

C O N T E N T

Board of Directors.....	02
Message from the CEO.....	03
Notice.....	05
Directors Report.....	09
Corporate Governance Report.....	14
Management Discussion and Analysis Report.....	22
Auditors Report.....	27
Balance Sheet	31
Profit and Loss Account.....	32
Schedules forming part of the Balance Sheet.....	33
Schedules forming part of the Profit and Loss Account	35
Notes on Balance Sheet and Profit and Loss Account.....	36
Cash Flow Statement.....	39
Balance Sheet Abstract and Company's General Business profile.....	41
Consolidated Financial Statements.....	44

Annual General meeting on Thursday, September 29, 2011 4.00 P.M at Padmashali Kalyana Mandapam, 2-12-66, Nehru Nagar, West Marredpally, Secunderabad – 500026. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to bring their copies to the Meeting.

Registered Office:

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

Auditors:

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

Bankers

M/s. Canara Bank
Overseas Branch
Adarsh Nagar
Hyderabad

M/s Bank of Baroda,

Marredpally Branch,
Secunderabad

Registrars & Share Transfer Agents

M/s. Aarathi Consultants Pvt. Ltd.,
1-2-285, Domalguda,
Hyderabad - 500 029
Ph Nos.27634445, 27638111
Fax No.27632184

Board of Directors**Dr. Alangudi Sankaranarayanan**

-Whole Time Director & CEO

K. Sri Kalyan

-Whole Time Director

Kunasingam V.Sittamapalam

-Director

M. Kalyan Ram

-Director

K. Sunder

-Additional Director

N. Madhusudhana Reddy

Company Secretary

Date, Time and Venue of AGM

29.09.2011,4.00 P.M

at

Padmashali Kalyana Mandapam West Marredpally,
Secunderabad-26

CEO's Message

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 2011, we proudly celebrated our Twenty Fourth 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 Biotech - CRO 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.

Despite the financial crunch and a drop in early-stage research, a report conducted by Business Insights states that the global CRO market is expected to grow 14% per year during the next three years, making contract research a \$35 billion industry by 2013.

According to Frost & Sullivan, despite the existence of CROs for over two decades now, the penetration rate of outsourcing, as a percentage of the total R&D spending, is less than 25.0 percent. "Hence, there is great potential for CROs to grow through just expansion."

Although growth has slowed in the recent years, the Asia Pacific region remains one of the highest growth regions specifically in the area of outsourcing and therefore remains a high priority for global pharma companies.

These key market dynamics create a mature environment for sizeable volumes of outsourcing and bode well for significant and continuous industry growth. Overall, the outsourcing market is poised to return to healthier growth rates from 2010.

Vibrant growth

During the year under consideration, we secured projects from clients across UK and India and are in discussions with various US clients for strategic partnerships.

In January 2011, the company successfully received 'full accreditation' for its 125,000 Sq.ft Small Animal Research Facility by US based AAALAC International. AAALAC International is a private, nonprofit organization that promotes the humane treatment of animals in science through voluntary accreditation and assessment programs. AAALAC stands for the "Association for Assessment and Accreditation of Laboratory Animal Care." More than 800 companies, universities, hospitals, government agencies and other research institutions in 34 countries have earned AAALAC accreditation, demonstrating their commitment to responsible animal care and use.

One of the recombinant proteins being developed by the company, i.e., targeted for Type-2 Diabetes has been successfully appraised by SBIRI (Small Business Innovation Research Initiative), Department of Biotechnology for a soft loan. In February 2011, DBT has provided the first installment of '224.3 Lakhs towards implementation of the project.

The company also made an application with India GLP Monitoring Authority for GLP certification and anticipates having the GLP certification in place by end of 2011.

During the year under consideration, the company has aggressively increased its marketing efforts and has been exhibiting in various international conferences. Few of which include – AALAS, AAPS, Biotech

Showcase, ToxExpo, etc.

As of July 31, 2011 we had approximately 100 employees.

De-notification of Vivo Bio Tech Special Economic Zone

It has been extremely difficult for us to get new Units in our SEZ because of the macroeconomic downtrend. We would like to focus all our efforts on our CRO services, which we are able to record significant business prospects. Also, some of renowned DTA clients are approaching us for services. However, they are not willing and not able to pay in foreign currency towards services rendered, as instructed by our Specified Officer. In view of the above, we are in the process of de-notifying our SEZ for better business prospects.

Outlook 2012

- We expect to start commercial breeding and canine experimentation operations immediately after receiving required statutory approvals from CPCSEA.

We strongly believe that 2012 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 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.

Dr. A. Sankaranarayanan, Ph.D., F.C.P.
Chief Executive Officer
Vivo Bio Tech Limited

NOTICE

NOTICE is hereby given that the 24th Annual General Meeting of the Members of the Company will be held on Thursday, the 29th day of September, 2011, at 4 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, 2011; 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 M. Kalyan Ram, who retires by rotation and being eligible offer himself for re-appointment
3. To appoint M/s. P. Murali & Co., FRN: 007257S 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 Mr. K. Sunder, 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 : 01-09-2011

N. MADHU SUDHANA REDDY
Company Secretary

Important Communiqué to Members - Green Initiative in Corporate Governance

The Ministry of Corporate Affairs (MCA) has taken a Green Initiative in Corporate Governance by allowing paperless compliance by the companies and has issued a Circular stating that service of all documents including Annual Reports can be sent by e-mail to its Members. Your Company believes that this is a remarkable and environment friendly initiative by MCA and requests all Members to support in this noble cause.

The Company has already embarked on this initiative and proposes to send documents including Annual Reports in electronic form to the Members on the email address provided by them to the R&T Agent/the Depositories.

The Members who hold shares in physical form are requested to intimate/update their email address to the Company/R&T Agent while Members holding shares in demat form can intimate/update their email address to their respective Depository Participants.

Members are requested to further note that they will be entitled to be furnished, free of cost, the physical copy of the documents sent by e-mail, upon receipt of a requisition from them, any time, as a Member of the Company.

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 here to.
- c) The Register of Members and Share Transfer books of the Company will remain closed from 23rd September, 2011 to 29th September, 2011 (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 K. Sunder 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 28th April, 2011. Pursuant to Section 260 of the Companies Act, 1956 K. Sunder 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 Mr. K. Sunder. 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 Mr. K. Sunder

BY ORDER OF THE BOARD OF DIRECTORS
For Vivo Bio Tech Ltd

PLACE : HYDERABAD
DATE : 01-09-2011

N. MADHU SUDHANA REDDY
Company Secretary

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 | : | M. Kalyan Ram |
| | Age | : | 33 years |
| | Qualifications | : | B.Com |
| | Expertise | : | He has around 9 years of experience in the accounts, finance and administration of various companies. |
| | Other Directorships | : | NIL |
| | Membership of Committee | : | NIL |
| | Shareholding | : | NIL |
| 2. | Name | : | K.Sunder |
| | Age | : | 46 years |
| | Qualifications | : | B.sc, LLB |
| | Expertise | : | He has around 17 years of experience in corporate laws practice and advisor to Various corporate and Government companies |
| | Other Directorships | : | NIL |
| | Membership of Committee | : | NIL |
| | Shareholding | : | NIL |

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting you the 24th Annual Report of your company together with the Audited Accounts for the year ended 31st March, 2011.

Financial Results

(Rs. in Lakhs)

Particulars	2010-11	2009-10
Total Income	954.45	411.72
Profit before interest, Depreciation and Tax	367.92	112.94
Interest	272.11	73.45
Depreciation	162.51	114.03
Provision for Taxation/Deferred Tax provision	Nil	Nil
Profit after interest, Tax and depreciation	(155.19)	(136.59)
Deferred Tax provision	88.48	62.05
Balance brought forward	(527.06)	(390.48)
Balance Carried to Balance Sheet	(682.25)	(527.06)

BUSINESS PERFORMANCE

Revenues: The total income of the Company for the FY 2010-11 comprises operating revenues of 954.45 Lacs as against Rs. 411.73 Lacs in FY 2009-10

Profits: Profit before Tax (PBT) stood at Rs. (66.70) Lacs as against Rs. (74.53) for the previous year. Profit after Tax (PAT) stood at Rs. (155.19) Lacs as against Rs. (136.58) Lacs for the previous year.

Reserves and Surplus

During the year the Company has not transferred any amount to Reserves and Surplus.

Trading approval from BSE

The company has received Trading approval from the Bombay Stock Exchange Ltd and the trading resumed on 30th June, 2011.

Material changes and commitments;

There are no material changes and commitments occurred between the end of the financial year of the company and the date of the report affecting the financial position of the company

Directors

In accordance with the provisions of the Companies Act, 1956, M. Kalyan Ram retires by rotation at the forthcoming Annual General Meeting and eligible offer himself for reappointment.

Mr. K. Sunder is appointed as Additional Director in the board on 28th April, 2011.

Brief resume of the Directors proposed to be reappointed, nature of their expertise in specific functional areas, directorships in other companies as stipulated under clause 49 of the listing agreement with the stock exchanges in India are provided in the report on corporate governance.

Dr. V. Narasaiah resigned to the office of Director on 28th February, 2011

Demat permission from NSDL :

The company has received Demat permission from NSDL from 25 th August 2011 and ISIN is INE380K01017

The Board places on record its appreciation and gratitude to the said directors for their valuable contributions.

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 31st March, 2011, 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 2011 and of the loss of the company for the financial year ended 31st March 2011.
- 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, 2011 on a going concern basis.

Auditors and Audit Report

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.

The company has received letter from the Statutory auditors to this effect that their reappointment, if made would be within the prescribed limits under section 224(1B) of the Companies Act, 1956 and they are not disqualified for such reappointment within the meaning of section 226 of the said act.

Fixed Deposits

The Company has not accepted fixed deposits as on 31st March, 2011 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.

PARTICULARS PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Pursuant to the provisions of Section 212 of the Companies Act, 1956 (Act), documents in respect of the various subsidiaries viz., Directors' Report, Auditor's Report, Balance Sheet and Profit and Loss Account, are required to be attached to the Balance Sheet of the holding company. However, in terms of the provisions of Section 212(8) of the Act, the Government of India, Ministry of Corporate Affairs, has vide letter No. 47/15/ 2011-CL-III dated 27 January 2011 granted exemption from the provisions of Section 212(1) of the Act. Accordingly, the Annual Report does not contain the financial statements of the subsidiaries of the Company. However, the Company will make available the audited annual accounts and related detailed information of the subsidiaries to the shareholders upon request in accordance with the applicable law. These documents are also available for inspection at the Registered Office of the Company during business hours.

A statement pursuant to the provisions of Section 212(1)(e) of the Act appears elsewhere in the Annual Report.

Subsidiary Companies

During the financial year the company has incorporated a wholly owned subsidiary namely M/s. Vivobio Developers India Pvt.Ltd.

Consolidated Financial Statements

In accordance with the Accounting Standards AS-21 and AS-27 on Consolidated financial Statements read with the Accounting Standard AS-23 on Accounting for investments in Associates, the Audited consolidated financial statements are provided in the annual report.

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 there are no employee in receipt of remuneration of Rs. 60,00,000/- or more per annum or Rs. 5,00,000/- or more per month where employed for a part of the year.

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 to this Report.

Management Discussion and Analysis

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

Acknowledgments

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 : 01-09-2011

K. SRI KALYAN
Whole Time Director

DR. A. SANKARANARAYANAN
Whole Time Director & CEO

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, 2011

Consumption of Energy:

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

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 A

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
A. Power and Fuel Consumption		
1. Electricity.		
a. Electricity Purchase Units	6,57,966	2,62,029,
Total amount	Rs. 46,05,763	Rs. 18,34,206 /-
Rate per unit (Average)	Rs. 7 /-	Rs. 7/-
b. Own Generation from Diesel	NIL	NIL
Generator Unit Rate per Unit	NA	NA

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.

D. Foreign Exchange Earnings

Inflow : **Rs. 25.47 Lakhs**

Outflow : **Rs. 26.37 Lakhs**

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 2 Executive Directors 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 2010-11 the Board of Directors met 7 times on the following dates:

30th April, 2010, 22nd July, 2010, 31st July, 2010, 31st August, 2010, 10th November, 2010, 24th December, 2010, 11th February, 2011,

The attendance of each Director is given below:

Name of the Director	Category	No. of Board Meetings attended	Whether attended last AGM	No. of other Directorships #	Committee Memberships	Committee Chairmanship
Dr. A. Sankaranarayanan	Whole Time Director & CEO	7	Yes	-	-	-
K. Sri Kalyan	Whole Time Director	5	Yes			
Kunasingam V.Sittampalam	Independent Non-Executive Director	-	No	1	-	-
Dr.V. Narasaiah*	Independent Non-Executive Director	6	Yes	-	-	-
M. Kalyan Ram	Independent Non-Executive Director	7	Yes	-	-	-
K. Jagan Mohan Rao *	Independent Non-Executive Director	1	NA	-	-	-

*All are resigned

The Directorships held by Directors as mentioned above do not include alternative directorships and directorships of foreign companies, section 25 companies and private limited companies.

- In accordance with clause 49, memberships/chairmanships of only the Audit Committee and shareholders/ investors grievance committees all Public Limited companies (Excluding Vivo Bio Tech Ltd) have been considered.

- Apart from receiving sitting fee for attending meetings, the independent directors do not have any material pecuniary relationships or transactions with the company, promoters, directors, senior management or its holding company, subsidiaries and associates which may affect independence of the director;
- The Independent director is not related to promoters or persons occupying management positions at the board level or at one level below the board;
- The independent directors have not been executives of the company in the immediately preceding three financial years;
- They are not partners or executives or were not so during the preceding three years of the
 - statutory audit firm or the internal audit firm that is associated with the company
 - Legal Firm(s) and consulting firm(s) that have a material association with the company
- The Independent Directors are not material suppliers, service providers or customer or a lessors or lessee of the company, which may affect their independence
- They are not substantial shareholders of the company i.e don't own 2 percent or more of the block of voting shares.

AUDIT COMMITTEE

During the year under review Four (5) 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	Attendance
Kalyan Ram Mangipudi	Chairman	5
Dr. V. Narasaiah*	Member	5
Dr. Sankaranarayanan	Member	5
K. Sunder	Member	-

*All are resigned

The meetings of Audit committee were also attended by the representatives of Statutory Auditor as Invitees. The un-audited financial results for each quarter are recommended 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. There were only one meeting of Remuneration committee during the year.

The Remuneration Committee is constituted as follows:

Name of the Director	Designation	Nature of Directorship	Meeting Attended
Kalyan Ram	Chairman	Independent Non Executive Director	1
Kunasingam V. Sittampalam	Member	Independent Non Executive Director	-
Dr. V. Narasaiah*	Member	Independent Non Executive Director	1
K. Sunder	Member	Independent Non Executive Director	-

*Resigned

Details of remuneration to the directors for the Year:

Name of the Director	Relationship with other Directors	Business relationship with company if any	Loans and advances from company	Remuneration paid During the year 2010-2011			
				Sitting fees Rs.	Salary Rs.	Perquisites Rs.	Total Rs.
Dr. A. Sankaranarayanan	None	None	None	-	30,00,000	-	30,00,000
M. Kalyan Ram	None	None	None	35,000		-	35,000
Kunasingam V. Sittampalam	None	None	None	-	-	-	-
Dr.V. Narasaiah	None	None	None	30,000	-	-	30,000
Jagan Mohan Rao Karpe	None	None	None	2,500	-	-	2,500
K. Sri Kalyan	None	None	None	-	3,60,000	-	3,60,000

Shares held by Non-Executive Directors as on 31st March, 2011 are as follows:

Sl.No	Name of the Non-Executive Director	No. of shares held as on the Date
1	M.Kalyan Ram	NIL
2	Kunasingam V. Sittampalam	NIL

5. INVESTORS' GRIEVANCE COMMITTEE:

The Board constituted an investors' grievance committee which looks into shareholders and investors grievances under the chairmanship of M. Kalyan Ram who is an Independent and Non- Executive director. The committee inter alia approves issue of duplicate certificates and oversees and reviews all matters connected with the transfer of securities. The committee looks into shareholders complaints like transfer of shares, non receipt of balance sheet, non receipt of declared dividends etc., The committee oversees the performance of the Registrar and Transfer Agents and recommends measures for overall improvement in the quality of investor services. The Board of Directors has delegated the power of approving transfer of securities to M/s. Aarthi Consultants Private Limited.

Composition of the Committee:

Name	Designation	Category
M. Kalyan Ram	Chairman	Independent Non-Executive Director
Dr. Narasaiah*	Member	Independent Non-independent Director
K. Sri Kalyan	Member	Executive Director
K. Sunder	Member	Independent Non-independent Director

*Resigned

Name & Designation of the Compliance officer: **N. Madhu Sudhana Reddy, Company Secretary**

The Total No. of Complaints received and complied during the year were; **18**

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, 2011 were: **1**

6. a) 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
2009-10	29.09.2010, 2.00 PM Padmashali Kalyana Mandapam, 2-12-66, Nehru Nagar, West Marredpally, Secunderabad-500 026	1) Appointment of K. Sri Kalyan as Whole Time Director. 2) Issue of warrants under preferential allotment guidelines to promoters and other strategic investors
2008-09	30.09.2009, 2.00 PM Padmashali Kalyana Mandapam, 2-12-66, Nehru Nagar, West Marredpally, Secunderabad-500 026	1) Appointment of Dr. Sankaranarayanan as Whole Time Director
2007-08	30.09.2008, 2.00 PM Padmashali Kalyana Mandapam, 2-12-66, Nehru Nagar, West Marredpally, Secunderabad-500 026	NIL

b) Resolutions passed by Postal ballot:

Pursuant to Section 192A of the Companies Act, 1956 the following resolutions were passed under postal ballot:

1. ORDINARY RESOLUTION for transfer of Wet lab division to M/s. Vivobio Labs Private Ltd
2. ORDINARY RESOLUTION for transfer of SEZ Developer Status and Letter Of Approval, Lease Rights of Land, Building constructed thereon, Plant & Machinery
3. ORDINARY RESOLUTION for sale of shares/investments in subsidiaries/wholly owned subsidiaries

Voting Pattern:

Particulars	No. of Votes in Favour	% of votes in favour	No. of Votes against of the Resolution	% of votes in against of the Resolution
Item No. 1	51,72,560	99.99%	340	0.01%
Item No. 2	51,72,330	99.99%	310	0.01%
Item No. 3	51,72,320	99.99%	270	0.01%

Person Who conducted the Postal ballot exercise:

Mr. N.V.S.S. Suryanarayana Rao, Practicing Company Secretary, Plot No. 232B, Road No. 6, Samathapuri Colony New Nagole, Hyderabad-500 035.

Procedure for the postal ballot

1. The Board of directors of the company resolved in their meeting held on 24th December, 2010 to pass the resolutions mentioned above through postal ballot
2. The Board appointed Mr. N.V.S.S. Suryanarayana Rao, Practising company Secretary as the scrutinizer to conduct the postal ballot.
3. The Company has completed on 05.02.2011 the dispatch of Postal ballot form along with postage prepaid business reply envelope to its members whose name(s) appeared on the Register of members/list of beneficiaries as on 25.12.2010.
4. The Company has given Advertisement informing dispatch of Postal Ballot forms on 06.02.2011.
5. Particulars of all the postal ballot forms receiving from the members have been entered in a register separately maintained for the purpose.
6. The postal ballot forms were kept under safe custody of Scrutinizer in sealed and tamper proof ballot boxes before commencing the scrutiny of such postal ballot forms.
7. The postal ballot forms were duly opened in presence of Scrutinizer and scrutinized and the shareholding was matched / confirmed with Register of Members of the Company as on 25.12.2010 and list of beneficiaries as on 25.12.2010.
8. The postal ballots forms received up to the close of working hours on 10.03.2011 the last date and time fixed by the company for receipt of forms, were considered for scrutiny of Scrutinizer and did not find any defaced or mutilated ballot paper (s).
9. The Scrutinizer handed over the postal ballot forms and other related papers/ registers and records for safe custody to the Company Secretary authorised by the Board to supervise the postal ballot process

10. The Company accordingly declared the result of the postal ballot on 11th March, 2011
11. The necessary forms were filed with ROC immediately thereafter.

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. Details given elsewhere in the report.
- 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 : 29th September, 2011 at 4 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, 2011	Before end of August, 11
Quarter ending September 30, 2011	Before end of November, 11
Quarter ending December 31, 2011	Before end of February, 12
Quarter ending March 31, 2012	Before end of May, 12

- c) Date of Book Closure : 23rd September, 2011 to 29th September, 2011 (both days inclusive)
- d) Listing on Stock Exchanges : The Company's Equity Shares are listed in the Stock Exchange, Mumbai (BSE). The Company has paid the listing fees to the stock exchanges for the financial year 2011-12.
- e) Stock Code : Bombay Stock Exchange Ltd-511509ISIN:INE380K01017
- f) Market Price Data :

Note: During the year shares of the company were not traded in 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. Aarathi Consultants Pvt Ltd. 1-2-285, Domalguda, Hyderabad -500 029. Ph: 276344445, 276381111 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, 2011

Share Holding of	Share HoldersNumber of Share			Nominal Value	
	Rs.	Numbers	% of Total	No	% of Total
	(1)	(2)	(3)	(4)	(5)
Upto	5,000	5893	99	218027	2.33
5,001	10,000	15	0	10210	0.11
10,001	20,000	8	0	10450	0.11
20,001	30,000	2	0	4820	0.05
40,001	50,000	2	0	10000	0.11
50,001	1,00,000	6	0	52777	0.56
1,00,001	And above	31	1	9044236	96.72
TOTAL		6208	100.00	9350520	100.00

j) Categories of shareholders as at 31st March 2011

	Category	No. of Shares held	% Age of Shareholding
A	PROMOTER'S HOLDING:		
1.	Promoters*		
	- Indian Promoters	5239083	56.03
	- Foreign Promoters	1185000	12.67
2.	Persons acting in Concert #	Nil	Nil
B.	NON-PROMOTERS HOLDING		
3.	Institutional Investors	Nil	Nil
a.	Mutual Funds	Nil	Nil
b.	Banks, Financial Institutions, Insurance Companies (Central/ State Govt. Institutions/ Non-government Institutions)	Nil	Nil
c.	FII's	Nil	Nil
4.	OTHERS		
a.	Private Corporate Bodies	1358570	14.53
b.	Indian Public	267867	2.87
c.	NRI's / OCB's	1300000	13.90
d.	Any other (please specify)	-	-
	TOTAL	9350520	100.00

- k) Dematerialization of Shares and liquidity : The Company has entered into agreement with CDSL and also NSDL 15.61% of the Company's share capital is dematerialized as on 31.03.2011
- l) Outstanding GDRs./ADRs./Warrants or any Convertible instruments : The Company has not issued any ADR's/GDR's and also no warrants are pending for conversion
Conversion date and likely Impact On equity
- m) Address for Correspondence : 608, Lingapur Complex, Himayat Nagar,
Hyderabad - 500029

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

PLACE : HYDERABAD
DATE : 01-09-2011

Dr. A. SANKARANARAYANAN
Whole Time Director & CEO

K. SRI KALYAN
Whole Time 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

Industry Overview

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. Despite the financial crunch and a drop in early-stage research, a new report conducted by Business Insights states that the global CRO market is expected to grow 14% per year during the next three years, making contract research a \$35 billion industry by 2013.

Approximately 25% of all biopharmaceutical drug development spending is outsourced, which represents a CRO market greater than \$15 billion. Although growth has slowed in the recent years, the Asia Pacific region remains one of the highest growth regions specifically in the area of outsourcing and therefore remains a high priority for global pharma companies.

These key market dynamics create a mature environment for sizeable volumes of outsourcing and bode well for significant and continuous industry growth. Overall, the outsourcing market is poised to return to healthier growth rates from 2011.

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.

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, Advance 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 obtaining regulatory approvals, certifications like AAALAC International and GLP, establishment of Breeding and Canine operations and strengthening marketing efforts

Outlook

In the next fiscal year, we anticipate –

- To receive GLP (India) accreditations for our Small Animal Research Facility
- To start operations of our Small Animals Breeding facility
- To start operations of our Canine facility

We strongly believe that 2011 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 out source, 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 2010-11 was Rs. 954.45 Lakhs as against the income of Rs. 411.73 Lacs. for the year 2009-10

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 2011 was 89. 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, Dr. A. Sankaranarayanan 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 : 01-09-2011

Dr. A. SANKARANARAYANAN
Whole Time Director & CEO

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members,
VIVO BIO TECH 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, ("the company") for the year ended 31st March, 2011 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.

PLACE : HYDERABAD
DATE : 01-09-2011

For P. MURALI & CO.,
CHARTERED ACCOUNTANTS
FRN: 007257S

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

Certification as required under Revised Clause 49 of the Listing Agreement

We, DR. A. Sankaranarayanan, Whole Time Director & CEO, K. Sri Kalyan, Whole-Time Director 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 : 01-09-2011

DR. A. SANKARNARAYANAN
Whole Time Director & CEO

K. SRI KALYAN
Whole Time Director

AUDITORS' REPORT

To
The Members,
VIVO BIOTECH LIMITED

1. We have audited the attached Balance Sheet of M/s VIVO BIOTECH LIMITED as at 31st March, 2011 and also the Profit and Loss Account for the period ended on the date annexed thereto and the cash flow statement for the period ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (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 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.
4. Further to our comments in the Annexure referred to above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) 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.
 - c) The Balance Sheet & Profit and Loss Account dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet & Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in SubSection (3C) of Section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the Directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on 31st March, 2011 from being appointed as a Director in terms of clause (g) of sub-Section (I) of Section 274 of the Companies Act, 1956.
 - f) 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 give a true and fair view in conformity with the accounting principles generally accepted in India.
 - I) In the case of the Balance Sheet, of the State of affairs of the company as at 31st March, 2011.
 - ii) In the case of the Profit and Loss Account, of the Profit for the year ended on that date; And
 - iii) In the case of cash flow statement of the cash flows for the year ended on that date.

P. MURALI MOHANA RAO
PARTNER
M.No.23412
For **P. MURALI & CO.,**
CHARTERED ACCOUNTANTS
FRN: 007257S

PLACE : HYDERABAD
DATE : 01-09-2011

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.
© 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.
© 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.
© 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. According to the information and explanations given to us, since no contracts or arrangements referred in sec 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 during the financial year and 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 default in payment 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
FRN: 007257S

P. MURALI MOHANA RAO
PARTNER
M.No.23412

PLACE : HYDERABAD
DATE : 01-09-2011

VIVO BIO TECH LIMITED
BALANCE SHEET AS AT 31st MARCH, 2011

PARTICULARS	SCHEDULE NO'S	AS AT 31-03-2011 (Rupees)	AS AT 31-03-2010 (Rupees)
I SOURCES OF FUNDS			
1. SHAREHOLDER'S FUNDS			
a. Capital	1	93,505,200	93,505,200
b. Reserves & Surplus	2	16,840,000	16,840,000
2. SECURED LOANS	3	228,178,771	204,934,262
3. DEFERRED TAX LIABILITY		16,311,791	7,463,316
TOTAL		<u>354,835,762</u>	<u>322,742,778</u>
II APPLICATION OF FUNDS			
1. FIXED ASSETS			
a. Gross Block	4	438,446,287	406,031,411
b. Less: Depreciation		32,164,511	15,974,356
c. Net Block		<u>406,281,776</u>	<u>390,057,055</u>
d. Capital Work in progress		8,750,000	8,750,000
2. INVESTMENTS		300,000	200,000
3. CURRENT ASSETS, LOANS & ADVANCES			
a. Inventories		462,359	161,948
b. Cash & Bank Balances	5	22,840,300	471,624
c. Sundry Debtors	6	4,960,808	323,157
d. Advances & Deposits	7	58,472,078	2,950,235
Less: Current Liabilities, Provisions & Advances	8	215,839,847	133,321,812
NET CURRENT ASSETS		(129,104,302)	(129,414,848)
3. MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)		383,116	444,121
4. PROFIT & LOSS ACCOUNT		<u>68,225,173</u>	<u>52,706,449</u>
TOTAL		<u>354,835,762</u>	<u>322,742,778</u>

Notes to Account

10

Schedules 1 to 11, Notes to Accounts and the Cash Flow Statement annexed here to here to form part of these Accounts

AS PER OUR REPORT OF EVEN DATED FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
For **P. MURALI & CO.,** For **Vivo Bio Tech Ltd**

CHARTERED ACCOUNTANTS

FRN: 007257S

P. MURALI MOHANA RAO
PARTNER

M.No.23412

PLACE : HYDERABAD

DATE : 01-09-2011

DR. A. SANKARANARAYANAN
Whole Time Director & CEO

K. SRI KALYAN
Whole Time Director

N. MADHUSUDHANA REDDY
Company Secretary

VIVO BIO TECH LIMITED
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31-03-2011

PARTICULARS	SCHEDULE No's	31-03-2011 (Rupees)	31-03-2010 (Rupees)
1 INCOME			
Sales/Income from operations		95,422,249	35,782,487
Other Income		23,145	5,390,910
TOTAL		95,445,394	41,173,397
2 EXPENDITURE			
(Increase) / Decrease stock in trade		(300,411)	226,009
Business & Administrative Expenses	9	58,871,494	29,570,303
Interest & Financial Charges		27,210,674	7,345,318
Audit Fee		82,725	82,725
Depreciation		16,190,155	11,342,001
Miscellaneous Expenses W/o		61,005	61,005
TOTAL		102,115,643	48,627,361
3 PROFIT / (LOSS)		(6,670,249)	(7,453,964)
4 PROVISION FOR TAX			
Income Tax		-	-
Deferred Tax		8,848,475	6,204,756
5 PROFIT / (LOSS) AFTER TAX		(15,518,724)	(13,658,720)
6 BALANCE BROUGHT FORWARD		(52,706,449)	(39,047,729)
7 PRIOR PERIOD ADJUSTMENTS			-
8 BALANCE CARRIED FORWARD		(68,225,173)	(52,706,449)
9 EARNING PER SHARE		(1.66)	(1.46)
10. DILUTED EARNING PER SHARE		(1.66)	(1.46)

Notes to Account

10

Schedules 1 to 11, Notes to Accounts and the Cash Flow Statement annexed here to here to form part of these Accounts

AS PER OUR REPORT OF EVEN DATED FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
For **P. MURALI & CO.,** For **Vivo Bio Tech Ltd**
CHARTERED ACCOUNTANTS
FRN: 007257S

P. MURALI MOHANA RAO
PARTNER
M.No.23412

DR. A. SANKARANARAYANAN
Whole Time Director & CEO

K. SRI KALYAN
Whole Time Director

PLACE : HYDERABAD
DATE : 01-09-2011

N. MADHUSUDHANA REDDY
Company Secretary

VIVO BIO TECH LIMITED

PARTICULARS	AS AT 31-03-2011 (Rupees)	AS AT 31-03-2010 (Rupees)
SCHEDULE 1		
SHARE CAPITAL		
AUTHORISED:		
15000000 Equity Shares of Rs.10/-Each (Previous Year 15000000 Equity Shares of Rs.10/-Each)	150,000,000	150,000,000
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		
	<u>93,505,200</u>	<u>93,505,200</u>
SCHEDULE 2		
Reserves & Surplus		
General Reserve	1,000,000	1,000,000
Share Premium	15,840,000	15,840,000
	<u>16,840,000</u>	<u>16,840,000</u>
SCHEDULE 3		
SECURED LOANS		
Term Loans		
Canara Bank	169,500,000	204,932,050
Bank of Baroda (Hypothecation of Fixed Assets - Land, Building, Computers & Interiors etc. of the proposed campus at Pragnapur and personal guarantee of the Directors)	36,248,771	
Bajaj Auto Finance Limited (Secured against vehicles)	-	2,212
Biotech Consortium India Ltd. A/c SBIRI	22,430,000	-
	<u>228,178,771</u>	<u>204,934,262</u>
SCHEDULE 5		
CASH & BANK BALANCES		
Cash in Hand	97,850	333,586
Bank Balances		
in Current Accounts	22,742,450	138,038
	<u>22,840,300</u>	<u>471,624</u>

VIVO BIO TECH LIMITED

SCHEDULE 4 FIXED ASSETS

PARTICULARS	GROSS BLOCK AS ON 1-04-2010	Additions/ (Deletions)	GROSS BLOCK AS AT 31-03-2011	DEPRECIATION UPTO 31-03-2010	DEPRECIATION DURING THE YEAR	TOTAL DEPRECIATION 31-03-2011	NET BLOCK AS AT 31-03-2011	NET BLOCK AS AT 31-03-2010
Land	26,831,423	-	26,831,423	-	-	-	26,831,423	26,831,423
Air Conditioners	53,401,364	1,262,520	54,663,884	1,811,574	2,548,559	4,360,133	50,303,751	51,589,790
Electrical fittings	27,730,212	1,643,129	29,373,341	952,066	1,363,904	2,315,970	27,057,370	26,778,145
R & D Equipment	81,143,092	11,148,496	92,291,588	5,367,209	4,046,682	9,413,891	82,057,370	75,775,883
Furniture	3,602,585	590,314	4,192,899	249,349	249,138	498,487	3,694,412	3,353,236
Vehicles	1,980,724	-	1,980,724	1,511,423	188,169	1,699,592	281,132	469,301
Computers	1,403,152	44,548	1,447,700	939,791	230,321	1,170,112	277,588	463,361
Software	2,524,591	880,231	3,404,822	160,828	437,313	598,141	2,806,681	2,363,763
Office Equipments	12,847,293	1,536,661	14,383,954	649,757	627,533	1,277,290	13,106,664	12,197,535
Preclinical Facility	194,566,976	-	194,566,976	4,332,358	6,498,537	10,830,895	183,736,081	190,234,618
Technical Know How	-	15,308,977	15,308,977	-	-	-	15,308,977	-
TOTAL	406,031,411	32,414,876	438,446,287	15,974,356	16,190,155	32,164,511	406,281,776	390,057,055

VIVO BIO TECH LIMITED

PARTICULARS	AS AT 31-03-2011 (Rupees)	AS AT 31-03-2010 (Rupees)
SCHEDULE 6		
Sundry Debtors		
Debts not exceeding six months	4,960,808	323,157
	4,960,808	323,157
SCHEDULE 7		
Loans, Advances & Deposits		
Advances	54,933,881	34,158
TDS receivable	1,430,746	1,158,573
	56,364,627	1,192,731
Service Tax credit	30,452	12,364
Vat Input credit	1,176,999	845,140
	1,207,451	857,504
DEPOSITS		
Other Deposits	900,000	900,000
	900,000	900,000
TOTAL	58,472,078	2,950,235
SCHEDULE 8		
CURRENT LIABILITIES, PROVISIONS & ADVANCES		
Sundry Creditors	131,868,773	46,852,295
Creditors for Expenses & Equipment	70,735,138	64,164,994
Lease Deposits	-	18,900,000
Out Standings & Provisions	13,235,936	3,404,523
	215,839,847	133,321,811
SCHEDULE 9		
BUSINESS & ADMINISTRATIVE EXPENSES		
Salaries & Other benefits	20,574,678	17,152,870
Traveling & Conveyance	202,949	894,400
Postage, Telegram & Telephones	428,281	825,322
Managerial Remuneration	3,427,500	3,870,000
Research & Development Expenses	20,357,048	3,439,772
Rent, Rates & Taxes	3,189,793	1,523,815
Office Administration & Other Maintenance	10,691,245	1,864,124
	58,871,494	29,570,303

SCHEDULE - 10

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 :

- (a) 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.
- (b) Capital Expenditure with respect to Research and Development Activities is capitalized from the date of completion and ready for use..

Loans and Advances:

We have taken a loan given by SBIRI (Small Business Innovation Research Initiative), Department of Bio Technology, towards the project - "Production of recombinant exenatide (Incretin mimetic like GLP-1) (phase II) a new generation cure for Diabetes "given specifically for the R & D work being carried out by company's biologic division operating from the facility located Pothaiapally village, Hakimpet recognized by DSIR (Department of Scientific and Industrial Research) as in house R&D unit.

On February 17, 2011, DBT has provided the first installment of 224.3 Lakhs, which is used exclusively towards purchase of equipments for the company's in-house R&D unit located at Pothaipally village, Hakim pet and for the R&D and operational expenses related to the project under consideration.

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.
- iii) Depreciation on Technical Know how not created because revenues relating to the same not generated during the financial year.

Research and Development Expenses :

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

Borrowing Costs:

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.

Taxation:

The current charge for income tax is calculated in accordance with the relevant tax regulations applicable to the Company. Company has three different tax structures viz., SEZ Developer, SEZ Unit and DSIR Registered R&D Unit. Tax will be computed for each division and consolidated. 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. The information has been given in the Director's Report.
2. Company has entered into separate Bond cum Legal Undertaking for Rs. 50 lakhs each for SEZ Developer and SEZ Unit with the Development Commissioner, Visakhapatnam Special Economic Zone for duty free import and /or purchase of equipments.
3. The Gross Block of Fixed Assets includes assets for three different segments.
 - a) R&D facility - Rs. 7,3983,951/-
 - b) Pre-clinical Facility - Rs. 3,60,48,551/-
 - c) Facility Developer - Rs. 29,48,41,504/-

4. Auditor's Remuneration :	Current Year (Rs.)	Previous Year (Rs.)
Audit Fee	82,725/-	82,725/-
5. a) Foreign Exchange Earnings:	Current Year (Rs.)	Previous Year
Foreign Exchange Earnings:	Rs. 25.47 Lakhs	Nil
out flow for capital expenditure	Rs. 26.37 Lakhs	Nil

6. There are no dues to SSI Units outstanding for more than 30 days.
7. Confirmations were not obtained from debtors/creditors as to the balances receivable from/payable to them as at year end.
8. During the year the Company has been awarded soft loan given by SBIRI (Small Business Innovation Research Initiative), Department of Bio Technology, towards the project - "Production of recombinant exenatide (Incretin mimetic like GLP-1) (Phase II) a new generation cure for Diabetes" given specifically for the R&D work being carried out by company's biologic division operating from the facility located at Pothaipally Village, Hakimpet recognized by DSIR (Department of Scientific and Industrial Research) as in-house R&D unit vide approval F.No. TU/IV-RD/2740/2010. Separate No Lien Account is opened for the project funds and will be spent towards projects objectives directly from that account.

A separate mortgage is created for the whole of movable and immovable properties acquired from the loan sanctioned by the DBT under the SBIRI scheme including its movable plant and machinery, machinery spares, tools and accessories and other movables both present and future (except book debts)
9. During the year the company has taken lease of 12,500 sft area , at prevailing market rates, from M/s Virinchi Technologies Limited for R&D division in which one of the promoter is a Director.
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. 88,48,475/- towards deferred income tax Asset. (Previous year Rs. 6,20,47,576/- 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.

AS PER OUR REPORT OF EVEN DATED
For **P. MURALI & CO.,**
CHARTERED ACCOUNTANTS
FRN: 007257S

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

P. MURALI MOHANA RAO
PARTNER
M.No.23412

DR. A. SANKARANARAYANAN
Whole Time Director & CEO

K. SRI KALYAN
Whole Time Director

PLACE : HYDERABAD
DATE : 01-09-2011

N. MADHUSUDHANA REDDY
Company Secretary

VIVO BIO TECH LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2011

PARTICULARS	Current Year (Rs.in Lakhs)	Previous Year (Rs.in Lakhs)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit before taxation, and extraordinary items	(66.70)	(74.54)
ADJUSTMENTS FOR :		
Depreciation	161.90	113.42
Interest expenses	272.11	73.45
Deferred Tax	(88.48)	(62.05)
Written off Expenses	0.61	0.61
Operating Profit before working capital changes	279.43	50.90
Inventory	(3.00)	2.26
Interest paid	(272.11)	(73.45)
Trade Receivables	(601.59)	36.10
Trade payables	913.67	741.63
NET CASH FLOW FROM OPERATING ACTIVITIES	316.39	757.43
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(324.15)	(814.73)
Investments in Subsidiaries	(1.00)	(2.00)
NET CASH USED IN INVESTING ACTIVITIES	(325.15)	(816.73)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Secured Loan	232.45	(19.71)
Increase in Share premium	-	67.60
Others		
NET CASH USED IN FINANCING ACTIVITIES	232.45	47.89
Net increase in cash and cash equivalents	223.69	(11.41)
Cash and Cash equivalents (Op Balance)	4.72	16.13
Cash and Cash equivalents (Closing Balance)	228.40	4.72

AS PER OUR REPORT OF EVEN DATED
For **P. MURALI & CO.,**
CHARTERED ACCOUNTANTS
FRN: 007257S

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

P. MURALI MOHANA RAO
PARTNER
M.No.23412

DR. A. SANKARNARAYANAN
Whole Time Director & CEO

K. SRI KALYAN
Whole Time Director

PLACE : HYDERABAD
DATE : 01-09-2011

N. MADHUSUDHANA 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, 2011. 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 1st September, 2011 to the Members of the Company.

AS PER OUR REPORT OF EVEN DATED

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

CHARTERED ACCOUNTANTS

FRN: 007257S

PLACE : HYDERABAD

DATE : 01-09-2011

P. MURALI MOHANA RAO

PARTNER

M.No.23412

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Amount in Rs. Thousands)

1. Registration details	
Registration number	L65993AP1987PLC007163
State Code	01
Balance Sheet Date	31.03.2011
2. Capital raised during the year	
Public issue	NIL
Rights issue	NIL
Bonus issue	NIL
Conversion of bonds	NIL
Private placement	NIL
3. Position of Mobilisation and deployment of funds	
Total Liabilities	354835.76
Total Assets	354835.76
Source of funds	
Paid-up Capital	93505.20
Reserves & Surpluses	16840.00
Secured Loans	228178.77
Unsecured Loans	NIL
Deferred Tax liability	16311.79
Application of Funds	
Net fixed assets	415031
Investments	300
Net Current Assets	(129104.30)
4. Performance of Company	
Total Income	95445.39
Total Expenditure	102115.64
Profit before tax	(6670)
Profit after tax	(15518)
Earning per share	(1.66)
Dividend Rate %	NIL
5. Generic names of three principal products/services of company	
Item code no	3004
Product Description	Pharmaceuticals

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO
COMPANY'S INTEREST IN SUBSIDIARY COMPANY**

1	Name of the Subsidiary	Vivobio labs Pvt. Ltd.	Vivobio Discovery Services Pvt. Ltd.	Vivobio Developers India Pvt. Ltd.
2	Financial year end	31 st March, 2011	31 st March, 2011	31 st March, 2011
3	Holding Company's Interest	100% in Equity Share Capital	100% in Equity Share Capital	100% in Equity Share Capital
4	Share held by the holding company in the subsidiary	10,000 equity Shares of Rs. 10/- each	10,000 equity Shares of Rs. 10/- each	10,000 equity Shares of Rs. 10/- each
5	The net aggregate of profits or losses for the above financial year of the subsidiary so far as it concerns the members of the holding company a. dealt with or provided for in the accounts of the holding Company not dealt with or provided for in the accounts of the holding company b. Not dealt with or provided for in the accounts of the holding company	Nil N.A	Nil N.A	NIL N.A
6	The net aggregate of profits or losses for the previous financial years of the subsidiary so far as it concerns the members of the holding company a. dealt with or provided for in the accounts of the holding company b. Not dealt with or provided for in the accounts of the holding Company	Nil Nil	Nil Nil	N.A Nil

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

1. We have audited the attached Consolidated Balance Sheet of M/s. VIVOBIO TECH LIMITED ('the Company') and its wholly owned subsidiaries M/s. VIVOBIO LABS PVT LTD., M/s. VIVO BIO DISCOVERY SERVICES PVT LTD., and M/s. VIVOBIO DEVELOPERS INDIA PVT LTD., as at 31st March, 2011 and the Consolidated Profit & Loss Account for the year ended on the date annexed thereto and Consolidated Cash flow Statement for the period ended on that date. These Consolidated financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard(AS) 21 for Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and its subsidiaries included in the consolidated financial statements.
4. On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the Company and its subsidiaries, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.
 - (a) in the case of the Consolidated balance Sheet, of the consolidated state of affairs of the Company and its subsidiaries as at 31st March, 2011.
 - (b) In the case of the Consolidated Profit and Loss Account of the consolidated results of operations of the Company and its subsidiaries for the year then ended and
 - (c) In the case of the Consolidated cash flows Statement, of the Consolidated Cash flows of the Company and its subsidiaries for the year then ended.

AS PER OUR REPORT OF EVEN DATED
For **P. MURALI & CO.,**
CHARTERED ACCOUNTANTS
FRN: 007257S

P. MURALI MOHANA RAO
PARTNER
M.No.23412

PLACE : HYDERABAD
DATE : 01-09-2011

VIVO BIO TECH LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

PARTICULARS	SCHEDULE NO'S	AS AT 31-03-2011 (Rupees)	AS AT 31-03-2010 (Rupees)
I SOURCES OF FUNDS			
1. SHAREHOLDER'S FUNDS			
a. Capital	1	93,505,200	93,505,200
b. Reserves & Surplus	2	16,840,000	16,840,000
2. SECURED LOANS	3	228,178,771	204,934,262
3. DEFERRED TAX LIABILITY		16,311,791	7,463,316
TOTAL		354,835,762	322,742,778
II APPLICATION OF FUNDS			
1. FIXED ASSETS			
a. Gross Block	4	438,446,287	406,031,411
b. Less: Depreciation		32,164,511	15,974,356
c. Net Block		406,281,776	390,057,055
d. Capital Work in progress		8,750,000	8,750,000
2. CURRENT ASSETS, LOANS & ADVANCES			
a. Inventories		462,359	161,948
b. Cash & Bank Balances	5	23,024,700	588,504
c. Sundry Debtors	6	4,960,808	323,157
d. Advances & Deposits	7	58,472,078	2,950,235
Less: Current Liabilities, Provisions & Advances	8	215,872,937	133,321,811
NET CURRENT ASSETS		(128,952,992)	(129,297,967)
3. MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)		383,116	444,121
4. PROFIT & LOSS ACCOUNT		68,225,173	52,706,449
5. GOODWILL		148,690	83,120
TOTAL		354,835,762	322,742,778

Notes to Account

10

Schedules 1 to 11, Notes to Accounts and the Cash Flow Statement annexed here to here to form part of these Accounts

AS PER OUR REPORT OF EVEN DATED FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
For **P. MURALI & CO.,** For **Vivo Bio Tech Ltd**

CHARTERED ACCOUNTANTS

FRN: 007257S

P. MURALI MOHANA RAO
PARTNER
M.No.23412

DR. A. SANKARNARAYANAN
Whole Time Director & CEO

K. SRI KALYAN
Whole Time Director

PLACE : HYDERABAD
DATE : 01-09-2011

N. MADHUSUDHANA REDDY
Company Secretary

VIVO BIO TECH LIMITED
CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31-03-2011

PARTICULARS	SCHEDULE NO's	31-03-2011 (Rupees)	31-03-2010 (Rupees)
1 INCOME			
Sales/Income from operations		95,422,249	35,782,487
Other Income		23,145	5,390,910
TOTAL		95,445,394	41,173,397
2 EXPENDITURE			
(Increase) / Decrease stock in trade		(300,411)	226,009
Business & Administrative Expenses	9	58,871,494	29,570,303
Interest & Financial Charges		27,210,674	7,345,318
Audit Fee		82,725	82,725
Depreciation		16,190,155	11,342,001
Miscellaneous Expenses W/o		61,005	61,005
TOTAL		102,115,643	48,627,361
3 PROFIT / (LOSS)		(6,670,249)	(7,453,964)
4 PROVISION FOR TAX			
Income Tax		-	-
Deferred Tax		8,848,475	6,204,756
5 PROFIT / (LOSS) AFTER TAX		(15,518,724)	(13,658,720)
6 BALANCE BROUGHT FORWARD		(52,706,449)	(39,047,729)
7 PRIOR PERIOD ADJUSTMENTS			-
8 BALANCE CARRIED FORWARD		(68,225,173)	(52,706,449)
9 EARNING PER SHARE		(1.66)	(1.46)
10 DILUTED EARNING PER SHARE		(1.66)	(1.46)

Notes to Account

10

Schedules 1 to 11, Notes to Accounts and the Cash Flow Statement annexed here to here to form part of these Accounts

AS PER OUR REPORT OF EVEN DATED
For **P. MURALI & CO.,**
CHARTERED ACCOUNTANTS
FRN: 007257S

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

P. MURALI MOHANA RAO
PARTNER
M.No.23412

DR. A. SANKARNARAYANAN
Whole Time Director & CEO

K. SRI KALYAN
Whole Time Director

PLACE : HYDERABAD
DATE : 01-09-2011

N. MADHUSUDHANA REDDY
Company Secretary

VIVO BIO TECH LIMITED

PARTICULARS	AS AT 31-03-2011 (Rupees)	AS AT 31-03-2010 (Rupees)
SCHEDULE 1		
SHARE CAPITAL		
AUTHORISED:		
15000000 Equity Shares of Rs.10/-Each (Previous Year 15000000 Equity Shares of Rs.10/-Each)	150,000,000	150,000,000
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
	<u>93,505,200</u>	<u>93,505,200</u>
SCHEDULE 2		
Reserves & Surplus		
General Reserve	1,000,000	1,000,000
Share Premium	15,840,000	15,840,000
	<u>16,840,000</u>	<u>16,840,000</u>
SCHEDULE 3		
SECURED LOANS		
Term Loans		
Canara Bank	169,500,000	204,932,050
Bank of Baroda (Hypothecations of Fixed Assets - Land, Building, Computers & Interiors etc. of the proposed campus at Pragnapur and personal guarantee of the Directors)	36,248,771	
Bajaj Auto Finance Limited (Secured against vehicles)	-	2,212
Biotech Consortium India Ltd. A/c SBIRI	22,430,000	-
	<u>228,178,771</u>	<u>204,934,262</u>
SCHEDULE 5		
CASH & BANK BALANCES		
Cash in Hand	282,250	450,466
Bank Balances		
in Current Accounts	22,742,450	138,038
	<u>23,024,700</u>	<u>588,504</u>

VIVO BIO TECH LIMITED

SCHEDULE 4 FIXED ASSETS

PARTICULARS	GROSS BLOCK AS ON 1-04-2010	Additions/ (Deletions)	GROSS BLOCK AS AT 31-03-2011	DEPRECIATION UPTO 31-03-2010	DEPRECIATION DURING THE YEAR	TOTAL DEPRECIATION 31-03-2011	NET BLOCK AS AT 31-03-2011	NET BLOCK AS AT 31-03-2010
Land	26,831,423	-	26,831,423	-	-	-	26,831,423	26,831,423
Air Conditioners	53,401,364	1,262,520	54,663,884	1,811,574	2,548,559	4,360,133	50,303,751	51,589,790
Electrical fittings	27,730,212	1,643,129	29,373,341	952,066	1,363,904	2,315,970	27,057,370	26,778,145
R & D Equipment	81,143,092	11,148,496	92,291,588	5,367,209	4,046,682	9,413,891	82,057,370	75,775,883
Furniture	3,602,585	590,314	4,192,899	249,349	249,138	498,487	3,694,412	3,353,236
Vehicles	1,980,724	-	1,980,724	1,511,423	188,169	1,699,592	281,132	469,301
Computers	1,403,152	44,548	1,447,700	939,791	230,321	1,170,112	277,588	463,361
Software	2,524,591	880,231	3,404,822	160,828	437,313	598,141	2,806,681	2,363,763
Office Equipments	12,847,293	1,536,661	14,383,954	649,757	627,533	1,277,290	13,106,664	12,197,535
Preclinical Facility	194,566,976	-	194,566,976	4,332,358	6,498,537	10,830,895	183,736,081	190,234,618
Technical Know How	-	15,308,977	15,308,977	-	-	-	15,308,977	-
TOTAL	406,031,411	32,414,876	438,446,287	15,974,356	16,190,155	32,164,511	406,281,776	390,057,055

VIVO BIO TECH LIMITED

PARTICULARS	AS AT 31-03-2011 (Rupees)	AS AT 31-03-2010 (Rupees)
SCHEDULE 6		
Sundry Debtors		
Debts not exceeding six months	4,960,808	323,157
	4,960,808	323,157
SCHEDULE 7		
Loans, Advances & Deposits		
ADVANCES		
Advances	54,933,881	34,158
TDS receivable	1,430,746	1,158,573
	56,364,627	1,192,731
Service Tax credit	30,452	12,364
Vat Input credit	11,76,999	8,45,140
	1,207,451	8,57,504
DEPOSITS		
Other Deposits	900,000	900,000
	900,000	900,000
TOTAL	58,472,078	2,950,235
SCHEDULE 8		
CURRENT LIABILITIES , PROVISIONS & ADVANCES		
Sundry Creditors	131,868,773	46,852,295
Creditors for Expenses & Equipment	70,735,138	64,164,994
Lease Deposits	-	18,900,000
Out Standings & Provisions	13,269,026	3,404,523
	215,872,937	133,321,811
SCHEDULE 9		
BUSINESS & ADMINISTRATIVE EXPENSES		
Salaries & Other benefits	20,574,678	17,152,870
Traveling & Conveyance	202,949	894,400
Postage, Telegram & Telephones	428,281	825,322
Managerial Remuneration	3,427,500	3,870,000
Research & Development Expenses	20,357,048	3,439,772
Rent, Rates & Taxes	3,189,793	1,523,815
Office Administration & Other Maintenance	10,691,245	1,864,124
	58,871,494	29,570,303

NOTES FORMING PART OF THE ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1. Principles of Consolidation :

The consolidated financial statements have been prepared on the basis of going concern, under the historical cost convention on accrual basis, to comply in all material aspects with the applicable accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

These financial statements have been prepared in accordance with Accounting Standard 21 issued by the Institute of Chartered Accountants of India.

All inter company transactions, balances and unrealized surpluses and deficits are eliminated.

2. Fixed Assets:

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.

All the fixed assets are assessed for any indication of impairment, at the end of each financial year. On such indication, the impairment loss, being excess of carrying value over the recoverable value of the assets, is charged to Profit and Loss account in the respective financial years. The impairment loss recognized in the prior years is reversed in cases where recoverable value exceeds the carrying value, upon reassessment in the subsequent years.

3. Goodwill:

Goodwill represents the difference between the purchase price and the fair value of the assets and liabilities acquired after considering reserves transferred.

The excess of cost to the Parent company of its investment in the subsidiary company is recognized in the consolidated financial statements as goodwill.

AS PER OUR REPORT OF EVEN DATED
For **P. MURALI & CO.,**
CHARTERED ACCOUNTANTS
FRN: 0072575

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

P. MURALI MOHANA RAO
PARTNER
M.No.23412

DR. A. SANKARNARAYANAN
Whole Time Director & CEO

K. SRI KALYAN
Whole Time Director

PLACE : HYDERABAD
DATE : 01-09-2011

N. Madhusudhana Reddy
Company Secretary

VIVO BIO TECH LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2011

PARTICULARS	Current Year (Rs.in Lakhs)	Previous Year (Rs.in Lakhs)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit before taxation, and extraordinary items	(66.70)	(74.54)
ADJUSTMENTS FOR:		
Depreciation	161.90	113.42
Interest expenses	272.11	73.45
Deferred Tax	(88.48)	(62.05)
Written off Expenses	0.61	0.61
Operating Profit before working capital changes	279.43	50.90
Inventory	(3.00)	2.26
Interest paid	(272.11)	(73.45)
Trade Receivables	(601.59)	36.10
Trade payables	(914.00)	741.63
NET CASH FLOW FROM OPERATING ACTIVITIES	316.72	757.43
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(324.15)	(815.56)
Goodwill	(0.66)	-
NET CASH USED IN INVESTING ACTIVITIES	(324.80)	(815.56)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Secured Loan	232.45	(19.71)
Increase in Share premium	-	67.60
NET CASH USED IN FINANCING ACTIVITIES	232.45	47.89
Net increase in cash and cash equivalents	224.36	(10.24)
Cash and Cash equivalents (Op Balance)	5.89	16.13
Cash and Cash equivalents (Closing Balance)	230.25	5.89

AS PER OUR REPORT OF EVEN DATED
For P. MURALI & CO.,
CHARTERED ACCOUNTANTS
FRN: 007257S

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

P. MURALI MOHANA RAO
PARTNER
M.No.23412

DR. A. SANKARNARAYANAN
Whole Time Director & CEO

K. SRI KALYAN
Whole Time Director

PLACE : HYDERABAD
DATE : 01-09-2011

N. MADHUSUDHANA REDDY
Company Secretary

K. Sri Kalyan
Whole Time Director

Details pertaining to Subsidiary companies as per the requirement of Para (IV) of the directions under Section 212(8) of the Companies Act, 1956, issued by the Ministry of Corporate Affairs vide General Circular No. 2/2011 Dated February 8, 2011

SL. No	Name of the Subsidiary	Vivobio labs Pvt. Ltd.	Vivobio Discovery Services Pvt. Ltd.	Vivobio Developers India Pvt. Ltd.
1	Share Capital	1,00,000	1,00,000	1,00,000
2	Reserves and Surplus (Including Debit balance of P&L)	(51,590)	(53,590)	(43,5100)
3	Total Assets	59,440	57,440	67,520
4	Total Liabilities	11,030	11,030	11,030
5	Investments (Excluding subsidiaries)	Nil	Nil	Nil
6	Turnover	Nil	Nil	Nil
7	Profit/Loss before tax	Nil	Nil	Nil
8	Provision for tax (Including deferred Tax)	Nil	Nil	Nil
9	Profit/Loss after tax	Nil	Nil	Nil
10	Proposed Dividend	NIL	Nil	Nil

VIOBIO TECH LIMITED

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

ATTENDANCE SLIP

I hereby record my presence at the 24th Annual General Meeting of the Company being held on Thursday, the 29th day of September, 2011 at 4.00 P.M. at Padmashali Kalyana Mandapam, 2-12-66, Nehru Nagar, West Marredpally, Secunderabad -500 026

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

VIOBIO 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..... in the district of.....
or failing himof.....
in the district of as
my/our proxy to vote for me/us on my/our behalf at the 24th Annual General Meeting of the Company
to be held on Thursday, the 29th September, 2011 at 4.00 P.M. or at any adjournment Affix Re. 1/- Revenue
Stamp thereof. being a member(s) of the above named company hereby appoint
..... of
.....

Signed this day of 2011

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.