

Board of Directors

Lanka Nagaraj	- Managing Director
Dr. Sudhakar Konda	- Executive Director
M. Swaminadham	- Director
Kunasingam V.Sittamapalam	- Director
Dr.Venugopal	- Additional 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
Ph Nos.27634445, 27638111
Fax No.27632184

Registered Office:

Flat#608, 6th Floor
Lingapur Complex
Himayat Nagar,
Hyderabad-500029
Phone# Tel: 66784714; 66784719
Fax: 040-66776112

Date, Time and Venue of AGM

30.09.2008,2.00 P.M
at Padmashali Kalyana Mandapam
West Marredpally, Secunderabad-26

Message from Managing Director.....

There has never been a more exciting time to be at Vivo Bio Tech Limited. We are robustly positioned to meet our clients need to hasten outsourcing to advance the speed and productivity of their research and development functions.

In 2008, we proudly celebrated our Twenty First Anniversary as a Public Listed Company. This year has been a milestone in the history of Vivo Bio Tech Limited. This year marked the company emerging as an Integrated Contract Research and Manufacturing Services (CRAMS) player having created a sustainable and diversified business with a growing international presence and a market leading portfolio of Drug Development Services.

A future filled with opportunities

Many large pharmaceutical and biotech companies are faced with severe monetary realities that prompt them to clinch outsourcing as a strategic alternative to investing in fixed-cost internal development capacity. Also, these companies do not have in place, nor does it make profitable sense for them to establish, the in-house capabilities to move their compounds through the regulatory process.

Contract Pharma estimated that, Sponsors spent 17% of their total development budget on CRO services in 2007, up from 14% in 2001. And the annual growth in spending on CRO services, 14.9% annually since 2001, has well outpaced the 10.5% annual growth rate in total global development spending.

Today, approximately 25% of all biopharmaceutical drug development spending is outsourced, which represents a CRO market greater than \$15 billion.

A recent study by Tufts Center for the Study of Drug Development stated that pharmaceutical and biotechnology companies will increasingly include strategic outsourcing partnerships and alliances in their operating model to improve R&D productivity in drug development.

The report also stated that the demand for contract research organization (CRO) services will likely grow by 16% annually over the next three years as sponsors seek assistance in managing large, complex global projects without increasing their internal headcount.

Over the next five years, industry analysts expect the level of outsourcing to increase to 35% and the CRO market to reach to \$30 billion.

These key market dynamics create a mature environment for sizeable volumes of outsourcing and bode well for significant and continuous industry growth.

Vibrant growth

In late 2007, we successfully got sanctioned a term-loan of Rs. 21 crores from Canara Bank for the establishment of Animal House facility (Preclinical services) at Pregnapur, and Research & Development facility (Wet Lab services) at Himayath Nagar.

During the same period, we commenced operations of 3,000 Sq.ft Research & Development facility in Himayath Nagar.

Also, we received the status of Research Establishment vide No. 1117/C/07/CPCSEA from the Ministry of Environment & Forests, Govt. of India for our proposed 125,000 Sq.ft Animal House facility at Pregnapur.

In Early 2008, we received the status of Research Establishment vide No. TU/1V-RD/2740/2007 recognition from Department of Scientific & Industrial Research (DSIR), Ministry of Science & Technology, Govt. of India for our Research & Development facility at Himayath Nagar.

In Mid 2008, we received approval from Department of Ministry & Commerce, Govt. of India for our proposed biotech specific SEZ (Special Economic Zone) at Pregnapur spanning 10.93 Hectares. We are waiting for final publication of the notice from Govt. of India.

During the same period, we had entered into a joint venture with Melaka State, Malaysia for establishing an integrated Contract Research and Manufacturing Services (CRAMS) company – Vivo Bio Tech Sdn. Bhd.

We had increased our R&D staff significantly. As of July 31, 2008 we had approximately 50 employees.

Outlook 2009

We expect to start operations of first phase (25,000 Sq.ft) of our Animal House facility in Early 2009

We plan to expand our existing in-house Research & Development facility (20,000 Sq.ft) in Mid 2009

We strongly believe that 2009 will be a far exciting year for Vivo Bio Tech Limited in terms of revenues, as we are fully equipped to meet the needs of clients globally, having established state-of-art infrastructure, knowledge teams and business contacts.

I thank our bankers (Canara Bank, Overseas Branch) for enduring to trust Vivo Bio Tech Limited and for their timely support, our employees who had extremely performed good, and finally, thanks to our shareholders, for their consistent confidence in our company.

LANKA NAGRAJ
MANAGING DIRECTOR

NOTICE

NOTICE is hereby given that the 21st Annual General Meeting of the Members of the Company will be held on Tuesday, the 30th day of September, 2008, at 2.00 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, 2008: 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 Datuk Kunasingam V. Sittampalam, 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 Dr. Venugopal, 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”.

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

PLACE : HYDERABAD
DATE : 30.08.2008

**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 26th September, 2008 to 30th September, 2008 (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

Dr. Venugopal 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 30th January, 2008. Pursuant to Section 260 of the Companies Act, 1956 Dr. Venugopal 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 Dr. Venugopal. The profile of the Director is given hereto under the head additional information.

The Board recommends the above resolution for member's approval in the Annual General Meeting.

None of the Directors is interested or concerned except Dr. Venugopal

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

PLACE : HYDERABAD
DATE : 30.08.2008

**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:

- Name** : Datuk Kunasingam V. Sittmpalam

Age : 55 Years

Qualifications : Bachelor of Engineering (Hons) and Master of Engineering, Sheffield University, United Kingdom

Expertise : As a director to HSS intesys Sdn Bhd the IT Subsidiary of HSS integrated Group, providing value added services in engineering software, planning and scheduling work. At HSS integrated, he has been the project director involved in overall project

Other Directorships : 7 Unlisted Foreign Companies. Director ship in Vivo Bio Tech L:td, Hyderabad. He is a member of 3 committees in Vivo Bio Tech Ltd.
- Name** : Dr.VenuGopal

Age : 61

Qualifications : Graduation in medicine

Expertise : He has vast experience as a medical doctor since 30 years; during this time he happened to work in different capacities in several countries like Algeria, Libya, Maldives and U.K etc. Toured extensively in Europe (East & West). After graduating in Medicine, he submitted a paper in “Pulmonary amboesis” for which he was awarded FCCP [Fellow of College of Chest Physicians, India]. He was awarded Visishit Chikischa Seva Medal along with citation for his meritorious services rendered to the rural people of India. He was involved in surveys and preventive programs concerning Blindness eradication, Vitamin A deficiencies, Guinea worm eradication, Nutritional surveys, Family Welfare programs, HIV and AIDS awareness programs for the rural people in and around the borders of Andhra and Karnataka.

Other Directorships : 2

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting you the 21st Annual Report of your company together with the Audited Accounts for the year ended 31st March, 2008.

Financial Results

(Amount in Rs. Lakhs)

Particulars	2007-2008	2006-2007
Total Income	6.78	79.62
Profit before tax	(155.72)	(22.45)
Provision for Taxation	-	-
Deferred Tax Provision	0.84	0.23
Balance brought forward	(24.58)	(1.84)
Balance Carried to Balance Sheet	(182.01)	(24.58)

Results of Operations:

During the year under review the total income of your company for the year 2007-08 was Rs. 6.78 Lakhs as against the income of 79.62 lakhs in 2006-07. The company has been a API (Active Pharmaceutical Ingredients) distributor, however in the past year the company has transitioned its business nature to a full fledged Contract Research and Manufacturing Services (CRAMS) Company. The company's business strategy in the past year has been establishment of infrastructure for providing CRAMS services. The company proposes to render Preclinical and Wet lab Research Services from this year onwards.

Sanction of Term Loan by M/s. Canara Bank:

During the year the company was granted 21 Crores Term Loan by M/s. Canara Bank, Hyderabad for the establishment of Animal House facility (Preclinical services) at Pregnapur, and Research & Development facility (Wet Lab services) at Himayath Nagar

Special Economic Zone at Pregnapur Village:

The application for establishment of Bio Tech Special Economic Zone has been approved by the Ministry of Commerce and Industry. This enables the company better Tax benefits in terms of reduction of Cost of Establishment and reducing cash outflow in terms of various duties. We are awaiting for the formal approval notification in the official gazette.

Filing of Application for listing of Amalgamated Shares

The Company has filed the Listing application with Bombay Stock Exchange Ltd for the listing of shares allotted under amalgamation. The application is under review by the Bombay Stock Exchange.

Directors

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

Mr. P.V.V.Prasad resigned from the position of director due to his personal reasons on 30th January, 2008 and the company approved the same.

Dr.Venugopal appointed as addl. Director in the board meeting held on 30th January, 2008

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:

- In the preparation of the annual accounts for the year ended 31st March, 2008, 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 31st March 2008 and of the loss of the company for the financial year ended 31st March 2008.
- 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 31st March, 2008 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 31st March, 2008 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.

Particulars required under Section 217(e) of the Companies Act, 1956 read with rule 2 of the Companies (Disclosure of particulars in the Board of Directors) Rules, 1988 is given as annexure to the Report.

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	Age	Remuneration	Qualification & Experience	Date of employment commencement of
01	Dr.Sudhakar Konda	44	24,00,000	M.V.Sc	20.01.2007

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 : 30.08.2008

DR.SUDHAKAR KONDA
EXECUTIVE DIRECTOR

LANKA NAGRAJ
MANAGING DIRECTOR

Annexure to the Directors Report

Particulars under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 for the year ended March 31st, 2008

Conservation of Energy:

During the year the company has taken significant measures to reduce the energy consumption by using energy –efficient machines and equipment:

Form A

Particulars	For the year ended March 31, 2008	For the year ended March 31, 2007
A. Power and Fuel Consumption		
1. Electricity		
a. Electricity Purchase Unit	37,564 Units	21,250 Units
Total amount	2,35,525	1,31,540
Rate per unit (Average)	6.27	6.19
b. Own Generation from Diesel Generator Unit	NIL	NIL
Rate per Unit	NA	NA

B. Consumption per unit of Production:

The disclosure of consumption figures per unit of production is not meaningful as the operations of the company is not power intensive and involves multiple products:

Form B

A. Specific Areas in which R&D work has been carried out by the company

- ❖ Molecular Biology: Cloning of desired gene in the appropriate vector and also optimization of the expression of desired protein in appropriate host.
- ❖ Fermentation: Optimizing the fermentation process of E.Coli harboring the plasmid containing the gene of interest.
- ❖ Protein Purification: Development of purification techniques for various proteins. This include wide range of chromatographic techniques like ion exchange, reverse phase, hydrophobic interaction column, gel filtration, affinity chromatography etc.
- ❖ Bioassay: in vivo and in vitro activity assay standardization of various proteins.
- ❖ Quality Control: We do the physico-chemical and biochemical/immunological characterization of various proteins

B. Benefits derived as a result of R&D (Wet Lab) Activities

- ❖ Cloning of gene of interest for getting maximum expression of the desired protein from desired host such as E.Coli or yeast.
- ❖ Solving complicated projects such as purification of untagged and low-expressing proteins. Purification of enzymes
- ❖ Purification of antibody required in R&D and Quality control lab.
- ❖ Bioassay development of different proteins.

C. Future plan of action

- ❖ Research and Development activity for further improvement of quality and yield of desired protein to get cost effective technology, that can minimize the cost incurred to customers.
- ❖ Establishment of radioactive lab for providing services in the area of bioassay development, and also for different laboratory experiment.
- ❖ Establishment of Mammalian and Pichia cell culture lab for providing specific services associated.

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 Non Executive Directors, which is in compliance of Clause 49 of the Listing Agreement.

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

During the Financial Year 2007-08 the Board of Directors met 5 times on the following dates:
30.04.2007, 31.07.2007, 28.08.2007, 31.10.2007, 30.01.2008

The attendance of each Director is given below:

Name of the Director	Category	No. of other Directorships	No. of committees in which Member	No. of Board Meetings Participated	Whether Participated in last AGM
Lanka Nagraj	Managing director	1	-	5	No
Dr. Sudhakar Konda	Executive Director	1	2	5	Yes
Datuk Kunasingam V. Sittampalam	Independent Non Executive Director	7	1	-	Yes
Dr. Venugopal*	Independent Non Executive director	2	3	-	No
Swaminatham Madhira	Independent Non Executive director	-	3	5	Yes
P.V.V.Prasad**	Independent Non Executive director	1	3	5	No

*Appointed as Director on 30.01.2008

**Resigned as Director on 30.01.2008

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	Participation
Mr. P.V.V.Prasad*	Chairman	4
Dr. Sudhakar Konda	Member	4
Swaminadham Madhira	Member	4
Dr. Venugopal**	Member	-

*Resigned on 30/01/2008 **Appointed on 30/01/2008

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:

During the year the committee met one time.

Name of the Director	Designation	Nature of Directorship	Meeting Participated
Mr. P.V.V. Prasad*	Chairman	Independent Non executive Director	1
Datuk Kuningam v. sittampalam	Member	Independent Non executive Director	1
Dr. Sudhakar Konda	Member	Executive director	1
Swaminadham Madhira	Member	Independent Non executive Director	1
Dr.Venugopal**	Member	Independent Non executive Director	

*Resigned on 30/01/2008 **Appointed on 30/01/2008

Dr. Sudhakar Konda resigned to the committee on 30th January, 2008

Details of remuneration to the directors for the Year:

Name of the Director	Relation ship with with other Directors	Business relationship with company if any	Loans and Advances from company	Remuneration Paid During the year 2007-2008			
				Sitting fee Rs.	Salary Rs.	Commission Rs.	Total Rs.
Dr. Sudhakar Konda	None	None	None	-	24,00,000	-	24,00,000
Lanka Nagaraj	None	None	None	-	7,20,000	-	7,20,000

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	Meetings Participated
Mr. P.V.V. Prasad *	Chairman	Independent	4
Dr.Sudhakar Konda	Member	Executive Director	4
Swaminadham Madhira	Member	Independent Director	4
Dr. Venugopal**	Member	Independent director	-

*resigned on 30/01/2008 **Appointed on 30/01/2008

Name & Designation of the Compliance officer : Lanka Nagaraj, Managing 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 31st March, 2008 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 passed
2006-07	28.09.2007	2.00pm	Padmashali Kalyana Mandapam, 2-12-66, Nehru Nagar, West Marredpally, Secunderbad-500 026	1. Ratification resolution for appointment of lanka Nagaraj as MD 2. Ratification resolution for appointment of Dr. Sudhakar Konda as ED
2005-06	28.12.2006	11.00am.	Padmashali Kalyana Mandapam 2-12-66, Nehru Nagar, West Marredpally, Secunderbad-500 026	Nil
2004- 05	28.12.2005	11.00am	Sundaraiah Vignana Kendram (Mini Hall),Baghlingam Pally, Hyderabad-44	1.Approval for sitting fees under Clause 49 of the listing agreement 2.Amendement of Articles of Association with regard to insertions of ESOP Provisions 3. Resolution U/s 81(1A)

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 : 30th September, 2008 at 2 P.M.
At Padmashali Kalyana Mandapam
West Marredpally, Secunderabad-26
- b) Financial Year : 1st April to 31st March

Financial Reporting for:

Quarter ending June 30, 2008	Before end of July 08
Quarter ending September 30, 2008	Before end of October 08
Quarter ending December 31, 2008	Before end of January, 09
Quarter ending March 31, 2009	Before end of April, 09

- c) Date of Book Closure : 26th September, 2008 to 28th December, 2008 (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 agent : M/s. Aarathi 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. Aarathi Consultants Pvt. Ltd, Hyderabad.

i) Distribution Shareholding as on 31st March, 2008

Share Holding of Nominal Value	Share Holders		Share Amount		
	Rs. (1)	Numbers (2)	% of Total (3)	In Rs. (4)	% of Total (5)
Upto 5,000	5,000	6127	98.44	2356600	2.52
5,001 to 10,000	10,000	17	0.27	116300	0.12
10,001 to 20,000	20,000	11	0.18	152500	0.16
20,001 to 30,000	30,000	2	0.03	50200	0.05
40,001 to 50,000	50,000	11	0.18	550000	0.59
50,001 to 1,00,000	1,00,000	21	0.34	2051300	2.19
1,00,001 and above	And above	35	0.56	88228300	94.36
TOTAL		6224	100.00	93505200	100.00

j) Categories of shareholders as at 31st March 2008

	CATEGORY	No. of Shares held	% age of shareholding
A	PROMOTER'S HOLDING:		
1.	Promoters*		
	- Indian Promoters	5264170	56.30
	- Foreign Promoters	1185000	12.67
2.	Persons acting in Concert #	0	0.00
B.	NON-PROMOTERS HOLDING		
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.	FII's	0	0.00
4.	OTHERS		
a.	Private Corporate Bodies	1365900	14.61
b.	Indian Public	235450	2.52
c.	NRIs / OCBs	1300000	13.90
d.	Any other (please specify)	-	-
	TOTAL	9350520	100.00

- 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 : The Company has not issued any ADR's/GDR's or any Convertible instruments Conversion date and likely Impact k On equity
- m) Address for Correspondence : 608, Lingapur Complex, Himayat Nagar, Hyderabad-500 029

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.

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
FOR VIVO BIO TECH LTD**

PLACE : HYDERABAD
DATE : 30.08.2008

DR.SUDHAKAR KONDA
EXECUTIVE DIRECTOR

LANKA NAGRAJ
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

According to Frost and Sullivan, the \$895m Indian CRAMS industry is expected to grow to \$6.6bn by 2013. Indian Pharmaceutical industry is becoming an integral part of the global pharma value chain and Indian CRAMS are well placed to benefit from the growing outsourcing trend in global pharma industry.

Impending patent expirations and mounting R&D costs in the wake of declining efficiency and escalating pricing pressures are forcing global pharma companies to revisit their operating paradigms. With increasing growth challenges, there is a sharper-than-ever focus on improving operational efficiencies to maintain profitability. It is believed that this situation would provide a major boost to outsourcing of pharma activities to low-cost offshore destinations like India and China.

Opportunities

CRAMS opportunity

CRAMS (Contract Research and Manufacturing Services) pertains to outsourcing services/ products from low-cost providers with world class standards, in line with international regulatory norms. Pharmaceutical and Biotech multinationals have traditionally been outsourcing services like wet lab research, preclinical, clinical, and contract manufacturing to low cost destinations like India. Since late 1990s, CRAMS has gained more importance, as MNCs have come under pressure to maintain their profitability.

The CRAMS industry can be estimated to be churning revenues of \$850 million annually. It is worth noting the momentum gained by this segment of the Indian pharmaceutical industry. Over the last five years, CRAMS industry has been contributing close to eight percent to the total Indian pharmaceutical business.

Globally, drugs worth \$70 billion would be going off-patent by 2011 and Indian companies providing contract manufacturing services are expected to garner approximately 30-40 percent of this opportunity.

Analysts estimate that the Indian CRAMS industry to grow at a CAGR of over 25 percent from 2006 to 2011.

If Vivo Bio Tech is successful in attracting Multinationals for Outsourcing, there lies ahead a huge opportunity for the company in capturing a significant pie of the huge CRAMS market.

Expansion overseas – Malaysia

Malaysia is one of the world's 12 mega biodiversity centers with abundant natural resources. The government's concerted efforts have resulted in the realization of joint-ventures and collaborations between local and foreign parties in undertaking research and development (R&D) activities for the production of biopharmaceuticals and branded generics including biogenerics in order to remain competitive.

In Mid 2008, Vivo Bio Tech entered into a joint venture with Melaka State, Malaysia for establishing an integrated Contract Research and Manufacturing Services (CRAMS) company – Vivo Bio Tech Sdn Bhd, which would primarily focus on Contract Research (Wet Lab research & Preclinical), Contract Manufacturing (cGMP & Filling line) services.

If Vivo Bio Tech is successful in establishing the proposed integrated facility, which is expected to be a state-of-art one stop centre for drug development services in Asia-Pacific, which would have a positive impact on the company leading to strong market presence.

Threats

Government regulations

Regulatory agencies throughout the world strictly regulate the drug development process. Our business involves helping pharmaceutical and biotechnology companies navigate the regulatory drug approval process. Changes in regulation, such as a reduction in regulatory requirements or the introduction of simplified drug approval procedures, or an increase in regulatory requirements that we have difficulty satisfying or that make our services less competitive, could eliminate or substantially reduce the demand for our services. Also, if government's regulatory efforts to contain drug costs and pharmaceutical and biotechnology company earnings from new drugs, companies may spend less, or lessen their growth in spending on research and development.

Hence, changes in government regulation or in practices relating to the biotech and pharmaceutical industry could shrink the need for the services we provide, which might have a negative impact on the company's growth.

Intense competition – preclinical services

The Indian Preclinical Contract Research market is highly competitive. The market is flooded with players ranging from hundreds of small, limited-service providers to a limited number of full-service organizations with global capabilities.

In preclinical services, we face competition from established players like Vimta labs, Advinus Therapeutics, GVK Life sciences, InTox, and Connexios.

There is competition for customers on the basis of several factors, including the following: reputation for on-time quality performance; know-how and practice in specific areas; extent of service offerings; success in various geographic markets; price; technological expertise and competent drug development processes; capability to acquire, process, analyze and report data in a rapid and precise manner; and historic experience and relationship.

Intense competition might have adverse effect on Vivo Bio Tech in acquiring preclinical projects from international clients, which can alter the company's profitability.

The key elements of the company's business strategy in the fiscal year has been procurement of funds for development of infrastructure, infrastructure establishment, obtaining regulatory approvals, and pursuing expansion overseas.

Procurement of funds:

In late 2007, the company successfully got sanctioned a term-loan of Rs. 21 crores from Canara Bank for the establishment of Animal House facility (Preclinical services) at Pregnapur, and Research & Development facility (Wet Lab services) at Himayath Nagar.

Infrastructure establishment:

The company successfully established and started operations of 3,000 Sq.ft Research & Development (Wet Lab services) facility in Himayath Nagar.

The company also has started construction of 125,000 Sq.ft state-of-art of Animal House (Vivarium) at its site in Pregnapur.

Regulatory Approvals:

In Late 2007, the company received the status of Research Establishment vide No. 1117/C/07/CPCSEA from the Ministry of Environment & Forests, Govt. of India for its proposed 125,000 Sq.ft Animal House facility at Pregnapur.

In Early 2008, the company received the status of Research Establishment vide No. TU/1V-RD/2740/2007 recognition from Department of Scientific & Industrial Research (DSIR), Ministry of Science & Technology, Govt. of India for its Research & Development facility at Himayath Nagar.

In Mid 2008, the company received approval from Department of Ministry & Commerce, Govt. of India for its proposed biotech specific SEZ (Special Economic Zone) at Pregnapur spanning 10.93 Hectares. The company is waiting for final publication of the notice from Govt. of India.

Expansion overseas:

In Mid 2008, the company entered into a joint venture with Melaka State, Malaysia for establishing an integrated Contract Research and Manufacturing Services (CRAMS) company – Vivo Bio Tech Sdn. Bhd.

Segment wise or product wise performance:

The company is mainly into R&D and CRO. its working on development of molecules. As the company has not started its commercial operations, there is nothing much to discuss on this.

Outlook:

We expect to start operations of first phase (25,000 Sq.ft) of our Animal House facility in Early 2009 We plan to expand our existing in-house Research & Development facility (20,000 Sq.ft) in Mid 2009

We strongly believe that 2009 will be a far exciting year for Vivo Bio Tech Limited in terms of revenues, as we are fully equipped to meet the needs of clients globally, having established state-of-art infrastructure, knowledge teams and business contacts.

Risks & concerns:

The Company is a CRAMS (Contract Research and Manufacturing Services) player which is highly dependent on other pharmaceutical and biotechnology companies for its business. The company's revenues depend significantly on the disbursement made by the pharmaceutical and biotechnology industries in research and development. Accordingly, economic factors and industry trends that affect the companies in these industries also affect our business. If companies in these industries were to lessen the number of research and development projects they outsource, our business could be significantly negatively affected.

As our business deals are frequently prepared as fixed price or fee-for-service with a cap, we bear the financial risk if we initially under-price our contracts or otherwise overrun our cost estimates. Such under pricing or major cost overruns could have a material unfavorable effect on our business, results of operations, financial condition, and cash flows.

The increasing demand for outsourcing services (Contract Research and Manufacturing) during the past years has been putting a lot of demand on human resources. Availability of talented and trained manpower is scarce. However, the company has been successful in employing skilled and talented people till date.

Internal control systems and their adequacy:

The company has internal control system adequate with its size and nature of business, which covers the below mentioned areas:

- ❖ Optimal use of resources
- ❖ Accurate and timely recording of transactions
- ❖ Well-organized communication system between the executive management and departments
- ❖ Protection of assets
- ❖ Compliance with prevalent decree, listing agreement requirements, management policies & actions
- ❖ Efficient management information system
- ❖ Observance to applicable accounting standards and policies
- ❖ Evaluation of IT and other systems

The internal control system provides for observance to approved procedures, policies, strategy and endorsement.

In order to ensure that all checks and balances are in place and all internal control systems and procedures are in order, regular and in-depth internal audit is conducted by the qualified chartered accountants.

Internal audit reports are reviewed by the audit committee on a quarterly basis.

Discussion on financial performance with respect to operational performance:

During the year under review the total income of your company for the year 2007-08 was Rs. 6.78 Lakhs as against the income of 79.62 lakhs in 2006-07. The Company is in the process of entering into new areas of business Viz., R&D, CRO etc.,

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 2008 was 50. 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

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.

Date : 30.08.2008
PLACE : HYDERABAD

LANKA NAGRAJ
MANAGING DIRECTOR

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 31st March, 2008 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 : 30.08.2008

P.MURALI MOHANA RAO
PARTNER
M.No: 23412

Certification as required under Revised Clause 49 of the Listing Agreement

We, Lanka Nagaraj Managing Director, Dr. Venugopal- Chairman of Audit Committee of Vivo Bio Tech Limited to the best of our knowledge and belief, certify that :

1. We have reviewed the balance sheet and profit and loss account, and its schedules and notes on accounts, as well as the Cash Flow statement and the Directors report.
2. Based on our knowledge and information, these statements do not contain any un true statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the statements made
3. Based on our knowledge and information, the financial statements, and other financial information included in this report, fairly present in all material respects, the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report, and are in compliance with the existing accounting standards and/ or applicable laws and regulations.
4. To the best of our knowledge and belief, no transactions entered into by the company during the year are fraudulent, illegal or violative of the Company's code of conduct.
5. The Company's other certifying officers and we, are responsible for establishing and maintaining disclosure controls and procedures for the company, and we have:
 - a) Designed such disclosure controls and procedures to ensure that material information relating to the company is made known to us particularly during the period in which this report is being prepared. and
 - b) Evaluated the effectiveness of the Company's disclosure, controls and procedures.
6. We have disclosed to the Company's auditors and the audit committee
 - a) all significant changes in internal control during the year;
 - b) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements and
 - c) any fraud, whether or not material, that involves management or other employees who have significant role in the company's internal controls.

PLACE: HYDERABAD
DATE: 30.08 2008

Dr.VENUGOPAL
CHAIRMAN OF AUDIT COMMITTEE

LANKA NAGRAJ
MANAGING DIRECTOR

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, 2008 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, 2008 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2008 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, 2008;
 - (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**

**P. MURALI MOHANA RAO
PARTNER
M.No: 23412**

PLACE : HYDERABAD
DATE : 30.08.2008

ANNEXURE TO THE AUDITOR'S 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 not disposed off any of the 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. During the year company has written off the total inventory due to out dated stock/expired stock.
- 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.

- 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. Based on our audit procedures and as per the information and explanations given by the management, the Company did not have any dues to a financial institution, bank or debenture holders
- 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. In our opinion and according to the information and explanations given to us by the management, term loans are applied for the purpose for which the loans were obtained

- XVII. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment
- 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 : 30.08.2008

**P. MURALI MOHANA RAO
PARTNER
M.No: 23412**

VIVO BIO TECH LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2008

PARTICULARS	SCHEDULE NOS.	AS AT 31-03-2008 (Rupees)	AS AT 31-03-2007 (Rupees)
I SOURCES OF FUNDS			
1. SHAREHOLDER'S FUNDS			
a. Capital	1	93,505,200	93,505,200
b. Share Warrants		-	1,000,000
c. Reserves & Surplus	2	1,000,000	-
2. SECURED LOANS	3	87,654,971	-
3. DEFERRED INCOME TAX LIABILITY		313,709	228,942
TOTAL		182,473,880	94,734,142
II APPLICATION OF FUNDS			
1. FIXED ASSETS			
a. Gross Block	4	179,141,825	105,186,225
b. Less: Depreciation		3,087,820	1,745,005
c. Net Block		176,054,005	103,441,220
2. CURRENT ASSETS, LOANS & ADVANCES			
a. Inventories		-	1,309,370
b. Cash & Bank Balances	5	1,159,915	1,100,999
c. Sundry Debtors	6	323,808	3,294,500
d. Advances & Deposits	7	9,723,444	5,278,684
Less: Current Liabilities, Provisions & Advances	8	23,554,877	22,775,803
NET CURRENT ASSETS		(12,347,710)	(11,792,250)
3. MISCELLANEOUS EXPENDITURE			
(To the extent not written off or adjusted)		566,131	627,136
4. PROFIT & LOSS ACCOUNT			
TOTAL		182,473,880	94,734,142
Notes to Accounts	11		

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
M.No.23412

LANKA NAGRAJ
MANAGING DIRECTOR

Dr. SUDHAKAR KONDA
EXECUTIVE DIRECTOR

N. MADHUSUDANA REDDY
COMPANY SECRETARY

PLACE : HYDERABAD
DATE : 30-08-2008

VIVO BIO TECH LIMITED
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31-03-2008

PARTICULARS	SCHEDULE NOS.	AS AT 31-03-2008 (Rupees)	AS AT 31-03-2007 (Rupees)
1 INCOME			
Sales/income from operations		678,000	3,294,500
Other Income	9	-	4,667,991
TOTAL		<u>678,000</u>	<u>7,962,491</u>
2 EXPENDITURE			
Purchases		-	4,072,846
(Increase) / Decrease stock in trade		1,309,370	(210,000)
Business & Administrative Expenses	10	13,109,974	5,968,817
Interest & Financial Charges		342,154	5,609
Audit Fee		84,270	33,708
Depreciation		1,343,765	276,344
Miscellaneous Expenses W/o		61,005	61,005
TOTAL		<u>16,250,538</u>	<u>10,208,328</u>
3 PROFIT / (LOSS)		(15,572,538)	(2,245,837)
4 PROVISION FOR TAX			
Income Tax		-	-
Deferred Tax		84,767	23,442
Fringe Benefit Tax		87,063	4,350
5 PROFIT / (LOSS) AFTER TAX		(15,744,368)	(2,273,630)
6 BALANCE BROUGHT FORWARD		(2,458,036)	(184,406)
7 PRIOR PERIOD ADJUSTMENTS		949	-
8 BALANCE CARRIED FORWARD		(18,201,454)	(2,458,036)
9 EARNING PER SHARE		(1.68)	(0.24)
Notes to Accounts	11		

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
M.No.23412

LANKA NAGRAJ
MANAGING DIRECTOR

Dr. SUDHAKAR KONDA
EXECUTIVE DIRECTOR

PLACE : HYDERABAD
DATE : 30-08-2008

N. MADHUSUDANA REDDY
COMPANY SECRETARY

VIVO BIO TECH LIMITED

PARTICULARS	For the year ended 31-03-2008 (Rupees)	For the Year Ended 31-03-2007 (Rupees)
SCHEDULE 1		
SHARE CAPITAL		
AUTHORISED:		
15000000 Equity Shares of Rs.10/-Each (Previous Year 15000000 Equity Shares of Rs.10/-Each)	<u>150,000,000</u>	<u>150,000,000</u>
ISSUED, SUBSCRIBED & PAID-UP:		
9350520 Equity Shares of Rs.10/-Each (Previous Year 9350520 Equity Shares of Rs.10/-Each)	93,505,200	93,505,200
Share Application Money		
Share Warrants *(10,00,000EquityShareWarrantsof Rs.1 paidup)	-	1,000,000
	<u>93,505,200</u>	<u>94,505,200</u>
SCHEDULE 2		
Reserves & Surplus		
Share Warrants forfeiture	1,000,000	-
	<u>1,000,000</u>	<u>-</u>
SCHEDULE 3		
SECURED LOANS		
Canara Bank Term Loan (Hypothication of Fixed Assets - Land, Building, Computers & Interiors etc. of the proposed campus at Pragnapur and personal guarantee of the Directors)	87,581,975	-
Bajaj Auto Finance Limited (Secured against vehicles)	72,996	-
	<u>87,654,971</u>	<u>-</u>
SCHEDULE 5		
CASH & BANK BALANCES		
Cash in hand	42,014	8,489
Bank Balances in Current Accounts	1,117,901	1,092,510
	<u>1,159,915</u>	<u>1,100,999</u>

SCHEDULE 4 FIXED ASSETS

Particulars	Gross Block As On 01-04-2007	Additions During the Year	Gross Block As On 31-03-2008	Depreciation Upto 31-03-2007	Depreciation During The year	Total Depreciation 31-03-2008	Net Block as at 31-03-2008	Net Block as at 31-03-2007
Land	26,831,423	-	26,831,423	-	-	-	26,831,423	26,831,423
Air conditioners	-	1,215,000	1,215,000	-	13,300	13,300	1,201,700	-
Electrical fittings	-	916,881	916,881	-	14,722	14,722	902,159	-
R & D Equipment	-	12,344,797	12,344,797	-	968,091	968,091	11,376,706	-
Furniture	150,872	-	150,872	99,480	9,550	109,030	41,842	51,392
Vehicles	1,232,241	136,782	1,369,023	1,165,284	126,809	1,292,093	76,930	66,957
Computer	734,852	444,650	1,179,502	401,257	136,693	537,950	641,552	333,595
Software	18,280	154,311	172,591	11,243	8,823	20,066	152,525	7,037
Fax	20,000	20,000	20,000	20,000	20,000	-	-	-
Office Equipments	620,368	1,509,559	2,129,927	46,791	65,777	112,568	2,017,359	573,577
Capital work in Progress	75,578,189	57,233,620	132,811,809	-	-	-	132,811,809	75,578,189
	105,186,225	73,955,600	179,141,825	1,744,055	1,343,765	3,087,820	176,054,004	103,442,170

VIVO BIO TECH LIMITED

PARTICULARS	For the year ended 31-03-2008 (Rupees)	For the Year Ended 31-03-2007 (Rupees)
SCHEDULE 6		
SUNDRY DEBTORS		
Debts not exceeding six months	323,808	2,670,692
Others	0	623,808
	<u>323,808</u>	<u>3,294,500</u>
SCHEDULE 7		
LOANS, ADVANCES & DEPOSITS		
ADVANCES		
Advances	8,196,641	4,377,846
TDS receivable	970,672	900,838
Advances to creditors	358,562	-
Other Current Assets (VAT Input credit)	136,369	-
DEPOSITS		
Rent Deposits	61,200	
	<u>9,723,444</u>	<u>5,278,684</u>
SCHEDULE 8		
CURRENT LIABILITIES, PROVISIONS & ADVANCES		
Sundry Creditors	5,066,150	6,567,114
Creditors for Expenses	-	8,000
Others	17,214,253	15,128,006
Out Standings & Provisions	1,274,474	1,072,683
	<u>23,554,877</u>	<u>22,775,803</u>
SCHEDULE 9		
OTHER INCOME		
Surplus on transfer of property	-	3,716,707
Interest on FDR	-	951,284
	<u>-</u>	<u>4,667,991</u>
SCHEDULE 10		
BUSINESS & ADMINISTRATIVE EXPENSES		
Salaries & Other benefits	4,915,872	2,961,000
Travelling & Conveyance	232,277	6,000
Printing & Stationery	84,975	82,969
Transportation Charges	2,300	-
Postage, Telegram & Telephones	238,495	58,643
Managerial Remuneration	3,120,000	1,680,000
Research & Development Expenses	2,235,058	-
Rent, Rates & Taxes	139,204	16,000
Office Administration & other Maintinances	2,141,793	1,164,205
	<u>13,109,974</u>	<u>5,968,817</u>

SCHEDULE 11

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 recognizes income and expenditure on accrual basis.
- (ii) Revenue is not recognized on the grounds of prudence, until realized 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.
- (j) Capital Expenditure with respect to Research and Development Activities is capitalized from the date the assets are put to use.
- (ii) CWIP account reflects work in progress costs associated the acquisition, installation and/or construction of the facilities for the proposed Bio Tech Plant. When the project is completed and/or the asset has been identified and placed in service, this will be capitalized and transferred to an asset account for depreciation.

Depreciation and Amortization :

- (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 amortized over the period of 10 years.

Research and Development Expenses :

Costs related to internal research and development programs are expensed as incurred.

Borrowing Costs:

- (i) Borrowing costs for the Borrowing costs attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

Inventories:

Inventories are valued at cost or market price whichever is lower. Outdated Inventories such as bulk API (Active Pharmaceutical Ingredients) would be written off as and when recognized not usable.

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 recognized immediately as income in the Profit and Loss account.

Gratuity:

The Company has made provision for the gratuity to its employees as per the provisions of the Payment of Gratuity Act, 1972

B. NOTES ON ACCOUNTS

1. 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.

	Dr. Sudhakar Konda	Rs. 24,00,000/-
	Lanka Nagaraju	Rs. 7,20,000/-
2. Director's Remuneration:	Current Year (Rs.)	Previous Year (Rs.)
	31,20,000/-	14,80,000/-
3. Auditor's Remuneration :	Current Year (Rs.)	Previous Year (Rs.)
	84,270/-	28,188/-
4. a) Foreign Exchange Earnings:	Current Year	Previous year
Foreign Exchange Inflow & Outflow	Nil	Nil
5. There are no dues to SSI Units.		
6. No confirmations were obtained from debtors/creditors as to the balances receivable from/payable to them as at year end.		
7. The following related party transactions are entered during the year.		

S.No	Names of the Related Parties	Amount (Rs.)	Nature of Transaction
1	Shree Shree Resorts Private Limited	-	Lease of 27 acres land at Pragnapur for development of Bio-tech SEZ.
2	Virinchi Technologies Limited	6,78,000/-	Consultancy Income

8. 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 Rs84,767/- towards deferred income tax Asset. (Previous year Rs. 23,442/- towards deferred income tax Liability).
9. Previous years figures have been regrouped wherever necessary.
10. The figures have been rounded off to the nearest rupee.

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
M.NO:23412

LANKA NAGRAJ Dr. SUDHAKAR KONDA
MANAGING DIRECTOR EXECUTIVE DIRECTOR

PLACE: HYDERABAD
DATE: 30-08-2008

N. MADHUSUDANA REDDY
COMPANY SECRETARY

CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2008

PARTICULARS	Current Year (Rs. in Lakhs)	Previous Year (Rs. in Lakhs)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit before taxation, and extraordinary items	(155.73)	(59.63)
ADJUSTMENTS FOR :		
Depreciation	13.44	2.76
Interest expenses	3.42	0.06
Written off Expenses	0.61	0.61
Interest paid		
Operating Profit before working capital changes	138.26)	(56.25)
Inventory	13.09	(2.10)
Interest paid	(3.42)	
Trade Receivables	29.71	214.27
Trade payables	7.79	(12.00)
NET CASH FLOW FROM OPERATING ACTIVITIES	(91.09)	143.57
interest		-
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(739.56)	(412.32)
Miscellaneous Expenses	-	0.61
Profit on sale of Land	-	37.17
NET CASH USED IN INVESTING ACTIVITIES	(739.56)	(374.54)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Secured Loan	876.55	
Equity Share Capital increase	-	-
Others	(45.30)	-
Calls in Arrears	-	-
NET CASH USED IN FINANCING ACTIVITIES	831.23	-
Net increase in cash and cash equivalents	0.59	(230.97)
Cash and Cash equivalents (Opening Balance)	11.01	241.99
Cash and Cash equivalents (Closing Balance)	11.60	11.01

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

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

**P.MURALI MOHANA RAO
PARTNER
M.No.23412**

**LANKA NAGRAJ Dr. SUDHAKAR KONDA
MANAGING DIRECTOR EXECUTIVE DIRECTOR**

**PLACE : HYDERABAD
DATE : 30-08-2008**

**N. MADHUSUDANA REDDY
COMPANY SECRETARY**

Auditors Certificate

We have examined the attached Cash Flow Statement of M/s. Vivo Bio Tech Limited, for the year ended 31st March, 2008. 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 30th August, 2008 to the Members of the Company.

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

**PLACE: HYDERABAD
DATE: 30.08.2008**

**P.MURALIMOHANARAO
PARTNER
M.No:23412**

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL PROFILE

I) Corporate Identification No.	(CIN) L65993AP1987PLC007163		
II) Capital raised during the year (Amount in Rs. Thousands)			
Public Issue	- NIL -	Right Issue	- NIL -
Bonus Issue	- NIL -	Private Placement	- NIL -
III) Position of Mobilization and deployment of funds: (Amount in Rs. Thousands)			
Total Liabilities:	182,474	Total Assets :	182,474

<u>Sources of Funds</u>		<u>Application of Funds</u>	
Paid-up Capital	: 93,505	Net Fixed Assets	: 76,054
Reserves & Surplus	: 1,000	Investments	: -
Secured Loans	: 87,655	Net Current Assets	: (12,348)
Unsecured Loans	: NIL	Miscellaneous Expenditur	: 566
Deferred Tax Liability	: 314	Accumulated Losses	: 18201

IV) Performance of Company (Amount in Rs. Thousands)			
Turnover	: 678	Total Expenditure	: 16,251
Profit/Loss before Tax	: (15,573)	Profit after Tax	: (15,744)
Earning per share (Rs.)	: (1.68)	Dividend Rate	: NIL

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

Item Code No. 3004

Product Description Pharmaceuticals

VIVO BIO TECH LIMITED

Regd. Office: 608, Lingapur Complex, Himayat Nagar, Hyderabad-500 029

ATTENDANCE SLIP

I hereby record my presence at the 21st Annual General Meeting of the Company being held on Tuesday, the 30th day of September, 2008 at 2.00 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 – 500 029

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 ofor
failing him..... of in the
district of as my/our proxy to vote for me/us on my/our behalf at the 21st
Annual General Meeting of the Company to be held on Tuesday , the 30th September, 2008 at 2.00 P.M.
or at any adjournment thereof.

Signed this day of2008

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.