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Annual General meeting on Wednesday, September 30, 2009 at 2.00 p.m at Padmashali Kalyana Mandapam, 2-12-66, Nehru Nagar, West Marredpally, Secunderabad - 500 026. 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.

Board of Directors

Dr. Alangudi Sanakaranarayanan
Dr. Sudhakar Konda
Dr. Venugopal
Datuk. Kunasingam V. Sittampalam
Dr. V. Narasaiah
Jagan Mohan Rao Karpey

- Whole Time Director & CEO
- Executive Director & COO
- Director
- Director
- Additional Director
- Additional Director

Company Secretary

N. Madhusudhana Reddy

Bankers

M/s. Canara Bank
Overseas Branch
Adarsh Nagar
Hyderabad

Auditors:

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

Registrars & Share Transfer Agents:

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

Registered Office:

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

Date, Time and Venue of AGM

30.09.2009, 2.00 P.M
at Padmashali Kalyana Mandapam
West Marredpally, Secunderabad-26

Message from the CEO's Desk

Your New Chief Executive Officer



Dr. A. Sankaranarayanan is a discovery scientist with more than 35 years of experience in Pharmaceutical Research and Development.

He is an accomplished innovator with more than 30 patents in the field of Cardiovascular and Endocrine specialties. He has an experience of mentoring & guiding about 20 Research thesis and presented research papers in about 80 scientific conferences. His scientific contributions have resulted in over 70 research publications including in PNAS. He has a proven track record in establishing drug discovery and development facilities, and implementation of GLP standards/ accreditation for various pharma facilities. Prior to joining Vivo Bio Tech, Dr. Sankar was associated with various premier companies and academic institutions, which include – Torrent Pharma, GVK Biosciences, PGIMER, BITS, etc.

As we look to the future, we know that we will be operating in a globally challenging environment. We believe that we are beginning to witness the start of a transformational phase for Vivo Bio's various businesses as we strengthen our competitive edge through innovation and differentiation.

Dear Shareholders,

As the new CEO of your organization, it is my privilege to take this opportunity to present the achievements & milestones of your organization in the previous financial year and the direction we would like to lead to achieve the vision, mission & objective of your organization.

In 2009, we proudly celebrated our Twenty Second Anniversary as a Public Listed Company. This year your company marked its irrefutable presence in the Biotechnology & Pharmaceutical industry with state-of-art Infrastructure, robust knowledge teams, enviable product pipeline, and global business contacts offering significant value across the services spectrum and attracting large pharmaceutical & biotech companies from various parts of the globe for Biosimilars Development Partnerships & Contract Research Services.

I would like to introduce you to some of the substantial achievements & milestones of your organization during the past one year:

Biosimilars Development Progress

For the first time, Biosimilars are officially approved new versions of innovator bio-pharmaceutical products following patent expiry.

The Bio-pharmaceuticals industry is one of the fastest growing segments of the drug market with revenues for 2008 valued at US \$ 122.96 Bn. As you would rightly assume, some of the most expensive but effective drugs belong to this class and understandably governments, insurers etc are keen to bring down the cost of these medicines and to make it affordable to patients who may require such drugs. Currently the market for "biosimilars" is restricted to less-regulated markets about US \$ 1.39 Bn. However, with USA contemplating acceptance of biosimilars, it is estimated that by 2024, the revenues for biosimilars will reach US \$ 45.46 Bn.

In an endeavor to provide "Affordable Therapy", your organization is working towards creating Biosimilars for such "blockbuster" bio-pharmaceuticals where the patents on the currently marketed biologics are due to expire during the 2009 – 2024 period. Your company has conceived a biosimilars molecule portfolio which is well balanced and can build an impressive product pipeline that can sustain business risks in the short, medium and long term.

With a team of 50+ experienced and skilled scientists and a state-of-the-art, fully equipped DSIR approved R&D laboratory, your company has developed a blue print for planned bio-similar portfolio

of 40 molecules which includes a decisive mix of Bio-Similar Recombinant Proteins and Bio-similar Monoclonal Antibodies which have a huge market potential in the coming decades, across all geographies. Your company has developed clones for 8 approved bio-similar molecules which are now in different stages of R&D pipeline with a go-to-market target between 2011 and 2015. These bio-Similars target serious indications like Oncology Supportive Care, Diabetes, Infectious diseases, and Osteoporosis. Among these 8 molecules, the innovators of 2 molecules have achieved blockbuster drug status in 2008, the market for which is expected to grow at a CAGR of 32%.

In the current financial year, your company has achieved a new milestone after having 2 new bio-similars promoted to the 'preclinical' stage of drug development making the total count of our bio-similar molecules in this stage to 3. Your company also has received approval from RCGM (Review Committee for Genetic Manipulation) for conducting preclinical studies for its three new biosimilars.

Preclinical Services Progress

With an endeavor to provide IND-enabling GLP studies in an environment comparable to the best in the world, during the year that has passed by, the team of your organization has been constantly working towards bringing to life a 125,000 sq. ft small animal and canine vivarium, which is getting ready for validations & accreditations. The facility has been designed and built in accordance with AAALAC international standards, and would adhere to GLP guidelines.

It is with pride that I would like to inform you that your company has successfully received Biotech specific SEZ (Special Economic Zone) status vide approval letter no. F. 1/139/2007-SEZ in January 2009 for its land spread in over 10.93 hectares in which the Pre-clinical Facility is located. The company now benefits from many tax incentives from the Govt. of India. Your company is amongst the first to have an operational Biotech SEZ in Andhra Pradesh.

In-vitro Services Progress

To be a true end-to-end service provider, in the current financial year your company has made significant progress towards initializing our In-vitro Service Capabilities. We have set-up an advanced laboratory to support our In-vitro services within our Biosimilars Development Lab. We have also expanded our team with scientists who have rich experience in pharmacology to support our hit to lead and Assay Development processes. Your organization has acquired expertise in a wide range of in-vitro services for both GLP and non-GLP studies that is required for various small to large Biotechnology & Pharmaceutical companies across the globe.

Clinical Services Progress

To ensure readiness to operate any phase of the clinical trial, the clinical team has been successful in tying up with several hospitals across India, over 70 Principal Investigators and partners for several other services. Your organization is now fully equipped to handle any requirement in this space and is currently undertaking marketing efforts to gain visibility & projects.

In conclusion, we strongly believe that the year 2010 will be a far exciting year for your organization 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 in niche markets.

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

Dr. A. Sankaranarayanan
Chief Executive Officer

NOTICE

NOTICE is hereby given that the 22nd Annual General Meeting of the Members of the Company will be held on Wednesday, the 30th day of September, 2009, at 2.00 P.M. at Padmashali Kalyana Mandapam, 2-12-66, Nehru Nagar, West Marredpally, Secunderabad-500 026 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit & Loss Account for the year ended March 31, 2009 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 Dr.Venugopal, who retires by rotation and being eligible to offer himself for reappointment.
3. To appoint M/s. P. Murali & Co., Chartered Accountants, Hyderabad as Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

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

“RESOLVED THAT Mr. K. Jagan Mohan Rao , 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”.

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

“RESOLVED THAT Dr. Alangudi Sankaranarayanan, 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

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

“RESOLVED THAT Dr. V. Narasaiah 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”.

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

“RESOLVED THAT Pursuant to the provisions of Section 198,269 and 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956(hereinafter referred to as the “Act” which includes any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the company be and is hereby accorded to the appointment of Dr.Alangudi Sankaranarayanan, as Whole Time Director & CEO, of the Company, for a period of 3(Three) years with effect from 31st July, 2009 on a monthly remuneration of Rs.2,50,000 Per month.

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

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

BY ORDER OF THE BOARD

For Vivo Bio Tech Ltd

PLACE : HYDERABAD

DATE : 31.08.2009

N.MADHU SUDHANA REDDY

Company Secretary

NOTES

- a) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such a proxy need not be a member of the company. Proxies in order to be effective must be filed with the company not later than 48 hours before the commencement of the meeting.
- b) The relevant Explanatory Statement in respect of the Special Business set out above, as required by Sec.173 (2) of the Companies Act, 1956 is annexed hereto.
- c) The Register of Members and Share Transfer books of the Company will remain closed from 26th September, 2009 to 30th September, 2009(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 Jagan Mohan Rao Karpey 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 5th March,2009. Pursuant to Section 260 of the Companies Act, 1956 Jagan Mohan Rao Karpey 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 Jagan Mohan Rao Karpey. 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.Jagan Mohan Rao Karpey

Item# 5

Dr.Alangudi Sankaranarayanan 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 31st July,2009. Pursuant to Section 260 of the Companies Act, 1956 Dr.Alangudi Sankaranarayanan holds office of Director up to the date of the ensuing Annual General Meeting. The Company has received a notice in writing under Section 257 of the Companies Act, 1956 along with a deposit of Rs.500/- from a member signifying his intention to propose the name of Dr.Alangudi Sankaranarayanan. The profile of the Director is given hereto under the head additional information.

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

None of the Directors is interested or concerned except Dr.Alangudi Sankaranarayanan

Item# 6

Dr.V.Narasaiah 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 31st July,2009. Pursuant to Section 260 of the Companies Act, 1956 Dr.V.Narasaiah holds office of Director up to the date of the ensuing Annual General Meeting. The Company has received a notice in writing under Section 257 of the Companies Act, 1956 along with a deposit of Rs.500/- from a member signifying his intention to propose the name of Dr.V.Narasaiah. The profile of the Director is given hereto under the head additional information.

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

None of the Directors is interested or concerned except Dr.V.Narasaiah

Item# 7

The Board of Directors of the Company in its meeting held on 31st July, 2009, appointed Dr. Alangudi Sankaranarayanan as Whole Time Director & CEO for a period of 3 years with effect from 31st July, 2009 at a gross remuneration of Rs. 2,50,000 p.m. subject to the approval of members, Considering his competence, experience as also the envisaged growth in the activities of the company and as compared to remuneration presently being paid to persons in similar situations in the country, the terms of his promotion and remuneration as set out below are viewed to be just, fair and reasonable. He has no other directorships and also not a member in the committees of any other companies.

Dr. A. Sankaranarayanan is a versatile and committed professional with wide experience and accomplishments in Pharmaceutical R&D Management, Drug Discovery Research and Academic Pharmacology.

The remuneration has been approved by the remuneration committee.

As per the provisions of Schedule XIII of the Companies Act, 1956 appointment of Dr. Alangudi Sankarnarayanan as Whole Time Director & CEO requires the approval of the members in General Meeting. Hence, the above resolution at item# 7 is submitted to the meeting for ratification by the members of the company by passing a Special Resolution.

The Board of Directors commends the above resolution at Item# 7 for your approval.

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

Details as per Clause B (iv) of the Section II of Schedule XII of the Companies Act, 1956

I. GENERAL INFORMATION:

- i) Nature of Industry

CONTRACT RESEARCH AND CONTRACT MANUFACTURING

Research Development is the key to future & outsourcing the various activities have multifold advantage:

- Costs advantage
- Cut shorts the development life cycle
- Risk sharing and minimizing
- Availability of skilled resource

The outsourced space demand is estimated to be around US\$53BN.

India is emerging as a global pharma outsourcing hub this could be another outsourcing saga after IT and textiles as leading global professional services firm.

Many global companies are confronted by value crisis as they try to sustain a business model based on high cost of manufacturing, R& D, marketing, sales increasing regulatory protection of intellectual property are well positioned to attract large pharmaceutical companies, India being a prime example.

We are seeing a fundamental shift in Indian companies approach from business driven research to an increasing focus on research – driven business.

In the changing landscape, Indian companies are adopting a combination of alternative business models to navigate competition and opportunity. These include focusing on export led growth through subsidiaries or acquisition in high margin regulated markets, bolstering NSE research capabilities, partnering across the value chain with multinational through likening, collaborative R&D or co marketing arrangements and contract research and contract manufacturing.

2) Date of commencement of commercial production

“The company is previously into bulk drugs business”. But it has now entered into the CRO’s Business. Even though the company is earning some amount on outsourced contracts, but it has not started its full commercial production. By 1st April, 2010 the company is expected to start its operations in full.

3) Financial performance based on given indicators

	(Rs. In Lacs)		
Particulars	2008-09	2007-08	2006-07
Turnover	26.07	6.78	79.62
Net Profit	(197.74)	(155.72)	(22.45)

4) Export performance and net foreign exchange collaborations

Particulars	2008-09	2007-08	2006-07
Export Turnover	NIL	NIL	NIL

5) Foreign investments or collaborators, if any

The company has allotted equity shares to some foreign investors under preferential allotment as per SEBI guidelines in the year 2005-06.

II. Information about the appointee

i) Back Ground Details:

Dr. Alangudi Sankaranarayanan, is a Discovery Scientist with more than 35 years of experience in Pharmaceutical R&D. He has a unique blend of scientific & management experience in Drug Discovery and Development. Having originally started in Veterinary Science, he moved onto Clinical Pharmacology and later into Drug Discovery. He has proven expertise in setting up Drug Discovery & Development Centers of Excellence. He is an accomplished innovator with more than 30 patents in the field of Cardiovascular and Endocrine specialties. He has patented several molecules in the area of cardiovascular & metabolic disorders. He is an excellent mentor and team builder having guided about 20 Research theses and presenting research papers in about 80 scientific conferences. His scientific contributions have resulted in over 70 publications including PNAS and is an avid key persona in academic research and training. He has taught at PGIMER, Chandigarh and BITS affiliate programs. He has membership in several scientific societies such as Fellow of American College of Clinical Pharmacology, American Society of Pharmacology & Experimental Therapeutics(ASPET), Indian Pharmacological Society, Indian Society for Clinical Pharmacology & Therapeutics, Indian Society for Medical Statistics & Society of Toxicology.

ii) Past Remuneration

Dr. A. Sankaranarayanan has drawn Gross Salary of Rs. 30 Lakhs per annum in his previous employment.

iii) Recognition or awards

PROFESSIONAL SKILLS

- Ability to organize drug discovery and development research facilities
- Ability to design and execute research projects in diabetes, obesity and cardiovascular diseases, set up and validate relevant models and lead research teams

PROFESSIONAL ACCOMPLISHMENTS

(a) Drug Discovery & Development

- Organized the Discovery Biology facilities at the GVK Biosciences, Hyderabad and initiated drug discovery research outsourcing
- Organized the Pharmacology and related disciplines for drug discovery research at the Torrent Research Centre (TRC), Ahmedabad
- Organized discovery research teams at the TRC and successfully patented several molecules in the area of cardiovascular diseases and metabolic disorders
- Setup a safety testing facility at the TRC for NCEs, adopting OECD - GLP principles and obtained OECD - GLP certification for the facility

(b) Academic Research & Teaching

- Teaching pharmacology / clinical pharmacology at the Postgraduate Institute of Medical Education & Research, Chandigarh
- Organized and conducted Distance School in Pharmacy at the Torrent Research Centre for M Pharm. & Ph.D. under the Birla Institute of Technology & Sciences (BITS), Pilani as a Honorary Adjunct Professor of the BITS
- Guided about 20 research theses in pharmacology and related disciplines at the PGIMER, Chandigarh.
- Published more than 70 research publications
- Presented research findings in more than 80 scientific conferences including the IUPHAR congresses held at Sydney and Amsterdam.

iv) Job profile and his suitability

Dr. Alangudi Sankaranarayanan will act as CEO of the company whereby he will guide the company in its CRO operations and drug discovery services and development. He will direct the team in R&D and guide them to develop new molecules.

Dr. Alangudi Sankaranarayanan, is a Discovery Scientist with more than 35 years of experience in Pharmaceutical R&D. He has a unique blend of scientific & management experience in Drug Discovery and Development. He has proven expertise in setting up Drug Discovery & Development Centers of Excellence. He is an accomplished innovator with more than 30 patents in the field of Cardiovascular and Endocrine specialties. He has patented several molecules in the area of cardiovascular & metabolic disorders. He is an excellent mentor and team builder having guided about 20 Research theses and presenting research papers in about 80 scientific conferences. His scientific contributions have resulted in over 70 publications including PNAS and is an avid key persona in academic research and training.

PROFESSIONAL EXPERIENCE

Dr. Sankaranarayanan has held key positions in academic research and Pharmaceutucial R&D. He has been the head, Biology at GVK Bio-Sciences, Hyderabad, Senior Advisor (Discovery) at the Torrent Research Centre, Torrent Pharmaceutucial Ltd., Ahmedabad and Addtional Professor of Pharmacology at the Postgraduate Institute of Medical Education & Research, Chandigarh.

V) Remuneration Proposed

The remuneration proposed to Dr.Alangudi Sankaranarayanan is a Gross salary of Rs. 2,50,000 Per Month.

VI) Comparative Remuneration profile with respect to industry, size of the company, profile of the position and person

The Comparative remuneration with respect to industry and size of the company are not available as this company is engaged in new line of activity i.e Contract Research & Manufacturing Services. No industry standards are available.

The Proposed remuneration commensurate with the qualifications and experience and expertise in the relevant field.

VII) Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel if any.

Dr.Alangudi Sankaranarayanan has no relation with any other directors in the company.

III. OTHER INFORMATION

i) Reasons of Loss or inadequate profits

The company has not yet started the full commercial operations and it is in the process of securing the infrastructure of its own and will start the full commercial operations by 1st April, 2010.

ii) Steps taken or proposed to be taken for improvement

The company is taking all measures to start the commercial operations as soon as possible, so that it can generate revenues.

The company has built in world class infrastructure with GLP compliant facilities to service the outsourcing needs of the pharmaceutical industry. The company is operating in a SEZ notified area, where by it can save a lot on taxes .

iii) Expected increase in productivity and profits in measurable terms (Amount in Rs.)

Year	Turnover	PBT
2009-2010	4,252,000	(19,300,000)
2010-2011	6,230,000	(18,500,000)
2011-2012	62,500,000	625,000

**By Order of the Board of Directors
For Vivo Bio Tech Ltd**

Place: Hyderabad
Date: 31.08.2009

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** : Dr.VenuGopal
Age : 62 Years
Qualifications : Graduation in medicine
Expertise : He has vast experience as a medical doctor since 30 years; during this time he happened to work in different capacities in several countries like Algeria, Libya, Maldives and U.K etc. Toured extensively in Europe (East & West). After graduating in Medicine, he submitted a paper in “Pulmonary amboesis” for which he was awarded FCCP [Fellow of College of Chest Physicians, India]. He was awarded Visishit Chikischa Seva Medal along with citation for his meritorious services rendered to the rural people of India. He was involved in surveys and preventive programs concerning Blindness eradication, Vitamin A deficiencies, Guinea worm eradication, Nutritional surveys, Family Welfare programs, HIV and AIDS awareness programs for the rural people in and around the borders of Andhra and Karnataka.

Other Directorships : 1 (Virinchi Technologies Ltd)
Membership of committee : He is chairman of 2 committees in Virinchi Technologies Ltd
Shareholding : NIL
- 2. Name** : Jagan Mohan Rao Karpey
Age : 51years
Qualifications : MBA
Expertise : He has more than 25 years of experience in the industry with focus on Marketing, Finance and Human Resources. He was into General Finance Business for about 10 years. He served in the Senior positions in various companies

Other Directorships : 1 (Virinchi Technologies Ltd)
Membership of committee : NIL
Shareholding : 8000 shares(0.09%)
- 3. Name** : Dr. Alangudi Sankaranarayanan
Age : 66 years
Qualifications : MVSc, Doctor of Philosophy(Pharmacology)

Experience : As Dr.Alangudi Sankaranarayanan, is a Discovery Scientist with more than 35 years of experience in Pharmaceutical R&D. He has a unique blend of scientific & management experience in Drug Discovery and Development. Having originally started in Veterinary Medicine, he moved onto Clinical Pharmacology and later into Drug Discovery. He has proven expertise in setting up Drug Discovery & Development

Centers of Excellence. He is an accomplished innovator with more than 30 patents in the field of Cardiovascular and Endocrine specialties. He has patented several molecules in the area of cardiovascular & metabolic disorders. He is an excellent mentor and team builder having guided about 20 Research theses and presenting research papers in about 80 scientific conferences. His scientific contributions have resulted in over 70 research publications including in PNAS and is an avid key person in academic research and training

Other Directorships : NIL

Membership of Committee : NIL

Shareholding : NIL

4) Name : Dr. V. Narasaiah

Age : 60 years

Qualifications : Msc, Mphil, M. Ed, Phd.

Experience : Dr. Narasaiah is aged about 60 years and has been in the teaching field for two decades training the students in Chemistry for various competitive exams and Board of intermediate, Degree. He did his M.Phil (chemistry) from Kakatiya University and also completed his PhD from Kakatiya University in the year 2007.

He also has brief stint for 2 years as in charge of computer cell at BIE, AP during which he was a developer & DBA in Oracle-7, Website maintenance, Mana TV audio Visual Education cell in charge

Other Directorships : NIL

Membership of Committee : NIL

Shareholding : NIL

DIRECTOR'S REPORT

Dear Members,

Your Directors have pleasure in presenting you the 22nd **Annual Report** of your company together with the Audited Accounts for the year ended 31st March, 2009.

Financial Results

Particulars	(Amount in Rs. Lakhs)	
	2008-2009	2007-2008
Total Income	26.68	6.78
Profit /Loss before tax	(197.74)	(155.72)
Provision for Taxation	-	-
Deferred Tax Provision	(9.45)	0.84
Balance brought forward	(182.01)	(24.58)
Balance Carried to Balance Sheet	(390.47)	(182.01)

Review of Operations:

During the year under review the total income of your company for the year 2008-09 was Rs. 26.68 Lakhs as against the income of Rs.6.78 lakhs in 2007-08. The Company is yet to start the full commercial operations.

Construction of Facility at Pregnapur:

The company has started the construction of facility at pregnapur in the year 2008 and it is in the final stage.

Filing of Application for listing of Amalgamated Shares & Preferential allotment

The Company has received the Listing approval from the Bombay Stock Exchange Ltd and awaiting for the trading approval.

Directors

In accordance with the provisions of the Companies Act, 1956, Dr.Venugopal retires by rotation at the forthcoming Annual General Meeting and eligible offers himself for reappointment.

Mr. Lanka Nagraj, Managing director and Mr. Swaminatham, Director has resigned to the office of director on 31st July,2009.

Mr. Jaganmohan Rao Karpey, is being appointed as additional director in the board meeting held on 5th March, 2009.

Dr. Alangudi Sankaranarayana is appointed as addl. Director in the board meeting held on 31st July, 2009 and also being appointed as whole Time director & CEO. Dr. V. Narasaiah is also being appointed as additional director of the company.

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, 2009, 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 2009 and of the loss of the company for the financial year ended 31st March 2009.
- 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, 2009 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.

Deposits

The Company has not accepted fixed deposits as on 31st March, 2009 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 required under Section 217(e) of the Companies Act, 1956 read with rule 2 of the Companies (Disclosure of particulars in the Board of Directors) Rules, 1988 is given as annexure to the Report.

Particulars of Employees

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

Sl.No	Name of the employee	Designation	Gross Salary (in Rs.)	Qualification & Experience	Date of Commencement of employment	Particulars of Last employment
01	Dr.Sudhakar Konda	Executive Director & COO	24,00,000	M.Sc Vs& 20 years	20.01.2007	Reliance Life sciences

Report on Corporate Governance

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

Management Discussion and Analysis

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

Acknowledgements

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

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

PLACE : HYDERABAD
DATE : 31.08.2009

Dr. A. Sankaranarayanan
Whole Time Director&CEO

Dr. Sudhakar Konda
ExecutiveDirector&COO

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, 2009

Conservation of Energy:

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

Form A

Particulars	For the year ended March 31, 2009	For the year ended March 31, 2008
A. Power and Fuel Consumption		
1. Electricity		
a. Electricity Purchase Unit	154,751 Units	37,564 Units
Total amount	10,11,268	235,525
Rate per unit (Average)	6.53	6.27
b. Own Generation from Diesel Generator Unit	NIL	NIL
Rate per Unit	NA	NA

A. Consumption per unit of Production:

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

Form B

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

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

Inward : Rs. 48.14 Lakhs

Outgo : Rs. 100.23 Lakhs

Annexure to Director's Report
Report on Corporate Governance

1. Company's Philosophy:

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

2. Board of Directors:

a) Composition

Your Company has 6 Directors comprising of 2 Whole Time Directors and 4 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 2008-09 the Board of Directors met 6 times on the following dates:

30th April, 2008, 31st July, 2008, 30th August, 2008, 31st October, 2008, 31st January, 2009, 5th March, 2009

The attendance of each Director is given below:

Name the Director	Category	No. of Board Meetings attended	Whether attended last AGM	No. of other Directorships #	Committee Memberships	committee Chairmanship
Lanka Nagraj*	Managing Director	5	Yes	-	-	-
Dr.Sudhakar Konda	Executive Director	6	Yes	-	-	-
Dr. Venugopal	Independent Non- Executive Director	6	Yes	1	-	2
Swaminatham Madhira*	Independent Non- Executive Director	6	No	-	-	-
Kunasingam V.Sittampalam	Independent Non- Executive Director	-	No	1	-	-
Jagan Mohan Rao Karpey \$	Independent Non-executive Director	-	No	1	-	-

* Resigned on 31st July, 2009

\$ Appointed on 5th March, 2009

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;
- The Independent Directors 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% or more of the block of voting shares.

AUDIT COMMITTEE

During the year under review Four (4) meetings were held for approval of Unaudited Financial Results. The constitution of the Committee and the attendance of each member of the Committee is given below:

Name of the Director	Designation	Attendance
Swaminadham Madhira	Chairman	4
Dr. Venugopal	Member	4
Dr.Sudhakar Konda	Member	4

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 no meetings of Remuneration committee during the year.

The Remuneration Committee is constituted as follows:

Name of the Director	Designation	Nature of Directorship
Swaminatham Madhira	Chairman	Independent Non Executive Director
Dr.Venugopal	Member	Independent Non Executive Director
Kunasingam V. Sittampalam	Member	Independent Non Executive Director

Details of remuneration to the directors for the Year:

Name of the Director	Relations hip with other Directors	Business relationship with company if any	Loans and advances from company	Remuneration Paid During the year 2008-2009			
				Sitting fees Rs.	Salary Rs.	Perq uisites Rs.	Total Rs.
Dr. Sudhakar Konda	None	None	None	-	24,00,000	-	24,00,000
Lanka Nagaraj	None	None	None	-	9,00,000	-	9,00,000
Swaminatham Madhira	None	None	None	15,000	-	-	15,000
Dr.Venugopal	None	None	None	15,000	-	-	15,000
KunasingamV. Sittampalam	None	None	None	-	-	-	-
Jaganmohan Rao K	None	None	None	-	-	-	-

Shares held by Non-Executive Directors as on 31st March, 2009 are as follows:

Sl.No	Name of the Non-Executive Director	No. of shares held as on the Date
1	Dr.Venugopal	NIL
2	Swaminatham Madhira	NIL
3	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 Swaminatham Madhira 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. Aarathi Consultants Private Limited. There were 4 meetings held in the year 2008-09.

Composition of the Committee:

Name	Designation	Category
Swaminatham Madhira	Chairman	Independent Non-Executive Director
Dr.Venugopal	Member	Independent Non-independent Director
Dr.Sudhakar Konda	Member	Executive Director

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

The total No. of Complaints received and complied during the year were: 42

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. Aarathi Consultants Pvt. Ltd.

Opening - 1 Received - 42 Resolved - 42 Pending - 1

The outstanding complaints as on 31st March, 2009 were: 1

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

Financial Year	Date	Time	Venue	Nature of special resolutions, if any passed
2007-08	30.09.2008	2 PM	Padmashali Kalyana Mandapam, 2-12-66, Nehru Nagar, West Marredpally, Secunderbad-500 026	Nil
2006-07	28.09.2007	4.30 PM	Padmashali Kalyana Mandapam, 2-12-66, Nehru Nagar, West Marredpally, Secunderbad-500 026	1. Ratification resolution for appointment of lanka Nagaraj as MD 2. Ratificaition resolution for appointment of Dr. Sudhakar Konda as ED
2005-2006	28.12.2006	11.00A.M.	Padmashali Kalyana Mandapam, 2-12-66, Nehru Nagar, West Marredpally, Secunderbad-500 026	Nil

No resolution were passed through postal ballot in the last financial year.

7. Disclosures

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

None

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

None

8. Means of Communications:

As per the listing requirements, the company published periodical financial results in The Business Standard, Andhra Bhoomi. The financial information is also available at www.vivobio.com

9. General Shareholder information

- a) **AGM: Date, Time and Venue** : 30th September, 2009 at 2 P.M.
At Padmashali Kalyana Mandapam
West Marredpally, Secunderabad-26
- b) **Financial Year** : 1st April to 31st March
Financial Reporting for :
Quarter ending June 30, 2009 Before end of July 09
Quarter ending September 30, 2009 Before end of October 09
Quarter ending December 31, 2009 Before end of January, 10
Quarter ending March 31, 20010 Before end of April, 10
- c) **Date of Book Closure** : 26th September, 2009 to 30th September, 2009(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 2008-09.
- e) **Stock Code** : Bombay Stock Exchange Ltd-511509
ISIN: 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.Aarthi Consultants Pvt Ltd.
1-2-285, Domalguda,
Hyderabad -500 029.
Ph: 27634445, 27 638111
Fax: 27632184

- h) **Share Transfer System** : The Share transfers are being effected physically by the Company's share transfer agents, M/s. Aarthi Consultants Pvt. Ltd, Hyderabad.

i) Distribution Shareholding as on 31st March, 2009

Share Holding of Nominal Value		Share Holders		Number of Share	
	Rs.	Numbers	% of Total	No	% of Total
00	(1)	(2)	(3)	(4)	(5)
Upto	5,000	6117	98.00	232550	2.49
5,001	10,000	15	0.1	10240	0.11
10,001	20,000	11	0.1	15250	0.16
20,001	30,000	2	-	4820	0.05
40,001	50,000	12	0.1	60000	0.64
50,001	1,00,000	22	0.7	215130	2.30
1,00,001	And above	35	1.0	8812530	94.25
	TOTAL	6214	100	9350520	100.00

j) Categories of shareholders as at 31st March 2009

	CATEGORY	No. of Shares held	% age of shareholding
A	PROMOTER'S HOLDING:		
1.	Promoters*		
	- Indian Promoters	5249900	56.15
	- 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	1363630	14.58
b.	Indian Public	251990	2.69
c.	NRI's / OCBs	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 waiting for the permission from NSDL.

- L) Outstanding GDRs./ADRs./Warrants : The Company has not issued any ADR's/GDR's or any Convertible instruments Conversion and also no warrants are pending for conversion date and likely Impact On equity
- M) Address for Correspondence : 608, Lingapur Complex,
Himayat Nagar,
Hyderabad-500 029

Non -Mandatory Requirements:

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

BY ORDER OF THE BOARD OF DIRECTORS

PLACE : HYDERABAD
DATE : 31.08.2009

Dr.A.Sankaranarayanan
Whole-Time Director& CEO

Dr.Sudhakar Konda
Executive Director & COO

ANNEXURE TO THE DIRECTOR'S REPORT

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

INDUSTRY STRUCTURE AND DEVELOPMENTS

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

Impending patent expirations and mounting R&D costs in the wake of declining efficiency and escalating pricing pressures are forcing global pharma companies to revisit their operating paradigms.

With increasing growth challenges, there is a sharper-than-ever focus on improving operational efficiencies to maintain profitability. It is believed that this situation would provide a major boost to outsourcing of pharma activities to low-cost offshore destinations like India and China.

OPPORTUNITIES

Biosimilars and CRO Opportunity

Total recorded 2008 revenues of biologic drugs were valued at \$122.96bn. However, there is pressure from governments, insurers and groups representing patients to reduce expenditure on Pharmaceuticals. Biologic drugs - noted as some of the most expensive drugs - are major targets for payers seeking cost savings. Patents on virtually all currently-marketed biologic drugs have expired or will expire during 2009-2024. Currently biosimilars are largely restricted to less-regulated pharmaceutical markets in Asia. Total sales of biosimilar drugs amounted to just \$1.39bn in 2008, equivalent to 1.4% of the total biologic drug market (excluding vaccines). Visiongain estimates that by 2024, total revenues for biosimilars will reach \$45.46bn.

The Pharmaceutical industry is undergoing significant change, from drug development philosophy and tightening of regulations, to restructuring, consolidation and mergers and acquisitions — all in the midst of an economic downturn. These changes impact CROs, the services they provide, from where, and for whom. The drop in R&D spending during the last few quarters has taken its toll on preclinical CROs, which are experiencing heavy discounting, delays, and cancellations. These changes may however present some opportunities for CROs. Although R&D spend has been down, many in the industry feel outsourcing will inevitably rise. 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.

If Vivo Bio Tech is successful in attracting Multinationals for Outsourcing and in partnering for Biosimilar development, there lies ahead a huge opportunity for the company in capturing a significant pie of the huge CRAMS and Biosimilar 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, Advinus Therapeutics, GVK Life sciences, InTox, and Jai Research Foundation.

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.

BUSINESS STRATEGY

The key elements of the company's business strategy in the fiscal year has been establishment of infrastructure, establishment of business contacts (presales), recruitment of qualified team, and pursuing expansion overseas.

Vivo Bio Tech Special Economic Zone

The company successfully received Biotech specific SEZ (Special Economic Zone) status vide approval letter no. F. 1/139/2007-SEZ in January 2009 for its land at pregnapur measuring 10.93 hectares. The company now benefits from many tax incentives from Govt. of India.

Establishment of business contacts

The company showcased its profile and expertise in premier international conferences which include – Society of Toxicology 2009 (USA), and Biomarkers Congress (UK)

The company was invited by global pharmaceutical company, Pfizer (Rank#1) to present the former's expertise and capabilities. Vivo Bio Tech's team visited Pfizer's Groton Facility in USA, and successfully showcased the company's expertise and capabilities. Subsequent to the visit, the company is in negotiations for being Pfizer's preferred Partner for Preclinical services and Phase IV clinical services. An audit of Vivo Bio Tech's preclinical facilities by Pfizer is expected.

Also, the company has successfully showcased its expertise and capabilities to global pharma majors - Sandoz and GlaxoSmithKline. In addition, your company's scientific and business development teams are in discussions with various reputed global players and domestic (Indian) companies for establishing business alliances for preclinical/clinical/Wet Lab services/Biosimilars development.

OUTLOOK:

The company expects to start commercial operations of first phase (50,000 Sq.ft) of its Animal House facility in early 2010.

The company strongly believes that 2010 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 in niche markets.

RISKS & CONCERNS:

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

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

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

Internal control systems and their adequacy

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

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

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

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

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

Discussion on financial performance with respect to operational performance:

During the year under review the total income of your company for the year 2008-09 was Rs. 26.68 Lakhs as against the income of Rs.6.78 lakhs in 2007-08.

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 2009 was 55. Your company works continuously towards adopting the best human resource practices in the industry and firmly believes in coming out with creative ideas for promoting customer satisfaction of the highest order. To ensure that employees grow with technology, training programs are conducted by your company at regular intervals to enable all technical & functional resources be abreast with the latest technologies.

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

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

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

Date : 31.08.2009
Place : Hyderabad

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, 2009 as stipulated in clause 49 of the listing agreement of the said company with the Stock Exchanges.

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

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

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

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

PLACE : HYDERABAD
Date : 31.08.2009

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, Dr.Sudhakar Konda, Executive 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 : 31.08.2009

Dr.A.Sankaranarayanan
Whole Time Director & CEO

Dr.Sudhakar Konda
Executive Director & COO

AUDITORS' REPORT

To

The Members,

VIVO BIO TECH LIMITED

We have audited the attached Balance Sheet of **M/S VIVO BIO TECH LIMITED** as at 31st March, 2009 and also the Profit & Loss Account for the period ended on the date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis of our opinion.

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

Further to our comments in the Annexure referred to above, we report that:

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our Audit;
- (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
- (iii) The Balance Sheet & Profit & Loss Account dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet & Profit & Loss Account dealt with by this report comply with the Accounting standards referred to in sub-section (3C) of Section 211 of Companies Act, 1956;
- (v) On the basis of written representations received from the Directors, as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2009 from being appointed Director in terms of clause(g) of sub-section(1) of section 274 of the Companies Act, 1956;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
 - (b) In the case of the Profit & Loss Account, of the **Loss** for the year ended on that date;

And

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

For P.MURALI & CO.
CHARTERED ACCOUNTANTS

PLACE : HYDERABAD

DATE : 31-08-2009

P. MURALI MOHANA RAO

PARTNER

M.NO. 23412

ANNEXURE TO THE AUDITORS' REPORT

- I. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- (b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies between the book records and the physical inventory have been noticed on such verification.
- (c) The Company has not disposed off any of the Fixed Assets during the year.
- II. The Company has no Inventory. Hence this clause is not applicable.
- III. (a) The Company has not granted any loans, secured or unsecured to Companies, Firms or other Parties covered in the register maintained U/s.301 of the Companies Act, 1956.
- (b) As the Company has not granted any loans, the clause of whether the rate of interest & other terms and conditions on which loans have been granted to parties listed in the register maintained under section 301 is prejudicial to the interest of company, is not applicable.
- (c) As no loans are granted by company, the clause of receipt of interest & principal amount from parties is not applicable to the company.
- (d) No loans have been granted to Companies, Firms & other parties listed in the register U/s.301 of the Companies Act, 1956, hence overdue amount of more than Rupees one lac does not arise and the clause is not applicable.
- (e) The Company has not taken any loans, secured or unsecured from Companies, Firms or other Parties covered in the register maintained U/s.301 of the Companies Act, 1956.
- (f) As the Company has not taken any loans, the clause of whether the rate of interest & other terms and conditions on which loans have been taken from parties listed in the register maintained under section 301 is prejudicial to the interest of company, is not applicable.
- (g) As no loans are taken by the company, the clause of repayment of interest & principal amount to Parties covered in the register maintained U/s.301 of the Companies Act, 1956, 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 incurred cash losses Rs.181.69 lakhs during the financial year and in the immediately preceding financial year cash loss of Rs.141.68 lakhs.
- XI. Based on our audit procedures and as per the information and explanations given by the management, the Company did not have any dues to a financial institution, bank or debenture holders
- XII. According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities and hence the applicability of the clause regarding maintenance of adequate documents in respect of loans does not arise.
- XIII. This clause is not applicable to this Company as the Company is not covered by the provisions of special statute applicable to Chit Fund in respect of Nidhi/Mutual Benefit Fund/Societies.
- XIV. According to the information and explanations given to us, the company is not dealing or trading in shares, securities, Debentures and other investments and hence the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order 2003, are not applicable to the Company.
- XV. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions, and hence the applicability of this clause regarding terms and conditions which are prejudicial to the interest of the company does not arise.
- XVI. In our opinion and according to the information and explanations given to us by the management, term loans are applied for the purpose for which the loans were obtained
- XVII. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment

- XVIII. According to the information and explanations given to us, the Company has not made any preferential allotment of Shares to parties and Companies covered in the Register maintained under section 301 of the Companies Act, 1956 and hence the applicability of the clause regarding the price at which shares have been issued and whether the same is prejudicial to the interest of the Company does not arise.
- XIX. According to the information and explanations given to us, the company does not have any debentures and hence the applicability of the clause regarding the creation of security or charge in respect of debentures issued does not arise.
- XX. According to information and explanations given to us, the company has not raised money by way of public issues during the year, hence the clause regarding the disclosure by the management on the end use of money raised by Public Issue is not applicable.
- XXI. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year under audit.

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

PLACE: HYDERABAD
DATE : 31-08-2009

P. MURALI MOHANA RAO
PARTNER
M.NO. 23412

VIVO BIO TECH LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2009

PARTICULARS	SCHEDULE NOS.	AS AT 31-03-2009 (Rupees)	AS AT 31-03-2008 (Rupees)
I SOURCES OF FUNDS			
1. SHAREHOLDER'S FUNDS			
a. Capital	1	93,505,200	93,505,200
b. Reserves & Surplus	2	10,080,000	1,000,000
2. SECURED LOANS	3	206,905,510	87,654,971
3. DEFERRED INCOME TAX LIABILITY		1,258,560	313,709
TOTAL		<u>311,749,269</u>	<u>182,473,880</u>
II APPLICATION OF FUNDS			
1. FIXED ASSETS			
a. Gross Block	4	333,308,319	179,141,825
b. Less: Depreciation		4,632,355	3,087,820
c. Net Block		<u>328,675,964</u>	<u>176,054,005</u>
2. CURRENT ASSETS, LOANS & ADVANCES			
a. Inventories		387,957	-
b. Cash & Bank Balances	5	1,613,015	1,159,915
c. Sundry Debtors	6	2,254,427	323,808
d. Advances & Deposits	7	4,628,574	9,723,444
Less: Current Liabilities, Provisions & Advances	8	65,363,524	23,554,877
NET CURRENT ASSETS		<u>(56,479,551)</u>	<u>(12,347,710)</u>
3. MISCELLANEOUS EXPENDITURE			
(To the extent not written off or adjusted)		505,126	566,131
4. PROFIT & LOSS ACCOUNT		39,047,729	18,201,454
TOTAL		<u>311,749,269</u>	<u>182,473,880</u>
Notes to Accounts	10		

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

FOR AND ON BEHALF OF THE BOARD
VIVO BIO TECH LIMITED

P.MURALI MOHANA RAO
PARTNER
M.No.23412

Dr.A.SANKARANARAYANAN
WHOLE TIME DIRECTOR & CEO

Dr. SUDHAKAR KONDA
EXECUTIVE DIRECTOR & COO

PLACE : HYDERABAD
DATE : 31-08-2009

N. MADHU SUDHANA REDDY
COMPANY SECRETARY

VIVO BIO TECH LIMITED
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31-03-2009

PARTICULARS	SCHEDULE NOS.	AS AT 31-03-2009 (Rupees)	AS AT 31-03-2008 (Rupees)
1 INCOME			
Sales/income from operations		2,607,011	678,000
Other Income		60,597	-
TOTAL		<u>2,667,608</u>	<u>678,000</u>
2 EXPENDITURE			
Purchases		-	-
(Increase) / Decrease stock in trade		(387,957)	1,309,370
Business & Administrative Expenses	9	19,128,738	13,109,974
Interest & Financial Charges		2,012,977	342,154
Audit Fee		82,725	84,270
Depreciation		1,544,535	1,343,765
Miscellaneous Expenses W/o		61,005	61,005
TOTAL		<u>22,442,022</u>	<u>16,250,538</u>
3 PROFIT / (LOSS)		(19,774,414)	(15,572,538)
4 PROVISION FOR TAX			
Income Tax		-	-
Deferred Tax		944,851	84,767
Fringe Benefit Tax		127,010	87,063
5 PROFIT / (LOSS) AFTER TAX		(20,846,275)	(15,744,368)
6 BALANCE BROUGHT FORWARD		(18,201,454)	(2,458,036)
7 PRIOR PERIOD ADJUSTMENTS		-	949
8 BALANCE CARRIED FORWARD		(39,047,729)	(18,201,454)
9 EARNING PER SHARE		(2.23)	(1.68)
Notes to Accounts	10		

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

FOR AND ON BEHALF OF THE BOARD
VIVO BIO TECH LIMITED

P.MURALI MOHANA RAO
PARTNER
M.No.23412

Dr.A.SANKARANARAYANAN
WHOLE TIME DIRECTOR & CEO

Dr. SUDHAKAR KONDA
EXECUTIVE DIRECTOR & COO

PLACE : HYDERABAD
DATE : 31-08-2009

N. MADHU SUDHANA REDDY
COMPANY SECRETARY

SCHEDULES

PARTICULARS	For the year ended 31-03-2009 (Rupees)	For the Year Ended 31-03-2008 (Rupees)
SCHEDULE 1		
SHARE CAPITAL		
AUTHORISED:		
15000000 Equity Shares of Rs.10/-Each (Previous Year 15000000 Equity Shares of Rs.10/-Each)	<u>150,000,000</u>	<u>150,000,000</u>
ISSUED, SUBSCRIBED & PAID-UP:		
9350520 Equity Shares of Rs.10/-Each (Previous Year 9350520 Equity Shares of Rs.10/-Each)	93,505,200	93,505,200
	<u>93,505,200</u>	<u>93,505,200</u>
SCHEDULE 2		
Reserves & Surplus		
Share Warrants forfeiture	1,000,000	1,000,000
Share Premium	9,080,000	-
	<u>10,080,000</u>	<u>1,000,000</u>
SCHEDULE 3		
SECURED LOANS		
Canara Bank Term Loan (Hypothication of Fixed Assets - Land, Building, Computers & Interiors etc. of the proposed campus at Pragnapur and personal guarantee of the Directors)	206,885,602	87,581,975
Bajaj Auto Finance Limited (Secured against vehicles)	19,908	72,996
	<u>206,905,510</u>	<u>87,654,971</u>
SCHEDULE 5		
CASH & BANK BALANCES		
Cash in hand	433,532	42,014
Bank Balances in Current Accounts	1,179,483	1,117,901
	<u>1,613,015</u>	<u>1,159,915</u>

SCHEDULE 4 FIXED ASSETS

(in Rupees)

Particulars	Gross Block As On 01-04-2008	Additions During the Year	Gross Block As On 31-03-2009	Depreciation Upto 31-03-2008	Depreciation During The year	Total Depreciation 31-03-2009	Net Block as at 31-03-2009	Net Block as at 31-03-2008
Land	26,831,423	-	26,831,423	-	-	-	26,831,423	26,831,423
Air conditioners	1,215,000	-	1,215,000	13,300	87,994	101,294	1,113,706	1,201,700
Electrical fittings	916,881	-	916,881	14,722	44,703	59,426	857,455	902,159
R & D Equipment	12,344,797	47,074,532	59,419,329	968,091	1,014,197	1,982,288	57,437,041	11,376,706
Furniture	150,872	-	150,872	109,030	28,214	137,245	13,627	41,842
Vehicles	1,369,023	611,701	1,980,724	1,292,093	31,162	1,323,254	657,470	76,930
Computer	1,179,502	-	1,179,502	537,950	194,293	732,243	447,259	641,552
Software	172,591	-	172,591	20,066	42,800	62,866	109,725	152,525
Fax	20,000	-	20,000	20,000	-	20,000	-	-
Office Equipments	2,129,927	-	2,129,927	112,568	101,172	213,740	1,916,187	2,017,359
Capital work in Progress	132,811,809	106,480,262	239,292,070	-	-	-	239,292,070	132,811,809
	179,141,825	154,166,494	333,308,319	3,087,820	1,544,535	4,632,355	328,675,964	176,054,004

SCHEDULES

PARTICULARS	For the year ended 31-03-2009 (Rupees)	For the Year Ended 31-03-2008 (Rupees)
SCHEDULE 6		
SUNDRY DEBTORS		
(unsecured, considered good)		
Debtors not exceeding six months	2,254,427	323,808
Debtors exceeding six months	-	-
Others	-	-
	<u>2,254,427</u>	<u>323,808</u>
SCHEDULE 7		
LOANS, ADVANCES & DEPOSITS		
ADVANCES		
Advances	2,554,391	8,196,641
TDS receivable	1,012,732	970,672
	<u>3,567,123</u>	<u>9,167,313</u>
Advances to creditors	-	358,562
Other Current Assets (VAT Input credit)	505,251	136,369
	<u>550,251</u>	<u>494,931</u>
DEPOSITS		
Rent Deposits	511,200	61,200
	<u>4,628,574</u>	<u>9,723,444</u>
SCHEDULE 8		
CURRENT LIABILITIES, PROVISIONS & ADVANCES		
Sundry Creditors	2,154,306	5,066,150
Creditors for Expenses & Equipment	39,929,020	17,214,253
Out Standings & Provisions	3,144,468	1,274,474
Advances Received	20,135,730	-
	<u>65,363,524</u>	<u>23,554,877</u>
SCHEDULE 9		
BUSINESS & ADMINISTRATIVE EXPENSES		
Salaries & Other benefits	7,645,559	4,915,872
Travelling & Conveyance	756,981	232,277
Printing & Stationery	215,231	84,975
Transportation Charges	7,256	2,300
Postage, Telegram & Telephones	219,528	238,495
Managerial Remuneration	3,567,492	3,120,000
Research & Development Expenses	3,513,700	2,235,058
Rent, Rates & Taxes	1,298,405	139,204
Office Administration & other Maintinances	1,904,586	2,141,793
	<u>19,128,738</u>	<u>13,109,974</u>

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 the assets are put to use.
- (c) CWIP account reflects work in progress costs associated the acquisition, installation and/or construction of the facilities for Bio Tech Plant. When the project is completed and/or the asset has been identified and placed in service, this will be capitalized and transferred to an asset account for depreciation

Depreciation and Amortization:

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

Research and Development Expenses :

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

Borrowing Costs:

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

Inventories:

Inventories are valued at cost or market price which ever is lower.

Taxation :

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

Impairment:

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

Reversal of impairment loss is 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. During the year the Company has received SEZ Status for Bio Tech sector specific Special Economic Zone at Pragnapur, Gajwel Mandal. Company has registered one Unit for the pre-clinical facility at the same SEZ location. Company has entered into separate Bond cum Legal Undertaking of Rs. 50 lakhs each for SEZ Developer and SEZ Unit with the Development Commissioner, Visakhapatnam Special Economic Zone for duty free import /exports and /or procurement of equipment and / or raw materials.
3. The Gross Block of Fixed Assets includes assets for three different segments.
 - a) R& D facility – Rs. 5,94,19,329
 - b) Pre-clinical Facility – SEZ Unit- Rs. 1,56,97,004
 - c) SEZ Developer – Biotech Sector Specific SEZ – Rs. 23,13,60,563
4. Director's Remuneration:

	Current Year (Rs.)	Previous Year (Rs.)
	35,67,492/-	31,20,000/-
5. Auditor's Remuneration :

	Current Year (Rs.)	Previous Year (Rs.)
Audit Fee	82,725	84,270/-
6. a) Foreign Exchange Details:

	Current Year	Previous year
Foreign Exchange Inward:	Rs. 48.14 Lakhs	Nil
Out flow for capital expenditure	Rs. 100.24 Lakhs	Nil

7. There are no dues to SSI Units outstanding for more than 30 days.
8. Confirmations were not obtained from debtors/creditors as to the balances receivable from/payable to them as at year end.
9. 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.944,851/-** towards deferred income tax liability. (Previous year Rs. 84,767/- towards deferred income tax Liability).
10. Previous years figures have been regrouped wherever necessary.
11. The figures have been rounded off to the nearest rupee.

As per our report of even date
For **P.MURALI & CO.,**
CHARTERED ACCOUNTANTS

For and on behalf of the Board
VIVO BIO TECH LIMITED

P. MURALI MOHANA RAO
PARTNER
M.NO. 23412

Dr.A.SANKARANARAYANAN
WHOLE TIME DIRECTOR & CEO

Dr. SUDHAKAR KONDA
EXECUTIVE DIRECTOR & COO

PLACE: HYDERABAD
DATE: 31-08-2009

N. MADHU SUDHANA REDDY
COMPANY SECRETARY

CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2009

PARTICULARS	31-03-2009	31-03-2008
	(Rs. in Lakhs)	(Rs. in Lakhs)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit before taxation, and extraordinary items	(197.74)	(155.73)
ADJUSTMENTS FOR :		
Depreciation	15.45	13.44
Interest expenses	20.13	3.42
Provision for FBT	(1.27)	-
Written off Expenses	0.61	0.61
Operating Profit before working capital changes	(162.83)	(138.26)
Inventory	(3.88)	13.09
Interest paid	(20.13)	(3.42)
Trade Receivables	(19.31)	29.71
Trade payables	418.09	7.79
NET CASH FLOW FROM OPERATING ACTIVITIES	211.94	(91.09)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1,541.66)	(739.56)
NET CASH USED IN INVESTING ACTIVITIES	(1,541.66)	(739.56)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Secured Loan	1,192.51	876.55
Increase in Share premium	90.80	-
Others	50.95	(45.30)
NET CASH USED IN FINANCING ACTIVITIES	1,334.25	831.23
Net increase in cash and cash equivalents	4.53	0.59
Cash and Cash equivalents as on 01.04.2008	11.60	11.01
Cash and Cash equivalents as on 31.03.2009	16.13	11.60

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

FOR AND ON BEHALF OF THE BOARD
VIVO BIO TECH LIMITED

P.MURALI MOHANA RAO
PARTNER
M.No.23412

Dr.A.SANKARANARAYANAN
WHOLE TIME DIRECTOR & CEO

Dr. SUDHAKAR KONDA
EXECUTIVE DIRECTOR & COO

PLACE : HYDERABAD
DATE : 31-08-2009

N. MADHU SUDHANA 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, 2009. 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 31st August, 2009 to the Members of the Company.

For P. MURALI & CO.
CHARTERED ACCOUNTANTS

PLACE : HYDERABAD
DATE : 31.08.2009

P. MURALI MOHANA RAO
PARTNER
M.No:23412

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL PROFILE

I) Corporate Identification No.	(CIN) L65993AP1987PLC007163		
II) Capital raised during the year (Amount in Rs. Thousands)			
Public Issue	- NIL -	Right Issue	- NIL -
Bonus Issue	- NIL -	Private Placement	- NIL -
III) Position of Mobilization and deployment of funds: (Amount in Rs. Thousands)			
Total Liabilities:	311,749	Total Assets :	311,749

Sources of Funds

Paid-up Capital	: 93,505
Reserves & Surplus	: 10,080
Secured Loans	: 206,905
Unsecured Loans	: NIL
Deferred Tax Liability	: 1,259

Application of Funds

Net Fixed Assets	: 328,676
Investments	: -
Net Current Assets	: (56,480)
Miscellaneous Expenditure	: 505
Accumulated Losses	: 39,048

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

Turnover	: 2,607	Total Expenditure	: 22,442
Profit/Loss before Tax	: (19,774)	Profit after Tax	: (20,846)
Earning per share (Rs.)	: (2.23)	Dividend Rate	: NIL

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

Item Code No. **3004**

Product Description Pharmaceuticals

VIVO BIO TECH LIMITED

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

ATTENDANCE SLIP

I hereby record my presence at the 22ndAnnual General Meeting of the Company being held on Wednesday, the 30th day of September, 2009 at 2.00 P.M. at Padmashali Kalyana Mandapam, West Marredpally, Secunderabd-26

Name of the Shareholder : Name of Proxy:

Signature of Member / Proxy : Regd. Folio No.

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

VIVO BIO TECH LIMITED

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

PROXY FORM

Sl.No.

Regd. Folio No.

No. of Shares held

I/We.....
of.....in the district of
..... being a member(s) of the above named company hereby appoint
.....of.....

..... in the district ofor
failing him..... of..... in the
district of as my/our proxy to vote for me/us on my/our behalf at the
22nd Annual General Meeting of the Company to be held on Wednesday , the 30th September, 2009 at
2.00 P.M. or at any adjournment thereof.

Signed this day of2009

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.

NOTES