Market]- India is considered a preferred destination for Outsourcing
- Pharmacy R&D & New Drug Delivery Systems
- Early wins in New Drug Discovery (Dr. Reddy’s, Ranbaxy’s, Shanta Biotech’s successes)
- Bio-informatics
- GATT/TRIPS/WTO: In 1995 the Indian government as part of the WTO agreed to adhere to the product patent regime by 2005. As part of TRIPS, the pharmaceutical industry will have the right to patent products as well as processes throughout the world, including India. Being a member of the GATT, India will have a process and product patent that will be consistent with the patent laws prevailing in the developed countries.
- Data Management Outsourcing: A Market awaiting India.
- Off-patent drug: Drugs based on bio-molecules worth 8 bn \$ are going off patent in next two years. India with its unique Pharma and biotech skills can cash on this opportunity.
- Outsourcing of preliminary research: Cost of developing a drug and a genetically modified product is very high in western countries. So companies are looking towards outsourcing certain lower end jobs like screening of molecules, testing genetically modified seeds etc. to India.

### **RISKS & CONCERNS**

1. Competition from other Asia- Pacific countries like China, Singapore, Malaysia, Taiwan and Hong Kong.
2. IP leakage: IP leakage is one of the major concerns by companies outsourcing research work to India. So any major incident of IP leakage by Indian company can taint the image of whole industry. .
3. Lack of strict implementation of patent laws, single window clearance of clinical trial / Preclinical protocols for regulatory clearances.
4. Over-protection of domestic industry can lead to isolation, retaliation & wrong signals to the Developed World.
5. Government policy: Biotech industry cannot be developed in isolation like IT industry as major chunk of research has been done by government labs. So if government does not increase the interaction between industry and labs we cannot realize value of research which has been done, and which can give a major head start.

***Internal Control systems & their adequacy.***

The Management Information Systems is the back bone of our internal control mechanism. The Company has adequate internal control systems and procedures in all operational areas and at all levels equipment procurement, finance and administration marketing and personnel departments. The Company also has internal Audit system commensurate with its size and nature of business. The Audit Committee reviews the internal audit reports and the adequacy of internal controls from time to time.

**Discussion on Financial performance with respect to Operational performance**

The total income of your company for the year 2006-07 was 79.62 Lacs as against Rs 281.27 lacs in 2005-06.

***Material Developments in Human Resources/Industrial Relations front, including number of people employed.***

Vivo believes that successful organizations emanate from successful people who achieve that success from within the organization. Hence it's the organization's responsibility to define the growth & success blue print of every member working for it. At Vivo Intellectual Capital is most Valuable asset. It recognizes the importance of linking employees to the Company's strategy.

We believe our people are motivated by the Knowledge that they play a key role in our business growth.

Further, the company recruited senior level and other functional specialists during the year. The Human relations in the organization have been cordial. The total number of persons employed in the company as on 31st March 2007 was 15. Your company works continuously towards adopting the best human resource practices in the industry and firmly believes in coming out with creative ideas for promoting customer satisfaction of the highest order. To ensure that employees grow with technology, training programs are conducted by your company at regular intervals to enable all technical & functional resources be abreast with the latest technologies.

**Declaration regarding compliance with the code of conduct and ethics policy of the company by Board Members and senior management personnel**

This is to confirm that the company has adopted code of conduct and Ethics policy for the Board of Directors and Associates of the Company, which is available at [www.vivobio.com](http://www.vivobio.com)

I, declare that the Board of directors and senior management personnel have affirmed compliance with the Code of Conduct and Ethics Policy of the Company.

PLACE : HYDERABAD

DATE : 28.08.2007

**Lanka Nagaraj**  
Managing Director

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**Compliance Certificate on Corporate Governance**

**To**

**The Members,**

**VIVO BIO TECH LIMITED**

(Formerly, Sunshine Factors & Exporters Limited)

We have read the report of the Board of Directors on Corporate Governance and have examined the relevant records relating to compliance condition of corporate governance of M/s. Vivo Bio Tech limited, formerly, Sunshine Factors & Exporters Limited, ("the company") for the year ended 31<sup>st</sup> March, 2007 as stipulated in clause 49 of the listing agreement of the said company with the Stock Exchanges.

The compliance of the conditions of the Corporate Governance is the responsibility of the management. Our examination, conducted in the manner described in the Guidance note on Certification of Corporate Governance" issued by the Institute of Chartered Accountants of India was limited to procedures and implementation thereof adopted by the company for ensuring compliance with the conditions of Corporate Governance. Our examination was neither an audit nor was it conducted to express an opinion on the financial statements of the company.

In our opinion and to the best of our information and explanations given to us and on the basis of our examination described above, the company has complied with the conditions of Corporate Governance as stipulated in clause 49 the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

**For P. MURALI & CO.,**  
**CHARTERED ACCOUNTANTS**

PLACE : HYDERABAD

Date : 28.08.2007

**P.MURALI MOHANA RAO**  
**PARTNER.**

**AUDITORS' REPORT**

To  
**The Members,**  
**VIVO BIO TECH LIMITED**

We have audited the attached Balance Sheet of VIVO BIO TECH LIMITED as at 31st March, 2007 and also the Profit & Loss Account for the period ended on the date 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.

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 a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis of our opinion.

As required by the Companies (Auditor's Report) order 2003 and as amended by the Companies (Auditor's Report) (Amendment) Order 2004, issued by the Central Government of India in terms of the sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

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 appears from our examination of those books;
- (iii) The Balance Sheet & Profit & Loss Account dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet & Profit & Loss Account dealt with by this report comply with the Accounting standards referred to in sub-section (3C) of Section 211 of Companies Act, 1956;
- (v) On the basis of written representations received from the Directors, as on 31st March, 2007 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2007 from being appointed 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, 2007;
  - (b) In the case of the Profit & Loss Account, of the **Loss** for the year ended on that date;

**And**

- (c) In the case of the Cash Flow Statement, of the year ended on that date;

**For P. MURALI & CO.,**  
**CHARTERED ACCOUNTANTS**

PLACE : HYDERABAD  
Date : 28.08.2007

**P.MURALI MOHANA RAO**  
**PARTNER.**



**ANNEXURE TO THE AUDITORS' REPORT**

- I. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- (b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies between the book records and the physical inventory have been noticed on such verification.
- (c) The Company has disposed off any major Fixed Assets during the year.
- II. (a) The Inventory has been physically verified during the year and in our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of the physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and as explained to us, no material discrepancies were noticed on physical verification of stocks as compared to book records.
- III. (a) The Company has not granted any loans, secured or unsecured to Companies, Firms or other Parties covered in the register maintained U/s.301 of the Companies Act, 1956.
- (b) As the Company has not granted any loans, the clause of whether the rate of interest & other terms and conditions on which loans have been granted to parties listed in the register maintained under section 301 is prejudicial to the interest of company, is not applicable.
- (c) As no loans are granted by company, the clause of receipt of interest & principal amount from parties, is not applicable to the company.
- (d) No loans have been granted to Companies, Firms & other parties listed in the register U/s.301 of the Companies Act, 1956, hence overdue amount of more than rupees one lac does not arise and the clause is not applicable.
- (e) The Company has not taken any loans, secured or unsecured from Companies, Firms or other Parties covered in the register maintained U/s.301 of the Companies Act, 1956.
- (f) As the Company has not taken any loans, the clause of whether the rate of interest & other terms and conditions on which loans have been taken from parties listed in the register maintained under section 301 is prejudicial to the interest of company, is not applicable.
- (g) As no loans are taken by the company, the clause of repayment of interest & principal amount to parties, is not applicable to the company.
- IV. In our opinion and according to the information and explanations given to us, there are generally adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for sale of goods and services. There is no continuing failure by the company to correct any major weaknesses in internal control.
- V. (a) In our opinion and according to the information and explanation given to us,

since no contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been made by the company in respect of any party in the financial year, the entry in the register U/s.301 of the Companies Act, 1956 does not arise.

- (b) According to the information and explanations given to us, as no such contracts or arrangements made by the company, the applicability of the clause of charging the reasonable price having regard to the prevailing market prices at the relevant time does not arise.
- VI. The Company has not accepted any deposits from the public and hence the applicability of the clause of directives issued by the Reserve Bank of India and provisions of section 58A, 58AA or any other relevant provisions of the Act and the rules framed there under does not arise. As per information and explanations given to us the order from the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal has not been received by the Company.
- VII. In our opinion, the company is having internal audit system, commensurate with its size and nature of its business.
- VIII. We have broadly reviewed the books of account relating to the materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- IX. a) The Company is regular in depositing statutory dues including PF,ESI, and any other statutory dues with the appropriate authorities and at the last of the financial year there were no amounts outstanding which were due for more than 6 months from the date they became payable.
- b) According to the information and explanations given to us, no undisputed amounts are payable in respect of PF,ESI, and any other statutory dues as at the end of the period, for a period more than six months from the date they became payable.
- X. The Company has been registered for a period of not less than 5 years, and its accumulated losses at the end of the financial year is less than fifty percent of its net worth and the company has not incurred cash losses in this financial year and in the immediately preceding financial year.
- XI. According to information and explanations given to us, the Company has not taken any loans from Banks or Financial Institutions. Hence this clause of repayment of dues to financial Institutions or banks or debenture holders and the defaulted payment therein is not applicable to the Company.
- XII. According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities and hence the applicability of the clause regarding maintenance of adequate documents in respect of loans does not arise.
- XIII. This clause is not applicable to this Company as the Company is not covered by the provisions of special statute applicable to Chit Fund in respect of Nidhi/Mutual Benefit Fund/Societies.

- XIV. According to the information and explanations given to us, the company is not dealing or trading in shares, securities, Debentures and other investments and hence the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order 2003, are not applicable to the Company.
- XV. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions, and hence the applicability of this clause regarding terms and conditions which are prejudicial to the interest of the company does not arise.
- XVI. According to the information and explanations given to us, the company has not obtained any Term Loans, hence this clause is not applicable.
- XVII. According to the information and explanations given to us, no funds are raised by the Company on short-term basis. Hence the clause of short term funds being used for long-term investment does not arise.
- XVIII. According to the information and explanations given to us, the Company has not made any preferential allotment of Shares to parties and Companies covered in the Register maintained under section 301 of the Companies Act, 1956 and hence the applicability of the clause regarding the price at which shares have been issued and whether the same is prejudicial to the interest of the Company does not arise.
- XIX. According to the information and explanations given to us, the company does not have any debentures and hence the applicability of the clause regarding the creation of security or charge in respect of debentures issued does not arise.
- XX. According to information and explanations given to us, the company has not raised money by way of public issues during the year, hence the clause regarding the disclosure by the management on the end use of money raised by Public Issue is not applicable.
- XXI. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year under audit.

**For P. MURALI & CO.,  
CHARTERED ACCOUNTANTS**

PLACE : HYDERABAD

Date : 28.08.2007

**P.MURALI MOHANA RAO  
PARTNER.**

**BALANCE SHEET AS AT 31ST MARCH, 2007.**

<b>PARTICULARS</b>	<b>SCHEDULE NOS.</b>	<b>AS AT 31-03-2007 (RUPEES)</b>	<b>AS AT 31-03-2006 (RUPEES)</b>
<b>I SOURCES OF FUNDS</b>			
<b>1. SHAREHOLDER'S FUNDS</b>			
a. Capital	<b>1</b>	93,505,200	93,505,200
b. Share Warrants	<b>2</b>	1,000,000	1,000,000
c. Reserves & Surplus			
<b>2. DEFERRED INCOME TAX LIABILITY</b>		228,942	175,592
<b>TOTAL</b>		<b>94,734,142</b>	<b>94,680,792</b>
<b>II APPLICATION OF FUNDS</b>			
<b>1. FIXED ASSETS</b>			
a. Gross Block	<b>3</b>	105,186,225	63,954,396
b. Less: Depreciation		1,745,005	1,468,661
c. Net Block		103,441,220	62,485,735
<b>2. CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
a. Inventories		1,309,370	1,099,370
b. Cash & Bank Balances	<b>4</b>	1,100,999	24,198,858
c. Sundry Debtors	<b>5</b>	3,294,500	4,198,922
d. Advances & Deposits	<b>6</b>	5,278,684	25,800,980
Less: Current Liabilities, Provisions & Advances	<b>7</b>	22,775,803	23,975,621
<b>NET CURRENT ASSETS</b>		(11,792,250)	31,322,509
<b>3. MISCELLANEOUS EXPENDITURE</b> (To the extent not written off or adjusted)		627,136	688,141
<b>4. PROFIT &amp; LOSS ACCOUNT</b>		2,458,035	184,406
<b>TOTAL</b>		<b>94,734,142</b>	<b>94,680,792</b>

AS PER OUR REPORT OF EVEN DATE  
for P. MURALI & CO.,  
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD  
VIVO BIO TECH LIMITED

**P.MURALI MOHANA RAO**  
**PARTNER**

**LANKA NAGARAJ**  
**MANAGING DIRECTOR**

**Dr.SUDHAKAR KONDA**  
**EXECUTIVE DIRECTOR**

PLACE : HYDERABAD

DATE : 28.08.2007

**PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31-03-2007**

<b>PARTICULARS</b>	<b>SCHEDULE NOS.</b>	<b>ENDING 31-03-2007 (RUPEES)</b>	<b>ENDING 31-03-2006 (RUPEES)</b>
<b>1 INCOME</b>			
Sales/income from operations		3,294,500	27,982,394
Other Income	<b>8</b>	4,667,991	142,500
<b>TOTAL</b>		<b>7,962,491</b>	<b>28,124,894</b>
<b>2 EXPENDITURE</b>			
Purchases		4,072,846	23,376,080
(Increase) / Decrease stock in trade		(210,000)	(345,000)
Business & Administrative Expenses	<b>9</b>	5,968,817	4,029,262
Interest & Financial Charges		5,609	25,631
Audit Fee		33,708	28,188
Depreciation		276,344	243,796
Miscellaneous Expenses W/o		61,005	61,005
<b>TOTAL</b>		<b>10,208,328</b>	<b>27,418,962</b>
<b>3 PROFIT / (LOSS)</b>		(2,245,837)	705,932
<b>4 PROVISION FOR TAX</b>			
Deferred Tax		23,442	29,908
5 Fringe Benefit Tax		4,350	3,401
<b>6 PROFIT / (LOSS) AFTER TAX</b>		(2,273,630)	732,439
<b>7 BALANCE BROUGHT FORWARD</b>		(184,406)	(916,845)
<b>8 PREIOR PERIOD ADJUSTMENTS</b>		-	-
<b>9 BALANCE CARRIED FORWARD</b>		(2,458,035)	(184,406)
<b>10 EARNING PER SHARE</b>		(0.24)	0.08

AS PER OUR REPORT OF EVEN DATE  
for **P. MURALI & CO.**,  
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD  
**VIVO BIO TECH LIMITED**

**P.MURALI MOHANA RAO**  
**PARTNER**

**LANKA NAGARAJ**  
**MANAGING DIRECTOR**

**Dr.SUDHAKAR KONDA**  
**EXECUTIVE DIRECTOR**

PLACE : HYDERABAD

DATE : 28.08.2007

PARTICULARS	AS AT 31-03-2007 (RUPEES)	AS AT 31-03-2006 (RUPEES)
<b>SCHEDULE 1</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED:</b>		
15000000 Equity Shares of Rs.10/-Each	150,000,000	150,000,000
<b>ISSUED, SUBSCRIBED &amp; PAID-UP:</b>		
9350520 Equity Shares of Rs.10/-Each	93,505,200	93,505,200
	<b>93,505,200</b>	<b>93,505,200</b>
Share Warrants		
*(10,00,000 Equity Share Warrant of Rs.1 paid up)	1,000,000	1,000,000
<b>SCHEDULE 2</b>		
<b>RESERVES AND SURPLUS</b>		
Balance Upto Previous year	(184,406)	(916,845)
Surplus in Profit and Loss Account	(2,273,630)	732,439
	<b>(2,458,035)</b>	<b>(184,406)</b>
<b>SCHEDULE 4</b>		
<b>CASH &amp; BANK BALANCES</b>		
Cash in hand	8,489	1,249,162
Bank Balances		
In Current Account	1,092,510	389,176
In Term Deposit Accounts	-	22,560,520
	<b>1,100,999</b>	<b>24,198,858</b>
<b>SCHEDULE 5</b>		
<b>SUNDRY DEBTORS</b>		
Debts not exceeding six months	2,670,692	4,198,922
Others	623,808	-
	<b>3,294,500</b>	<b>4,198,922</b>
<b>SCHEDULE 6</b>		
<b>Loans &amp; Advances</b>		
Advances	4,377,846	25,769,000
TDS receivable	900,838	31,980
	<b>5,278,684</b>	<b>25,800,980</b>

**VIVO BIO TECH LIMITED**
**SCHEDULE 3  
 FIXED ASSETS STATEMENT**

PARTICULARS	GROSS BLOCK AS ON 1-04-2006	ADDITIONS	DELETIONS	GROSS BLOCK AS ON 31-03-2007	DEPRECIATION UPTO 31-03-2006	DEPRECIATION DURING THE YEAR	TOTAL DEPRECIATION 31-03-2007	NET BLOCK AS AT 31-03-2007	NET BLOCK AS AT 31-03-2006
Land	21,194,533	6,020,173	(383,283)	26,831,423				26,831,423	21,194,533
Furniture	150,872	-		150,872	89,930	9,550	99,480	51,392	60,942
Vehicles	1,189,593	42,648		1,232,241	1,049,909	115,375	1,165,284	66,957	139,684
Computer	714,852	20,000		734,852	283,219	118,039	401,257	333,595	431,633
Software	18,280	-		18,280	8,280	2,963	11,243	7,037	10,000
Fax	20,000			20,000	20,000	950	20,950	(950)	-
Office Equipments	112,786	507,582		620,368	17,323	29,467	46,791	573,577	95,463
Capital work in prog.	40,553,480	35,024,709		75,578,189	-	-	-	75,578,189	40,553,480
	63,954,396	41,615,112	(383,283)	105,186,225	1,468,661	276,344	1,745,005	103,441,220	62,485,735

**VIVO BIO TECH LIMITED**

PARTICULARS	AS AT 31-03-2007 (RUPEES)	AS AT 31-03-2006 (RUPEES)
<b>SCHEDULE 7</b>		
<b>CURRENT LIABILITIES, PROVISIONS &amp; ADVANCES</b>		
Sundry Creditors	6,567,114	2,494,268
Creditors for Expenses	8,000	8,240
Others	15,128,006	21,152,744
Out Standings & Provisions	1,072,683	320,369
	<b>22,775,803</b>	<b>23,975,621</b>

**SCHEDULE 8**  
**OTHER INCOME**

Surplus on transfer of property	3,716,707	-
Interest on FDR	951,284	142,500
	<b>4,667,991</b>	<b>142,500</b>

**SCHEDULE 9**  
**BUSINESS & ADMINISTRATIVE EXPESSES**

Salaries & Other benefits	2,961,000	1,646,259
Travelling & Conveyance	6,000	-
Printing & Stationery	82,969	73,011
Transportation Charges	-	31,275
Postage, Telegram & Telephones	58,643	111,663
Managerial Remuneration	1,680,000	652,956
Rent, Rates & Taxes	16,000	247,860
Office Administration & other Maintenances	1,164,205	1,266,237
	<b>5,968,817</b>	<b>4,029,262</b>



**SCHEDULE - 8****NOTES FORMING PART OF THE ACCOUNTS****A. SIGNIFICANT ACCOUNTING POLICIES****General :**

- (i) These accounts are prepared on the historical cost basis and on the accounting principles of a going concern.
- (ii) Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles.

**Revenue Recognition :**

- (i) The Company follows the mercantile system of Accounting and recognises income and expenditure on accrual basis.
- (ii) Revenue is not recognised on the grounds of prudence, until realised in respect of liquidated damages, delayed payments as recovery of the amounts are not certain.

**Fixed Assets :**

- (i) Fixed assets are stated at cost less accumulated depreciation. Cost of acquisition of fixed assets is inclusive of freight, duties, taxes and incidental expenses thereto.

**Depreciation and Amortisation :**

- (i) Depreciation is provided on straight line method on pro-rata basis and at the rates and manner specified in the Schedule XIV of the Companies Act, 1956.
- (ii) Preliminary Expenses are amortised over the period of 10 years.

**Inventories:**

Inventories are valued at cost or market price whichever is lower.

**Taxation :**

The current charge for income tax is calculated in accordance with the relevant tax regulations applicable to the Company. Deferred tax asset and liability is recognized for future tax consequences attributable to the timing differences that result between the profit offered for income tax and the profit as per the financial statements. Deferred tax asset & liability are measured as per the tax rates/laws that have been enacted or substantively enacted by the Balance Sheet date.

**Impairment:**

At each balance sheet date, the Company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-discount rate that reflects the current market assessments of time value of money and the risks specific to the asset.

Reversal of impairment loss is recognised immediately as income in the profit and loss account.

**Gratuity :**

No provision for gratuity has been made as no employee has put in qualifying period of service for entitlement of this benefit.

## B. NOTES ON ACCOUNTS

1. The figures appearing in these financial statements are after taking into account the merger of M/s. Silico Protein Ltd (Transferor Company) with M/s.Vivo Bio Tech Ltd (Transferee Company) pursuant to the orders of the Hon'ble High court of Andhra Pradesh dated 15<sup>th</sup> July, 2005.
2. Particulars of Employees in accordance with Sub-section (2A) of Section 217 of the Companies Act, 1956 read with Companies (Particulars of Employees) Rule 1975. NIL
3. During the year 2005-06, an amount of Rs.4.10 crores is raised through preferential allotment. Of that amount collected, Rs. 2.08 crores were utilized for purchase of land and Rs. 2.25 crores were held in Term Deposit Accounts in anticipation of future investment in the ongoing Animal House and Wet Lab projects and the same has spent.
4. Director's Remuneration:
 

	Current Year (Rs.)	Previous Year (Rs.)
	14,80,000	4,10,000
5. Auditor's Remuneration :
 

	Current Year (Rs.)	Previous Year (Rs.)
Audit Fee	28,188/-	27,550/-
6. a) Foreign Exchange Earnings:
 

	Current Year	Previous year
Foreign Exchange Earnings:	Nil	Nil
Foreign Exchange out go:	Nil	Nil
7. Detailed information regarding quantitative particulars under part II of Schedule VI to the Companies Act, 1956.

	Particulars	Year ended 31-03-2007		Year ended 31-03-2006	
		Qty	Value	Qty	Value
			Rs		Rs.
A.	Turnover				
	(i) Bulk Drugs(Kgs)	200 Kgs	4,80,000	124007 Kgs	24600206.00
	(ii) Bulk Drugs(Ltrs)	-	-	121 Ltrs	33194.00
B.	Purchases				
	(i) Bulk Drugs(Kgs)	21,760 kgs	40,72,846	125006kgs	23376080.00
	(ii) Bulk Drugs(Ltrs)	-	-	-	-
C.	Opening Stock				
	(i) Bulk Drugs(Kgs)	5975 Kgs	1099370	5046 Kgs	722757.04
	(ii) Bulk Drugs(Ltrs)	-	-	121 Ltrs	31613.00
D.	Closing Stock				
	(i) Bulk Drugs(Kgs)	29,535 Kgs	1309370	5975 Kgs	1099370.00
	(ii) Bulk Drugs(Ltrs)	-	-	-	-
			1309370		1099370.00

8. There are no dues to SSI Units outstanding for more than 30 days.
9. No confirmations were obtained from debtors/creditors as to the balances receivable from/payable to them as at year end.
10. In accordance with Accounting Standard 22 (AS 22) issued by the ICAI, the Company has accounted for deferred income tax during the year. The deferred income tax provision for the current year amounts to Rs.23442/- towards deferred income tax Asset. (Previous year Rs.29908/- towards deferred income tax Liability).
11. Previous years figures have been regrouped wherever necessary.
12. The figures have been rounded off to the nearest rupee.

**SIGNATURES TO SCHEDULES 1 To 8**

AS PER OUR REPORT OF EVEN DATE  
**for P. MURALI & CO.,**  
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD  
**VIVO BIO TECH LIMITED**

**P.MURALI MOHANA RAO**  
**PARTNER**

**LANKA NAGARAJ**  
**MANAGING DIRECTOR**

**SUDHAKAR KONDA**  
**EXECUTIVE DIRECTOR**

PLACE : HYDERABAD

DATE : 28.08.2007

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2007**

	Current Year (Rs.in Lakhs)	Previous Year (Rs.in Lakhs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net profit before taxation, and extraordinary items	(59.63)	7.06
<b>ADJUSTMENTS FOR :</b>		
Depreciation	2.76	2.44
Interest expenses	-	0.26
Written off Expenses	0.61	0.61
Interest paid		
Operating Profit before working capital changes	(56.25)	10.37
Inventory	(2.10)	(3.45)
Trade Receivables	214.27	(282.64)
Trade payables	(12.00)	235.26
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>143.57</b>	<b>(41.04)</b>
interest		-
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(412.32)	(208.21)
Miscellaneous Expenses expenses and advance for capital goods)	0.61	(3.94)
Profit on sale of Land	37.17	
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(374.54)</b>	<b>(212.15)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of Secured Loan	-	-
Equity Share Capital increase	-	407.35
Unsecured Loan/Deferred Tax	-	(0.30)
Calls in Arrears	-	-
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>-</b>	<b>407.05</b>
Net increase in cash and cash equivalents	(230.97)	153.85
Cash and Cash equivalents (Opening Balance)	241.99	88.17
Cash and Cash equivalents (Closing Balance)	11.01	242.02

AS PER OUR REPORT OF EVEN DATE  
for P. MURALI & CO.,  
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD  
**VIVO BIO TECH LIMITED**

**P.MURALI MOHANA RAO**  
**PARTNER**

**LANKA NAGARAJ**  
**MANAGING DIRECTOR**

**Dr.SUDHAKAR KONDA**  
**EXECUTIVE DIRECTOR**

PLACE : HYDERABAD  
DATE : 28.08.2007

**Auditors Certificate**

We have examined the attached Cash Flow Statement of M/s. Vivo Bio Tech Limited, for the year ended 31<sup>st</sup> March, 2007. The statement has been prepared by the company in accordance with the requirements of Clause 32 of listing agreement with stock exchange and is based on and in agreement with the corresponding profit and loss Account and Balance Sheet of the Company covered by our report of 28<sup>st</sup> August, 2007 to the Members of the Company.

**For P. MURALI & CO.  
CHARTERED ACCOUNTANTS**

**PLACE: HYDERABAD  
DATE: 28.08.2007**

**P.MURALIMOHANARAO  
PARTNER**

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL  
PROFILE**

I) Registration No. **007163** State Code: **01**  
Corporate Identification No. (CIN) L65993AP1987PLC007163

II) Capital raised during the year (Amount in Rs. Thousands)

Public Issue	- <b>NIL</b> -	Right Issue	- <b>NIL</b> -
Bonus Issue	- <b>NIL</b> -	Private Placement	- <b>NIL</b> -

III) Position of Mobilization and deployment of funds: (Amount in Rs. Thousands)

Total Liabilities:	94734	Total Assets :	94734
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**Sources of Funds**

Paid-up Capital :	93505
Reserves & Surplus :	(2458)
Secured Loans:	NIL
Unsecured Loans	NIL
Accumulated Losses :	2458

**Application of Funds**

Net Fixed Assets :	103441
Investments :	NIL
Net Current Assets :	(11792)
Miscellaneous Expenditure:	627

IV) Performance of Company (Amount in Rs. Thousands)

Turnover:	7962	Total Expenditure :	28124
Profit/Loss before Tax:	(2245)	Profit after Tax :	(2273)
Earning per share (Rs.)	NIL	Dividend Rate :	NIL

V) Generic Names of principal products, services of the Company

Item Code No. **3004**

Product Description **Paracetamol**

**VIVO BIO TECH LIMITED**

Regd. Office: 608, Lingapur Complex, Himayat Nagar, Hyderabad-500 009

**ATTENDANCE SLIP**

I hereby record my presence at the 20<sup>th</sup> Annual General Meeting of the Company being held on Friday, the 28<sup>th</sup> day of September, 2007 at 4.30 P.M. at Padmashali Kalyana Mandapam, West Marredpally, Secunderabd-26

**Name of the Shareholder:**

**Name of Proxy:**

**Signature of Member / Proxy:**

**Regd. Folio No.**

**Note: To be signed and handed over at the entrance of the Meeting Venue.**

**VIVO BIO TECH LIMITED**

Regd. Office: 608, Lingapur Complex, Himayat Nagar, Hyderabad-500 009

**PROXY FORM**

Sl.No.

Regd. Folio No.

No. of Shares held

I/We.....  
of.....in the district of  
..... being a member(s) of the above named company hereby  
appoint.....of.....  
..... in the district of.....or failing  
him..... of.....in the district of  
..... as my/our proxy to vote for me/us on my/our behalf at the  
20<sup>th</sup> Annual General Meeting of the Company to be held on Friday , the 28th September,  
2007 at 4.30 P.M. or at any adjournment thereof.

Signed this ..... day of .....2007

Signature .....

Affix  
Re. 1/-  
Revenue  
Stamp

**Note:** The proxy form duly completed should be deposited at the Registered Office of the Company not less than Forty Eight Hours before the time fixed for holding the meeting.

**BOOK POST  
PRINTED MATTER**

If undelivered, please return to  
**Vivo Bio Tech Ltd**  
**608, Lingapur Complex**  
**Himayat Nagar-500 009**  
**Hyderabad**