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Annual General meeting on Wednesday, September 29, 2010 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
Kunasingam V. Sittamapalam
Dr. V. Narasaiah
M. Kalyan Ram
Kompella Sri Kalyan

- Whole Time Director & CEO
- 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

29.09.2010, 2.00 P.M
at Padmashali Kalyana Mandapam
West Marredpally, Secunderabad-26

CEO's Message

In 2010, we proudly celebrated our Twenty Third Anniversary as a Public Listed Company. This year has been a milestone in the history of Vivo Bio Tech Limited. We have started commercial operations of our state-of-art of 125,000 Sq.ft Small Animal Research Facility.

A future filled with opportunities

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

Despite the financial crunch and a drop in early-stage research, a new study conducted by Business Insights predicts 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.

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

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

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

Vibrant growth

In this fiscal year, we successfully started commercial operations of our state-of-art 125,000 Sq.ft Small Animal Research Facility. The facility has been designed in accordance with AAALAC international standards and has been validated by US based IPS International.

During the same period, we secured projects from clients across US, India and Malaysia. These include

- 1) Preclinical efficacy study & Acute/Sub acute toxicity study of an API for an Indian Client.
- 2) Sub acute toxicity study of a vaccine for a US based Vaccines Company.
- 3) Immunogenicity Study for a drug delivery system for a Malasiyan University
- 4) Regulatory Preclinical battery of a biopharmaceutical as required for RCGM submission for an Indian Pharmaceutical Company.
- 5) Efficacy study of mAbs by Xenografting three different cell lines in SCID mouse for an Indian Biotech Company
- 6) Purification of Cry 1AC and Cry 1EC proteins for a India based Biotech Seeds Company

We have also made applications to CPCSEA for permission for starting commercial operations of our Canine Facility and Breeding Facility.

We had increased our R&D staff significantly. As of July 31, 2010 we have approximately 111 employees.

Outlook 2011

In the next fiscal year, we anticipate –

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

We strongly believe that 2011 will be a far exciting year for Vivo Bio Tech Limited in terms of revenues, as we are fully equipped to meet the needs of clients globally, having established state-of-art infrastructure, knowledge teams and business contacts.

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.

Sincerely,

Dr. A. Sankaranarayanan,
Chief Executive Officer
Vivo Bio Tech Limited

NOTICE

NOTICE is hereby given that the 23rd Annual General Meeting of the Members of the Company will be held on Wednesday, the 29th day of September, 2010, at 2 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, 2010: 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 Kunasingam V. Sittampalam, who retires by rotation and being eligible offer himself for re-appointment
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. Kalyan Ram, 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 Mr. K. Sri Kalyan, 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 a Special Resolution:

"RESOLVED THAT Pursuant to the provisions of Section 198,269 and 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956(hereinafter referred to as the "Act" which includes any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the company be and is hereby accorded to the appointment of Mr. K. Sri Kalyan, as Whole Time Director of the Company, for a period of 3 (Three) years with effect from 22nd July, 2010 on a monthly remuneration of Rs.30,000 Per month.

“RESOLVED FURTHER that the remuneration as set out in this resolution including benefits, amenities and perquisites, shall be allowed and paid to Mr.K.Sri Kalyan 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”.

7. Issue and allotment of warrants on preferential basis to Strategic Investors and promoters of the Company

To Consider and if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution :

“RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956(Act) (including any statutory modification or re-enactment thereof for the time being in force) and in accordance with the provisions of Articles of Association of the Company, the Listing Agreement entered into between the Company and the Various stock exchanges, the Guidelines for Preferential Issues contained in Securities and Exchange Board of India(Issue of Capital and Disclosure Requirements) Regulations, 2009, rules and regulations framed by Reserve Bank of India(RBI) and other statutory/regulatory authorities, and subject to all applicable norms, guidelines, regulations in force, and statutory approvals, consents, permissions or sanctions as may be necessary, of appropriate authorities, institutions or bodies and subject to such conditions as the authorities may impose at the time granting their approvals/consents/permissions/sanctions and which may be agreed to by the Board of Directors of the Company (the “Board”, which expression shall include any committee thereof constituted/to be constituted by the Board for exercising the powers conferred on the Board by this Resolution) if it thinks fit in the interest of the Company, consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot 14,50,000 (Fourteen Lacs Fifty Thousand Only) warrants of Rs.10/- each at a premium to be decided as per the SEBI guidelines, to strategic investors and promoter of the company, the details of which are mentioned in the Explanatory Statement annexed hereto, on preferential allotment basis, , on such terms and conditions and in such manner as the Board may think fit, whether or not they are members of the Company

“RESOLVED FURTHER THAT

- a) The relevant date for the purpose of pricing of the equity shares as above, in accordance with the SEBI Guidelines is 30th August, 2010 being the 30th day prior to 29h September, 2010 (i.e. the 30th day prior to the date on which the meeting of the general body of shareholders is held, in terms of Section 81(1A) of the Companies Act, 1956 to consider the proposed issue.)
- b) The equity shares to be issued and allotted on conversion of warrants in pursuance of this resolution shall rank pair passu with the then existing equity shares of the company in all respects.

“RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorized to do all such acts, deeds and things as the Board may, in its absolute discretion, consider necessary, expedient, usual, proper or incidental and to settle any question, remove any difficulty or doubt that may arise from time to time in relation to the offer, issue and allotment of the equity shares and the utilization of the issue proceeds thereof, to effect any modification (s) to the foregoing (including any modifications to the terms of the issue) in the best interests of the Company and its shareholders and to execute all such writings and instrument(s) as the Board may in its absolute discretion deem necessary or desirable.

“RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of its powers to any committee of Directors of the Company to give effect to the aforesaid resolution”.

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

PLACE : HYDERABAD
DATE : 31.08.2010

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, 2010 to 29th September, 2010(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 M. Kalyan Ram 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 26th November, 2009 . Pursuant to Section 260 of the Companies Act, 1956 M. Kalyan Ram 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 M. Kalyan Ram. 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. M. Kalyan Ram

Item# 5

Mr. K. Sri Kalyan 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 22nd July,2010. Pursuant to Section 260 of the Companies Act, 1956 Mr. K. Sri Kalyan holds office of Director up to the date of the ensuing Annual General Meeting. The Company has received a notice in writing under Section 257 of the Companies Act, 1956 along with a deposit of Rs.500/- from a member signifying his intention to propose the name of Mr. K. Sri Kalyan 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 Sri. K. Sri Kalyan.

Item# 6

The Board of Directors of the Company in its meeting held on 22nd July, 2010, appointed Mr. K. Sri Kalyan as Whole Time Director for a period of 3 years with effect from 22nd July, 2010 at a gross remuneration of Rs. 30,000 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 is having no other directorships and also not a member in the committees of any other companies.

The remuneration has been approved by the remuneration committee.

As per the provisions of Schedule XIII of the Companies Act, 1956 appointment of Mr. K. Sri Kalyan as Whole Time Director requires the approval of the members in General Meeting. Hence, the above resolution at item# 6 is submitted to the meeting for ratification by the members of the company by passing a Special Resolution.

The Board of Directors commends the above resolution at Item# 6 for your approval.

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

Item#7

As members are aware the company has significant growth plans. These growth plans include, the incorporation of two 100% wholly owned subsidiary companies namely, Vivobio Labs Private Ltd and Vivobio Discovery Services Private Ltd.

While the current cash flows from the operations are not sufficient and the above projects would require significant outlay of funds in the coming years. These projects will necessitate external infusion of funds at different points of time in the future. Since the activities of the company are going to diversify into across different fields, there will be considerable amount of investment the company has to make. It is thought prudent to obtain shareholders approval for issue of securities through preferential allotment of shares to Promoters and strategic investors to enable the company to raise a part of this fund requirement for the said growth plans.

Hence, the company proposes to issue 14,50,000 Warrants to the promoters and strategic investors as detailed hereunder subject to the approval of members and such other approvals as may be necessary. The proposed issue of warrants on preferential basis to Promoters and strategic investors would be strictly in accordance with Chapter VII of the SEBI(Issue of Capital and Disclosure Requirements) Regulations, 2009 (“SEBI ICDR Regulations 2009”) and the following parameters would be subject to such changes as may be required to conform to the SEBI ICDR Regulations, 2009

The Warrants to be issued pursuant to the above will be subject to lock-in as stipulated under the applicable SEBI guidelines.

The company had sought indication from Strategic investors whether it would be desirous to subscribe to the above securities. The strategic investors in turn has confirmed and conveyed its intent to subscribe to these securities.

Disclosures, which are required to be made pursuant to Regulation 73(1) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements)Regulations, 2009.

- (i) The objects of the Preferential issue**
To Fund the Future capital investments of the company as mentioned above.

- (ii) The Proposal of the promoters/directors/key management persons to subscribe to the offer.**
The intention and primary objective of the Promoters to subscribe to the offer through this preferential issue is to enhance their commitment towards the company and make available funds to the company’s proposed growth plans

(iii) Share holding pattern of the Company before and after the proposed issue of Equity Shares pursuant to the resolution at Sl.No.7

Sl.No	Category	Pre – issue		Post Issue	
		No. of Equity Shares	Percentage %	No. of Equity Shares	Percentage %
1	Promoters Holding	6448700	68.97	6898700	63.87
2	Others	2901820	31.03	3901820	36.13
	TOTAL	9350520	100.00	10800520	100.00

iv) Proposed time within which allotment will be completed

The allotment of the Warrants being issued on preferential basis is proposed to be made within 15 days from the date of passing of the resolution by the Members.

v) Identity of proposed allottees and the percentage of post preferential issued capital that may be held by them

Identity of proposed allottees	No. of Equity Shares to be allotted	Percentage of post issue equity capital
Dr. A. Sankaranarayanan	4,50,000	4.17
Mallemkonda Realities (P) Ltd	10,00,000	9.26

The proposed allotment of warrants on preferential basis as envisaged above will not result in change in Control/Management of the Company.

vi) The company hereby undertakes that

- It would re-compute the price of the securities specified above in terms of the provisions of the SEBI ICDR Regulations, 2009 where it is required to do so.
- If the amount payable on account of re-computation of price is not paid within the time stipulated in the SEBI ICDR Regulations 2009, the above specified securities shall continue to be locked in till the time such amount is paid by allottees.

None of the Directors interested except Dr. A.Sankaranarayanan to the extent of the allotment of warrents to him.

By Order of the Board of Directors

For **Vivo Bio Tech Ltd**

Place: HYDERABAD
Date: 31-08-2010

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 : Datuk Kunasingam V. Sittampalam
 Age : 57 years
 Qualifications : Bachelor of Engineering (Hons) and Master of Engineering, Sheffield University, United Kingdom
 Expertise : As a director to HSS intesys Sdn Bhd the IT Subsidiary of HSS integrated Group, providing value added services in engineering software, planning and scheduling work. At HSS integrated, he has been the project director involved in overall project
 Other Directorships : Virinchi Technologies Ltd
 Membership of Committee : NIL
 Shareholding : NIL

2. Name : M.Kalyan Ram
 Age : 32 years
 Qualifications : B.Com
 Expertise : He has around 9 years of experience in the accounts, finance and administration of various companies.
 Other Directorships : 1
 Membership of Committee : NIL
 Shareholding : NIL

3. Name : K.Sri Kalyan
 Age : 31 years
 Qualifications : B.Tech in Mechanical Engineering
 Expertise : He has rich experience of 7 years in the quality assurance, production and project management. He is also a certified ISO 9001 internal auditor, ISO 14001 lead auditor and an in-house trainer for Lean Manufacturing and six sigma.
 Other Directorships : NIL
 Membership of Committee : NIL
 Shareholding : NIL

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting you the 23rd Annual Report of your company together with the Audited Accounts for the year ended 31st March, 2010.

Financial Results

Particulars	(Amount in Rs. Lakhs)	
	2009-2010	2008-09
Total Income	411.73	26.68
Profit before tax	(74.54)	(197.74)
Deferred Tax Provision	(62.05)	(9.45)
Balance brought forward	(390.47)	(182.01)
Balance Carried to Balance Sheet	(527.06)	(390.47)

Results of Operations :

During the year under review the total income of your company for the year 2009-10 was Rs. 411.73 Lakhs as against the income of Rs.26.68 lakhs in 2008-09.

In this fiscal year, we successfully started commercial operations of our state-of-art 125,000 Sq.ft Small Animal Research Facility. The facility has been designed in accordance with AAALAC international standards and has been validated by US based IPS International.

During the same period, we secured projects from clients across US, India and Malaysia. These include –

- Preclinical efficacy study & Acute/Sub acute toxicity study of an API for an Indian Client.
- Sub acute toxicity study of a vaccine for a US based Vaccines Company.
- Immunogenicity Study for a drug delivery system for a Malaysian University
- Regulatory Preclinical battery of a biopharmaceutical as required for RCGM submission for an Indian Pharmaceutical Company.
- Efficacy study of mAbs by Xenografting three different cell lines in SCID mouse for an India Biotech Company
- Purification of Cry 1AC and Cry 1EC proteins for a India based Biotech Seeds Company

We have also made applications to CPCSEA for permission for starting commercial operations of our Canine Facility and Breeding Facility.

Filing of Application for listing of Amalgamated Shares & Preferential allotment

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

Directors

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

Mr.Lanka Nagraj, Swaminatham Madhira Resigned on 31st July, 2009. Dr. Venugopal Resigned on 26th November, 2009. Dr. Sudhakar Konda resigned to the position of Director w.e.f 11th December, 2009 Mr. Jagan Mohan Rao Karpe resigned on 21st May, 2010

Mr. M. Kalyan Ram is appointed as Additional Director in the board on 26th November, 2009. Mr. K. Sri Kalyan is appointed as addl. Director in the board meeting held on 22nd July, 2010 and also being appointed as whole Time director.

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, 2010, 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 2010 and of the loss of the company for the financial year ended 31st March 2010.
- 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, 2010 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, 2010 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.

S. No	Name of the employee	Designation	Gross Salary	Qualification	Date of Commencement of employment	Particulars of Last employment
01	Dr.Sudhakar Konda	COO	24,00,000	M.Sc Vs	20.01.2007	Reliance Life sciences
02	Dr. A. Sankaranarayanan	Whole Time Director & CEO	20,00,000	MVSc, Doctor of	31.07.2009 Philosophy (Pharmacology)	GVK Bio 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 : 31-08-2010

Dr.A.Sankaranarayanan
Whole Time Director & CEO

K. Sri Kalyan
Whole Time Director

ANNEXURE TO THE DIRECTORS REPORT

Particulars under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 for the year ended March 31st, 2010

Consumption 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, 2010	For the year ended March 31, 2009
A. Power and Fuel Consumption		
1. Electricity		
a. Electricity Purchase Unit	262029	154751
Total amount	18,34,206	10,11,268
Rate per unit (Average)	Rs. 7	6.53
b. Own Generation from Diesel Generator Unit	NIL	NIL
Rate per Unit	NA	NA

B. Consumption per unit of Production :

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

Form B

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

1. Molecular Biology: Cloning of desired gene in the appropriate vector and also optimization of the expression of desired protein in appropriate host.
2. Fermentation: Optimizing the fermentation process of E.Coli harboring the plasmid containing the gene of interest.
3. 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.
4. Bioassay: in vivo and in vitro activity assay standardization of various proteins.
5. Quality Control: We do the physico-chemical and biochemical/immunological characterization of various proteins

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

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

C. Future plan of action

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

D. Foreign Exchange Earnings and outgo

Earnings : Rs.203.04 Lacs

Outgo : Rs.113.83 Lacs

**Statement Pursuant to section 212 of the Companies Act, 1956 Relating to
Company's interest in Subsidiary Company**

1.	Name of the Subsidiary	Vivobio Discovery Services Private Ltd.	Vibobio Labs Privated Ltd.
2.	Financial year and	31st March, 2010	31st March, 2010
3.	Holding Company's Interest	100% in Equity Share Capital	100% in Equity share Capital
4.	Share held by the holding company in the subsidiary	10,000	10,000
5.	The net aggregate of profits of losses for the above financial year of the subsidiary so far as it concerns the members of the holding company. a. dealt with or provided for in the accounts of the holding Company not dealt with or provided for in the accounts of the holding Company. b. Not dealt with or provided for in the accounts of the holding company.	NIL NIL	NIL NIL
6.	The net aggregate of profits or losses for the previous financial years of the subsidiary so far as it concerns the members of the holding company. a. dealt with or provided for in the accounts of the holding Company b. not dealt with or provided for in the accounts of the holding Company	NIL NIL	NIL NIL

ANNEXURE TO DIRECTORS' REPORT REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy :

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

2. Board of Directors :

a) Composition

Your Company is having 5 Directors comprising of 2 Executive Directors and 3 Independent Non Executive Directors which is in compliance of Clause 49 of the Listing Agreement.

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

During the Financial Year 2009-10 the Board of Directors met 7 times on the following dates:

25th April, 2009, 31st July, 2009, 31st August, 2009 , 31st October, 2009, 26th November, 2009, 11th December, 2009 , 30th January, 2010

The attendance of each Director is given below:

Name of the Director	Category	No. of Board Meetings attended	Whether attended last AGM	No. of other Directorships #	committee Memberships	Committee Chairmanship
Lanka Nagraj*	Managing Director	1	NA	-	-	-
Dr.Sudhakar Konda*	Executive Director	5	Yes	-	-	-
Dr. Sankaranarayanan	Whole Time Director & CEO	2	Yes			
Dr. Venugopal*	Independent Non-Executive Director	4	Yes	1	-	2
Swaminatham Madhira*	Independent Non-Executive Director	1	NA	-	-	-
Kunasingam V.Sittampalam	Independent Non-Executive Director	-	No	1	-	-
Jagan Mohan Rao Karpe*	Independent Non-executive Director	7	Yes	1	-	-
Dr.V. Narasaiah	Independent Non-executive Director	5	Yes	-	-	-
M. Kalyan Ram	Independent Non-executive Director	2	NA	-	-	-

* All are resigned

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

- In accordance with clause 49 , memberships/ chairmanships of only the Audit Committee and shareholders/ investors grievance committees all Public Limited companies (Excluding Vivo Bio Tech Ltd) have been considered.
- Apart from receiving sitting fee for attending meetings, the independent directors do not have any material pecuniary relationships or transactions with the company, promoters, directors, senior management or its holding company, subsidiaries and associates which may affect independence of the director;
- The Independent director is not related to promoters or persons occupying management positions at the board level or at one level below the board;
- The independent directors have not been executives of the company in the immediately preceding three financial years;
- They are not partners or executives or were not so during the preceding three years of the
 - Statutory audit firm or the internal audit firm that is associated with the company
 - Legal Firm(s) and consulting firm(s) that have a material association with the company
- The Independent Directors are not material suppliers, service providers or customer or a lessors or lessee of the company, which may affect their independence
- They are not substantial shareholders of the company i.e don't own 2 percent or more of the block of voting shares. .

AUDIT COMMITTEE

During the year under review Four (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
Kalyan Ram Mangipudi	Chairman	1
Dr. Venugopal*	Chairman	3
Dr. Sudhakar Konda*	Member	3
Dr. V. Narasaiah	Member	2
Dr. Sankaranarayanan	Member	-

*All are resigned

The meetings of Audit committee were also attended by the representatives of Statutory Auditor as Invitees. The un-audited financial results for each quarter are recommended by the audit committee before passed on to the Board of Directors for approval and adoption.

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

1. Financial reporting process
2. Draft financial statements and auditor's report (before submission to the Board)
3. Accounting policies and practices
4. Internal controls and internal audit systems
5. Risk management policies and practices
6. Related party transactions
7. 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	Meeting Attended
Kalyan Ram	Chairman	Independent Non Executive Director	-
Dr. Venugopal	Chairman	Independent Non Executive Director	-
Kunasingam V. Sittampalam	Member	Independent Non Executive Director	-
Dr. V. Narasaiah	Member	Independent Non Executive Director	-

Details of remuneration to the directors for the Year :

Name of the Director	Relationship with other Directors	Business relationship with comp- if any	Loans and advances from company	Remuneration Paid During the year 2009- 2010			
				Sitting fees Rs.	Salary Rs.	Perqui sites Rs.	Total Rs.
Dr. Sudhakar Konda	None	None	None	-	16,00,000	—	16,00,000
Dr. Sankaranarayanan	None	None	None	-	20,00,000	—	20,00,000
M. Kalyan Ram	None	None	None	5000	—	—	5000
Dr.Venugopal	None	None	None	10000	—	—	10000
Kunasingam V. Sittampalam	None	None	None	—	—	—	—
Dr.V. Narasaiah	None	None	None	12500	—	—	12500
Jagan Mohan Rao Karpe	None	None	None	17500	—	—	17500
Lanka Nagraj	None	None	None		2,25,000		2,25,000

Shares held by Non-Executive Directors as on 31st March, 2010 are as follows:

Sl.No	Name of the Non-Executive Director	No. of shares held as on the Date
1	M.Kalyan Ram	NIL
2	Dr.V.Narasaiah	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. Aarthi Consultants Private Limited.

Composition of the Committee :

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

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

The total No. of Complaints received and complied during the year were; 20

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

The outstanding complaints as on 31st March, 2010 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
2008-09	30.09.2009	2 PM	Padmashali Kalyana Mandapam, 2-12-66, Nehru Nagar, West Marredpally, Secunderbad-500 026	Appointment of Dr. Sankaranarayanan as Whole Time Director & CEO
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 Nagraj as MD 2. Ratification resolution for appointment of Dr. Sudhakar Konda as ED

7. Disclosures

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

None

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

None

8. Means of Communications :

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

9. General Shareholder information

- a) **AGM: Date, Time and Venue** : 29th September, 2010 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, 2010 | Before end of July 10 |
| Quarter ending September 30, 2010 | Before end of October 10 |
| Quarter ending December 31, 2010 | Before end of January, 11 |
| Quarter ending March 31, 2011 | Before end of April, 11 |
- c) **Date of Book Closure** : 26th September, 2010 to 29th September, 2010 (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 2010-11.
- 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, 2010

Share Holding of Nominal Value		Share Holders		Number of Shares		
	Rs.	Numbers	% of Total	No	% of Total	
Upto	5,000	6156	99.16	322860	3.45	
	5,001	10,000	22	0.35	215130	2.30
	10,001	20,000	5	0.08	71030	0.76
	20,001	30,000	6	0.10	170000	1.82
	40,001	50,000	2	0.03	100000	1.07
	50,001	1,00,000	6	0.10	441400	4.72
	1,00,001	And above	11	0.18	8030100	85.88
TOTAL		6208	100.00	9350520	100.00	

j) Categories of shareholders as at 31st March 2010

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. FIIs	Nil	Nil
4. OTHERS		
a. Private Corporate Bodies	1363650	14.58
b. Indian Public	251970	2.69
c. NRIs / 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-500 009

Non –Mandatory Requirements:

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

BY ORDER OF THE BOARD OF DIRECTORS

PLACE : HYDERABAD
DATE : 31-08-2010

Dr. A. Sankaranarayanan
Whole Time Director & CEO

K. Sri Kalyan
Whole Time Director

ANNEXURE TO THE DIRECTORS' REPORT

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

INDUSTRY STRUCTURE AND DEVELOPMENTS

Industry Overview

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

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

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

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

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

Opportunities

CRAMS opportunity

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

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

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

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

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

Threats

Government Regulations

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

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

Intense competition – preclinical services

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

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

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

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

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

Outlook

In the next fiscal year, we anticipate –

To receive AAALAC International and GLP (India) accreditations for our Small Animal Research Facility

To start operations of our Small Animals Breeding facility

To start operations of our Canine facility

We strongly believe that 2011 will be a far exciting year for Vivo Bio Tech Limited in terms of revenues, as we are fully equipped to meet the needs of clients globally, having established state-of-art infrastructure, knowledge teams and business contacts.

Risks & concerns

The Company is a CRAMS (Contract Research and Manufacturing Services) player which is highly dependent on other pharmaceutical and biotechnology companies for its business. The company's revenues depend significantly on the disbursement made by the pharmaceutical and biotechnology industries in research and development. Accordingly, economic factors and industry trends that affect the companies in these industries also affect our business. If companies in these industries were to lessen the number of research and development projects they 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 2009-10 was Rs.411.73 Lacs as against the income of Rs.26.68 Lacs.

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 2010 was 111. Your company works continuously towards adopting the best human resource practices in the industry and firmly believes in coming out with creative ideas for promoting customer satisfaction of the highest order. To ensure that employees grow with technology, training programs are conducted by your company at regular intervals to enable all technical & functional resources be abreast with the latest technologies.

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

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

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

Date: 31.08.2010
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, 2010 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 : 31-08-2010

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

Certification as required under Revised Clause 49 of the Listing Agreement

We, Dr.A. Sankaranarayanan Whole Time Director& CEO, K. Sri Kalyan , Whole-Time Director of Vivo Bio Tech Limited to the best of our knowledge and belief, certify that:

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

Place: HYDERABAD
Date: 31-08-2010

Dr.A.Sankaranarayanan
Whole Time Director & CEO

K.Sri Kalyan
Whole Time Director

AUDITORS' REPORT

To
The Members,
VIVO BIO TECH LIMITED

We have audited the attached Balance Sheet of VIVO BIO TECH LIMITED as at 31st March, 2010 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, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed Director in terms of clause(g) of sub-section(1) of section 274 of the Companies Act, 1956;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - (b) In the case of the Profit & 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;

PLACE : HYDERABAD
DATE : 31-08-2010

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

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

- VI. The Company has not accepted any deposits from the public and hence the applicability of the clause of directives issued by the Reserve Bank of India and provisions of section 58A, 58AA or any other relevant provisions of the Act and the rules framed there under does not arise. As per information and explanations given to us the order from the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal has not been received by the Company.
- VII. In our opinion, the company is having internal audit system, commensurate with its size and nature of its business.
- VIII. We have broadly reviewed the books of account relating to the materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- IX. a) The Company is regular in depositing statutory dues including PF,ESI, and any other statutory dues with the appropriate authorities and at the last of the financial year there were no amounts outstanding which were due for more than 6 months from the date they became payable.
- b) According to the information and explanations given to us, no undisputed amounts are payable in respect of PF,ESI, and any other statutory dues as at the end of the period, for a period more than six months from the date they became payable.
- X. The Company has been registered for a period of not less than 5 years, and its accumulated losses at the end of the financial year is less than fifty percent of its net worth and the company has not incurred cash losses during the financial year as against Rs. 181.69 lakhs for the immediately preceding financial year.
- XI. Based on our audit procedures and as per the information and explanations given by the management, the Company did not have any dues to a financial institution, bank or debenture holders
- XII. According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities and hence the applicability of the clause regarding maintenance of adequate documents in respect of loans does not arise.
- XIII. This clause is not applicable to this Company as the Company is not covered by the provisions of special statute applicable to Chit Fund in respect of Nidhi/Mutual Benefit Fund/Societies.
- XIV. According to the information and explanations given to us, the company is not dealing or trading in shares, securities, Debentures and other investments and hence the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order 2003, are not applicable to the Company.
- XV. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions, and hence the applicability of this clause regarding terms and conditions which are prejudicial to the interest of the company does not arise.

- XVI. In our opinion and according to the information and explanations given to us by the management, term loans are applied for the purpose for which the loans were obtained
- XVII. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment
- XVIII. According to the information and explanations given to us, the Company has not made any preferential allotment of Shares to parties and Companies covered in the Register maintained under section 301 of the Companies Act, 1956 and hence the applicability of the clause regarding the price at which shares have been issued and whether the same is prejudicial to the interest of the Company does not arise.
- XIX. According to the information and explanations given to us, the company does not have any debentures and hence the applicability of the clause regarding the creation of security or charge in respect of debentures issued does not arise.
- XX. According to information and explanations given to us, the company has not raised money by way of public issues during the year, hence the clause regarding the disclosure by the management on the end use of money raised by Public Issue is not applicable.
- XXI. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year under audit.

PLACE : HYDERABAD
DATE : 31-08-2010

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

P. MURALI MOHANA RAO
PARTNER
M.No. 23412

VIVO BIO TECH LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2010

PARTICULARS	SCHEDULE NOS.	AS AT 31-03-2010 (Rupees)	AS AT 31-03-2009 (Rupees)
I. SOURCES OF FUNDS			
1. SHAREHOLDER'S FUNDS			
a. Capital	1	93,505,200	93,505,200
b. Reserves & Surplus	2	16,840,000	10,080,000
2. SECURED LOANS	3	204,934,262	206,905,510
3. DEFERRED INCOME TAX LIABILITY		7,463,316	1,258,560
TOTAL		<u>322,742,778</u>	<u>311,749,269</u>
II. APPLICATION OF FUNDS			
1. FIXED ASSETS			
a. Gross Block	4	406,031,411	94,016,249
b. Less : Depreciation		<u>15,974,356</u>	<u>4,632,355</u>
c. Net Block		390,057,055	89,383,894
d. Capital Work in progress		87,50,000	239,292,070
2. INVESTMENTS		2,00,000	-
3. CURRENT ASSETS, LOANS & ADVANCES			
a. Inventories		161,948	387,957
b. Cash & Bank Balances	5	471,624	1,613,015
c. Sundry Debtors	6	323,157	2,254,427
d. Advances & Deposits	7	2,950,235	4,628,574
Less: Current Liabilities, Provisions & Advances	8	<u>133,321,811</u>	<u>65,363,524</u>
NET CURRENT ASSETS		(129,414,847)	(56,479,551)
4. MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)		444,121	505,126
5. PROFIT & LOSS ACCOUNT		<u>52,706,449</u>	<u>39,047,729</u>
TOTAL		<u>322,742,778</u>	<u>311,749,269</u>

Notes to Account

10

AS PER OUR REPORT OF EVEN DATED
For P.MURALI & CO.
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF BOARD
VIVO BIO TECH LIMITED

P. MURALI MOHANA RAO
PARTNER
M.No. 23412

Dr. A. SANKARA NARAYANAN
WHOLE TIME DIRECTOR & CEO

K. SRI KALYAN
WHOLE TIME DIRECTOR

PLACE : HYDERABAD
DATE : 31-08-10

N. MADHUSUDHANA REDDY
COMPANY SECRETARY

VIVO BIO TECH LIMITED
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31-03-2010

PARTICULARS	SCHEDULE NOS.	YEARENDED 31-03-2010 (Rupees)	YEAR ENDED 31-03-2009 (Rupees)
1. INCOME			
Income from operations		35,782,487	2,607,011
Other Income		5,390,910	60,597
TOTAL		41,173,397	2,667,608
2. EXPENDITURE			
(Increase) / Decrease stock		226,009	(387,957)
Business & Administrative Expenses	9	29,570,303	19,128,738
Interest & Financial Charges		7,345,318	2,012,977
Audit Fee		82,725	82,725
Depreciation		11,342,001	1,544,535
Miscellaneous Expenses W/o		61,005	61,005
TOTAL		48,627,360	22,442,022
3. PROFIT / (LOSS)		(7,453,963)	(19,774,414)
4. PROVISION FOR TAX			
Income Tax		-	-
Deferred Tax		6,204,756	944,851
Fringe Benefit Tax		-	127,010
5. PROFIT / (LOSS) AFTER TAX		(13,658,720)	(20,846,275)
6. BALANCE BROUGHT FORWARD		(39,047,729)	(18,201,454)
7. PREIOR PERIOD ADJUSTMENTS		-	-
8. BALANCE CARRIED FORWARD		(52,706,449)	(39,047,729)
9. EARNING PER SHARE		(1.46)	(2.23)
Notes to Account	10		

AS PER OUR REPORT OF EVEN DATED
For P.MURALI & CO.
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF BOARD
VIVO BIO TECH LIMITED

P. MURALI MOHANA RAO Dr. A. SANKARA NARAYANAN
PARTNER WHOLE TIME DIRECTOR & CEO
M.No. 23412

K. SRI KALYAN
WHOLE TIME DIRECTOR

PLACE : HYDERABAD
DATE : 31-08-10

N. MADHUSUDHANA REDDY
COMPANY SECRETARY

VIVO BIO TECH LIMITED

PARTICULARS	AS AT 31-03-2010 (Rupees)	AS AT 31-03-2009 (Rupees)
SCHEDULE 1		
SHARE CAPITAL		
AUTHORISED SHARE CAPITAL		
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 CAPITAL		
9350520 Equity Shares of Rs.10/-Each (Previous Year 9350520 Equity Shares of Rs.10/-Each)	93,505,200	93,505,200
	<u>93,505,200</u>	<u>93,505,200</u>
SCHEDULE 2		
Reserves & Surplus		
General Reserve	1,000,000	1,000,000
Share Premium	15,840,000	9,080,000
	<u>16,840,000</u>	<u>10,080,000</u>
SCHEDULE 3		
SECURED LOANS		
Canara Bank Term Loan (Hypothecation of Fixed Assets - Land, Building, Computers & Interiors etc. of the pre clinical facility at Pragnapur and personal guarantee of the Directors)	204,932,050	206,885,602
Bajaj Auto Finance Limited (Secured against vehicles)	2,212	19,908
	<u>204,934,262</u>	<u>206,905,510</u>
SCHEDULE 5		
CASH & BANK BALANCES		
Cash in Hand	333,586	433,532
Bank Balances in Current Accounts	138,038	1,179,483
	<u>471,624</u>	<u>1,613,015</u>

**SCHEDULE 4
FIXED ASSETS**

Particulars	Gross Block As on 1-04-2009	Additions (Deletions)	Gross Block As at 31-03-2010	Depreciation Upto 31-03-2009	Depreciation During the Year	Total Depreciation 31-03-2010	Net Block As at 31-03-2010	Net Block As at 31-03-2009
Land	26,831,423	-	26,831,423	-	-	-	26,831,423	26,831,423
Air Conditioners	1,215,000	52,186,364	53,401,364	101,294	1,710,281	1,811,574	51,589,790	1,113,706
Electrical fittings	916881	26,813,331	27,730,212	59,426	892,641	952,066	26,778,145	857,455
R & D Equipment	59,419,329	21,723,763	81,143,092	1,982,288	3,384,921	5,367,209	75,775,883	57,437,041
Furniture	150,872	3,451,713	3,602,585	137,245	112,104	249,349	3,353,236	13,627
Vehicles	1,980,724	-	1,980,724	1,323,254	188,169	1,511,423	469,301	657,470
Computers	1,179,502	223,650	1,403,152	732,243	207,548	939,791	463,361	447,259
Software	172,591	2,352,000	2,524,591	62,866	97,962	160,828	2,363,763	109,725
Office Equipments	2,149,927	10,697,366	12,847,293	233,740	416,018	649,757	12,197,535	1,916,187
Preclinical Facility	-	194,566,976	194,566,976	-	4,332,358	4,332,358	190234618	-
TOTAL	94,016,249	312,015,162	406,031,411	4,632,355	11,342,001	15,974,356	390,057,055	89,383,894

PARTICULARS	AS AT 31-03-2010 (Rupees)	AS AT 31-03-2009 (Rupees)
SCHEDULE 6		
Sundry Debtors (Unsecured considered good)		
Debts not exceeding six months	323,157	2,254,427
Debts exceeding six months	-	-
Others	-	-
	<u>323,157</u>	<u>2,254,427</u>
SCHEDULE 7		
Loans, Advances & Deposits		
ADVANCES		
Advances	34,158	2,554,391
TDS receivable	1,158,573	1,012,732
	<u>1,192,731</u>	<u>3,567,123</u>
Service Tax credit	12,364	-
Vat Input credit	845,140	550,251
	<u>857,504</u>	<u>550,251</u>
DEPOSITS		
Other Deposits	900,000	511,200
	<u>900,000</u>	<u>511,200</u>
	<u>2,950,235</u>	<u>4,628,574</u>
SCHEDULE 8		
CURRENT LIABILITIES, PROVISIONS & ADVANCES		
Sundry Creditors	46,852,295	2,154,306
Creditors for Expenses & Equipment	64,164,994	60,064,750
Lease Deposits	18,900,000	-
Out Standings & Provisions	3,404,523	3,144,468
	<u>133,321,811</u>	<u>65,363,524</u>
SCHEDULE 9		
BUSINESS & ADMINISTRATIVE EXPENSES		
Salaries & Other benefits	17,152,870	7,645,559
Travelling & Conveyance	496,656	756,981
Transportation Charges	397,744	7,256
Postage, Telegram & Telephones	825,322	156,838
Managerial Remuneration	3,870,000	3,567,492
Research & Development Expenses	3,439,772	3,513,700
Rent, Rates & Taxes	1,523,815	1,298,405
Office Administration & other Maintinances	1,864,124	2,182,506
	<u>29,570,303</u>	<u>19,128,738</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 of completion and ready for use.
- (c) Preclinical Facility (Animal House) at SEZ Site at Pregnapur, Gajwel Mandal, Andhra Pradesh is capitalized during the year and balance lying in CWIP account reflects work in progress costs associated the acquisition, installation and/or construction of the Canine 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. Company has three different tax structures viz. SEZ Developer, SEZ Unit and DSIR Registered R&D Unit. Tax will be computed for each division and consolidated.

Deferred tax asset and liability is recognized for future tax consequences attributable to the timing differences that result between the profit offered for income tax and the profit as per the financial statements. Deferred tax asset & liability are measured as per the tax rates/laws that have been enacted or substantively enacted by the Balance Sheet date.

Impairment :

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

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. Details given in Director's Report.
2. Company has entered into separate Bond cum Legal Undertaking for Rs. 50 lakhs each for SEZ Developer and SEZ Unit with the Development Commissioner, Visakhapatnam Special Economic Zone for duty free import and /or purchase of equipments.

3. The Gross Block of Fixed Assets includes assets for three different segments.

S.No.	Particulars	Amount Rs.
a)	R& D facility –	71,648,059
b)	Pre-clinical Facility – SEZ Unit-	23,719,894
c)	SEZ Developer – Biotech Sector Specific SEZ –	317,582,035

4. Director's Remuneration:

Current Year (Rs.)	Previous Year (Rs.)
38,70,000/-	35,67,492/-

5. Auditor's Remuneration :

Current Year (Rs.)	Previous Year (Rs.)
Audit Fee 82,725	82,725/-

6. Foreign Exchange Earnings :

Particulars	Current Year	Previous year
Foreign Exchange Inflow :	Rs.203.04 Lakhs	Nil
Out flow for Capital expenditure	Rs.113.83 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. During the year the company has taken lease of 12,500 sft area , at Hakimpet at prevailing market rates, for preclinical experiments.
10. In accordance with Accounting Standard 22 (AS 22) issued by the ICAI, the Company has accounted for deferred income tax during the year. The deferred income tax provision for the current year amounts to Rs.62,04,756/- towards deferred income tax Liability. (Previous year Rs. 9,44,851/- towards deferred income tax Liability).
11. Previous years figures have been regrouped wherever necessary.
12. The figures have been rounded off to the nearest rupee.

AS PER OUR REPORT OF EVEN DATED

For **P.MURALI & CO.**

CHARTERED ACCOUNTANTS

P. MURALI MOHANA RAO **Dr. A. SANKARA NARAYANAN**

PARTNER

M.No. 23412

WHOLE TIME DIRECTOR & CEO

FOR AND ON BEHALF OF BOARD

VIVO BIO TECH LIMITED

K. SRI KALYAN

WHOLE TIME DIRECTOR

PLACE : HYDERABAD

DATE : 31-08-10

N. MADHUSUDHANA REDDY

COMPANY SECRETARY

**VIVO BIO TECH LTD,
CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2010**

	Current Year (Rs.in Lakhs)	Previous Year (Rs.in Lakhs)		
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net profit before taxation, and extraordinary items	(74.54)	(197.74)		
ADJUSTMENTS FOR :				
Depreciation	113.42	15.45		
Interest expenses	73.45	20.13		
Deferred Tax	(62.05)	(1.27)		
Written off Expenses	0.61	0.61		
Operating Profit before working capital changes	50.90	(162.83)		
Inventory	2.26	(3.88)		
Interest paid	(73.45)	(20.13)		
Trade Receivables	36.10	(19.31)		
Trade payables	741.63	418.09		
NET CASH FLOW FROM OPERATING ACTIVITIES	757.43	211.94		
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(814.73)	(1,541.66)		
Investments in subsidiaries	(2.00)	-		
NET CASH USED IN INVESTING ACTIVITIES	(816.73)	(1,541.66)		
C. CASH FLOW FROM FINANCING ACTIVITIES				
Repayment of Secured Loan	(19.71)	1,192.51		
Increase in Share premium	67.60	90.80		
Others	-	50.95		
NET CASH USED IN FINANCING ACTIVITIES	47.89	1,334.25		
Net increase in cash and cash equivalents	(11.41)	4.53		
Cash and Cash equivalents (Op Balance)	16.13	11.60		
Cash and Cash equivalents (Closing Balance)	4.72	16.13		
<table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <p>AS PER OUR REPORT OF EVEN DATED For P.MURALI & CO. CHARTERED ACCOUNTANTS</p> <p>P. MURALI MOHANA RAO Dr. A. SANKARA NARAYANAN K. SRI KALYAN PARTNER WHOLE TIME DIRECTOR & CEO WHOLE TIME DIRECTOR M.No. 23412</p> <p>PLACE : HYDERABAD DATE : 31-08-10</p> </td> <td style="width: 50%; vertical-align: top; text-align: center;"> <p>FOR AND ON BEHALF OF BOARD VIVO BIO TECH LIMITED</p> <p>N. MADHUSUDHANA REDDY COMPANY SECRETARY</p> </td> </tr> </table>			<p>AS PER OUR REPORT OF EVEN DATED For P.MURALI & CO. CHARTERED ACCOUNTANTS</p> <p>P. MURALI MOHANA RAO Dr. A. SANKARA NARAYANAN K. SRI KALYAN PARTNER WHOLE TIME DIRECTOR & CEO WHOLE TIME DIRECTOR M.No. 23412</p> <p>PLACE : HYDERABAD DATE : 31-08-10</p>	<p>FOR AND ON BEHALF OF BOARD VIVO BIO TECH LIMITED</p> <p>N. MADHUSUDHANA REDDY COMPANY SECRETARY</p>
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AUDITORS CERTIFICATE

We have examined the attached Cash Flow Statement of M/s. Vivo Bio Tech Limited, for the year ended 31st March, 2010. 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, 2010 to the Members of the Company.

For **P. MURALI & CO.**
CHARTERED ACCOUNTANTS
FRN.007257S

PLACE : HYDERABAD
DATE : 31-08-2010

P. MURALIMOHANA RAO
PARTNER
M.No:23412

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(Rs. in Thousands)

1. Registration details	
Registration number	L65993AP1987PLC007163
State Code	01
Balance Sheet Date	31-03-2010
2. Capital raised during the year	
Public issue	Nil
Rights issue	Nil
Bonus issue	Nil
Conversion of bonds	Nil
Private Placement	Nil
3. Position of mobilisation and deployment of funds	
Total Liabilities	322743
Total Assets	322743
Source of funds :	
Paid-up Capital	93505
Reserves & Surplus	(36310)
Secured Loans :	204934
Unsecured Loans	-
Deferred tax Liability	7463
Application of Funds	
Net fixed Assets	398807
Investments	200
Net Current Assets	(129415)
4. Performance of Company	
Total Income	41173
Total Expenditure	48627
Profit before tax	(7454)
Profit after tax	(7454)
Earning per share (Rs)	(1.46)
Dividednt Rate %	Nil
5. Generic names of three principal products/services of company	
Item Code No.	3004
Product Description	Pharmaceuticals

VIVOBIO LABS PRIVATE LTD

(WHOLLY OWNED SUBSIDIARY OF VIVOBIO TECH LTD)

BOARD OF DIRECTORS

1. Dr. A. Sankaranarayanan
2. Dr. Sudhakar Konda

REGISTERED OFFICE :

Flat # 608 Lingapur Complex,
Himayath Nagar,
Hyderabad-500 029

AUDITORS:

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

DIRECOTORS' REPORT

To
The Members

Your directors take pleasure in presenting the 1st annual report together with Audited accounts for the year ended 31st March, 2010

Operations :

The company has not started the operations during the financial year 2009-10

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, 2010, 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 2010.
- 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, 2010 on a going concern basis.

Particulars under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules,1988 for the year ended March 31st , 2010

- a) Conservation of Energy: Nil
- b) Technology absorption, adoption, and Innovation: Nil
- c) Foreign Exchange Earnings and Outgo :Nil

Particulars of employees :

There are no employees to whom the provisions of section 217(2A) of the Companies Act, 1956 will apply.

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.

Deposits

The Company has not accepted fixed deposits as on 31st March, 2010 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.

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
For VIVO BIO LABS PVT. LTD.

PLACE : HYDERABAD
DATE : 31-08-2010

Dr.A.SANKARANARAYANAN
DIRECTOR

Dr. SUDHAKAR KONDA
DIRECTOR

AUDITORS' REPORT

To
The Members,
VIVOBIO LABS PRIVATE LIMITED

We have audited the attached Balance Sheet of VIVOBIO LABS PRIVATE LIMITED as at 31st March, 2010. 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 dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet 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, 2010 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2010 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, 2010;

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

PLACE : HYDERABAD
DATE : 31-08-2010

P.MURALI MOHANA RAO
PARTNER
M.No:23412

ANNEXURE TO THE AUDITORS REPORT

The Company has not commenced any operations during the period under audit and has not accepted deposits from public. There are no matters to be stated as per the provisions of Companies (Auditors' Report) Order, 2003 for this accounting period.

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

PLACE: HYDERABAD
DATE : 31-08-2010

P.MURALI MOHANA RAO
PARTNER
M.No: 23412

VIVOBIO LABS PRIVATE LIMITED
BALANCE SHEET AS AT 31-03-2010

PARTICULARS	SCHEDULE NOS.	AS AT 31.3.2010 Rs.
I SOURCES OF FUNDS		
1. Share holders funds		
(a) Share Capital	1	100,000
(b) Reserves and Surplus		-
2. Loan Funds		
TOTAL		100,000
II APPLICATION OF FUNDS		
1. Current Assets, Loan & Advances		
(a) Sundry Debtors		-
(b) Cash and Bank Balances	2	59,440
(c) Loans & Advances		-
Less : Current Liabilities & Provisions		-
Net Current Assets		59,440
2. Miscellaneous Expenses (to the extent not written off or adjusted)		40,560
TOTAL		100,000
Notes on Account	3	

AS PER OUR REPORT EVEN DATE
FOR P. MURALI & CO
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD
For VIVO BIO LABS PRIVATE LIMITED

(P MURALI MOHANA RAO)
PARTNER
M.No. 23412

Dr. A. SANKARANARAYANAN
DIRECTOR

Dr. SUDHAKAR KONDA
DIRECTOR

PLACE : HYDERABAD

DATE : 31-08-2010

VIVOBIO LABS PRIVATE LIMITED

PARTICULARS	AS AT 31.3.2010 Rs.
SCHEDULE - 1 SHARE CAPITAL	
AUTHORISED CAPITAL (10,000 Equity Shares of Rs. 10/- each)	100,000
ISSUED, SUBSCRIBED & PAID UP CAPITAL Equity Shares -10000 of Rs.10/- each	100,000
	100,000
SCHEDULE - 2 CASH & BANK BALANCES	
Cash in Hand	59,440
Bank balance	-
	59,440

NOTES FORMING PART OF THE ACCOUNTS

SCHEDULE : 3

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

A. Note on Accounts

- 1. Segment Reporting- Not applicable
- 2. Information pursuant to paragraph 3, 4C and 4D part –II of Schedule VI to the Companies Act, 1956 – Not applicable

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

		(Rs. Thousands)
1. Registration details		
Registration number	U73100AP2009PTC065603	
State Code		01
Balance Sheet Date		31-03-2010
2. Capital raised during the year		
Public issue		Nil
Rights issue		Nil
Bonus issue		Nil
Conversion of bonds		Nil
Private Placement		Nil
3. Position of mobilisation and deployment of funds		
Total Liabilities		1,00,000
Total Assets		1,00,000
Source of funds		
Paid-up Capital		1,00,000
Reserves & Surplus		(40560)
Secured Loans		-
Unsecured Loans		-
Deferred tax Liability		-
Application of Funds		
Net fixed Assets		-
Investments		-
Net Current Assets		59440
4. Performance of Company		
Total Income		-
Total Expenditure		-
Profit before tax		-
Profit after tax		-
Earning per share (Rs)		-
Dividednt Rate %		-
5. Generic names of three principal products/services of company		
Item Code No.		3004
Product Description		Pharmaceuticals

VIOBIO DISCOVERY SERVICES PRIVATE LTD

(WHOLLY OWNED SUBSIDIARY OF VIOBIO TECH LTD)

BOARD OF DIRECTORS

1. **Dr. A. Sankaranarayanan**
2. **Dr. Sudhakar Konda**

REGISTERED OFFICE :

Flat # 608, Lingapur Complex,
Himayath Nagar,
Hyderabad - 500 029.

AUDITORS :

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

DIRECTORS' REPORT

To
The Members

Your directors take pleasure in presenting the 1st annual report together with Audited accounts for the year ended 31st March, 2010

Operations :

The company has not started the operations during the financial year 2009-10

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, 2010, 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 2010.
- 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, 2010 on a going concern basis.

Particulars under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 for the year ended March 31st , 2010

- a) Conservation of Energy: Nil
- b) Technology absorption, adoption, and Innovation: Nil
- c) Foreign Exchange Earnings and Outgo :Nil

Particulars of employees :

There are no employees to whom the provisions of section 217(2A) of the Companies Act, 1956 will apply.

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.

Deposits:

The Company has not accepted fixed deposits as on 31st March, 2010 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.

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
For VIVO BIO DISCOVERY SERVICES PVT. LTD.

PLACE : HYDERABAD
DATE : 31-08-2010

Dr. A. SANKARANARAYANAN
DIRECTOR

Dr. SUDHAKAR KONDA
DIRECTOR

AUDITORS' REPORT

To
The Members,
VIVOBIO DISCOVERY SERVICES PRIVATE LIMITED

We have audited the attached Balance Sheet of VIVOBIO DISCOVERY SERVICES PRIVATE LIMITED as at 31st March, 2010. 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 dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet 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 , 2010 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March , 2010 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, 2010;

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

PLACE : HYDERABAD
DATE : 31-08-2010

P. MURALI MOHANA RAO
PARTNER
M.No : 23412

ANNEXURE TO THE AUDITORS REPORT

The Company has not commenced any operations during the period under audit and has not accepted deposits from public. There are no matters to be stated as per the provisions of Companies (Auditors' Report) Order, 2003 for this accounting period.

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

PLACE: HYDERABAD
DATE : 31-08-2010

P. MURALI MOHANA RAO
PARTNER
M.No : 23412

VIVO BIO DISCOVERY SERVICES PRIVATE LIMITED

PARTICULARS	AS AT 31.3.2010 Rs.
SCHEDULE - 1 SHARE CAPITAL	
AUTHORISED CAPITAL (10,000 Equity Shares of Rs. 10/- each)	100,000
ISSUED, SUBSCRIBED & PAID UP CAPITAL Equity Shares -10000 of Rs.10/- each	100,000
	<u>100,000</u>
SCHEDULE - 2 CASH & BANK BALANCES	
Cash in Hand	57,440
Bank balance	-
	<u>57,440</u>

NOTES FORMING PART OF THE ACCOUNTS

SCHEDULE 3

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

B. NOTE ON ACCOUNTS

- 3. Segment Reporting- Not applicable
- 4. Information pursuant to paragraph 3, 4C and 4D part –II of Schedule VI to the Companies Act, 1956 – Not applicable

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

		(Rs. Thousands)
1. Registration details		
Registration number	U24232AP2009PTC065604	
State Code		01
Balance Sheet Date		31-03-2010
2. Capital raised during the year		
Public issue		Nil
Rights issue		Nil
Bonus issue		Nil
Conversion of bonds		Nil
Private Placement		Nil
3. Position of mobilisation and deployment of funds		
Total Liabilities		1,00,000
Total Assets		1,00,000
Source of funds		
Paid-up Capital		1,00,000
Reserves & Surplus		(42560)
Secured Loans		-
Unsecured Loans		-
Deferred tax Liability		-
Application of Funds		
Net fixed Assets		-
Investments		-
Net Current Assets		57440
4. Performance of Company		
Total Income		-
Total Expenditure		-
Profit before tax		-
Profit after tax		-
Earning per share (Rs)		-
Dividednt Rate %		-
5. Generic names of three principal products/services of company		
Item Code No.		3004
Product Description		Pharmaceuticals

Auditors' Report on Consolidated Financials

1. We have audited the attached Consolidated Balance Sheet of M/s. VIVO BIO TECH LIMITED ('the Company') and its wholly owned subsidiaries M/S. VIVO BIO LABS PVT. LTD. and M/S. VIVO BIO DISCOVERY SERVICES PVT. LTD. as at 31st March, 2010 and the Consolidated Profit & Loss Account for the year ended on the date annexed thereto and Consolidated Cash flow Statement for the period ended on that date. These Consolidated financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21 for Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and its subsidiaries included in the consolidated financial statements.
4. On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the Company and its subsidiaries, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.
 - (a) in the case of the Consolidated balance Sheet, of the consolidated state of affairs of the Company and its subsidiaries as at 31st March, 2010.
 - (b) In the case of the Consolidated Profit and Loss Account of the consolidated results of operations of the Company and its subsidiaries for the year then ended; and
 - (c) In the case of the Consolidated cash flows Statement, of the Consolidated Cash flows of the Company and its subsidiaries for the year then ended.

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

PLACE : HYDERABAD
DATE : 31-08-2010

P.MURALIMOHANA RAO
PARTNER
M. No:23412

VIVO BIO TECH LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

PARTICULARS	SCHEDULE NOS.	AS AT 31-03-2010 (Rupees)
I. SOURCES OF FUNDS		
1. SHAREHOLDER'S FUNDS		
a. Capital	1	93,505,200
b. Reserves & Surplus	2	16,840,000
2. SECURED LOANS	3	204,934,262
3. DEFERRED INCOME TAX LIABILITY		7,463,316
TOTAL		322,742,778
II. APPLICATION OF FUNDS		
1. FIXED ASSETS		
a. Gross Block	4	406,031,411
b. Less : Depreciation		15,974,356
c. Net Block		390,057,055
d. Capital Work in progress		8,750,000
2. CURRENT ASSETS, LOANS & ADVANCES		
a. Inventories		161,948
b. Cash & Bank Balances	5	588,504
c. Sundry Debtors	6	323,157
d. Advances & Deposits	7	2,950,235
Less: Current Liabilities, Provisions & Advances	8	133,321,811
NET CURRENT ASSETS		(129,297,967)
3. MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)		444,121
4. PROFIT & LOSS ACCOUNT		52,706,449
5. GOODWILL		83,120
TOTAL		322,742,778
Notes to Account	10	

Schedule 1 to 9, Notes to Accounts and Cash Flow Statement annexed here to from part of these Account

AS PER OUR REPORT OF EVEN DATED
For P.MURALI & CO.
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF BOARD
VIVO BIO TECH LIMITED

P. MURALI MOHANA RAO
PARTNER
M.No. 23412

Dr. A. SANKARA NARAYANAN
WHOLE TIME DIRECTOR & CEO

K. SRI KALYAN
WHOLE TIME DIRECTOR

PLACE : HYDERABAD
DATE : 31-08-10

N. MADHUSUDHANA REDDY
COMPANY SECRETARY

VIVO BIO TECH LIMITED
CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31-03-2010

PARTICULARS	SCHEDULE NOS	YEAR ENDED 31-03-2010 (Rupees)
1. INCOME		
Income from operations		35,782,487
Other Income		5,390,910
TOTAL		41,173,397
2. EXPENDITURE		
(Increase) / Decrease stock in trade		226,009
Business & Administrative Expenses	9	29,570,303
Interest & Financial Charges		7,345,318
Audit Fee		82,725
Depreciation		11,342,001
Miscellaneous Expenses W/o		61,005
TOTAL		48,627,360
3. PROFIT / (LOSS)		(7,453,963)
4. PROVISION FOR TAX		
Income Tax		-
Deferred Tax		6,204,756
5. PROFIT / (LOSS) AFTER TAX		(13,658,720)
6. BALANCE BROUGHT FORWARD		(39,047,729)
7. PREIOR PERIOD ADJUSTMENTS		-
8. BALANCE CARRIED FORWARD		(52,706,449)
9. EARNING PER SHARE		(1.46)
Notes to Account	10	

Schedule 1 to 9, Notes to Accounts and Cash Flow Statement annexed here to from part of these Account

AS PER OUR REPORT OF EVEN DATED
For P.MURALI & CO.
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF BOARD
VIVO BIO TECH LIMITED

P. MURALI MOHANA RAO
PARTNER
M.No. 23412

Dr. A. SANKARA NARAYANAN
WHOLE TIME DIRECTOR & CEO

K. SRI KALYAN
WHOLE TIME DIRECTOR

PLACE : HYDERABAD
DATE : 31-08-10

N. MADHUSUDHANA REDDY
COMPANY SECRETARY

VIVO BIO TECH LIMITED

PARTICULARS	AS AT 31-03-2010 (Rupees)
SCHEDULE 1	
SHARE CAPITAL	
AUTHORISED CAPITAL :	
15000000 Equity Shares of Rs.10/-Each	150,000,000
ISSUED, SUBSCRIBED & PAID-UP CAPITAL :	
9350520 Equity Shares of Rs.10/-Each	93,505,200
	-
	93,505,200
SCHEDULE 2	
Reserves & Surplus	
General Reserve	1,000,000
Share Premium	15,840,000
	16,840,000
SCHEDULE 3	
SECURED LOANS	
Canara Bank Term Loan (Hypothication of Fixed Assets - Land, Building, Computers & Interiors etc. of the preclinical facility at Pragnapur and personal guarantee of the Directors)	204,932,050
Bajaj Auto Finance Limited (Secured against vehicles)	2,212
	204,934,262
SCHEDULE 5	
CASH & BANK BALANCES	
Cash in Hand	450,466
Bank Balances in Current Accounts	138,038
	588,504
	588,504

PARTICULARS	AS AT 31-03-2010 (Rupees)
SCHEDULE 6	
Sundry Debtors (Unsecured and considered good)	
Debts exceeding six months	-
Debts not exceeding six months	323,157
Others	-
	<u>323,157</u>
SCHEDULE 7	
Loans, Advances & Deposits	
ADVANCES	
Advances	34,158
TDS receivable	1,158,573
	<u>1,192,731</u>
Service Tax credit	12,364
Vat Input credit	845,140
	<u>857,504</u>
DEPOSITS	
Other Deposits	900,000
	<u>900,000</u>
	<u>2,950,235</u>
SCHEDULE 8	
CURRENT LIABILITIES , PROVISIONS & ADVANCES	
Sundry Creditors	46,852,295
Creditors for Expenses & Equipment	64,164,994
Lease Deposits	18,900,000
Out Standings & Provisions	3,404,523
	<u>133,321,811</u>
SCHEDULE 9	
BUSINESS & ADMINISTRATIVE EXPENSES	
Salaries & Other benefits	17,152,870
Travelling & Conveyance	496,656
Transportation Charges	397,744
Postage, Telegram & Telephones	825,322
Managerial Remuneration	3,870,000
Research & Development Expenses	3,439,772
Rent,Rates & Taxes	1,523,815
Office Administration & other Maintinances	1,864,124
	<u>29,570,303</u>

SCHEDULE 4 FIXED ASSETS							
Particulars	Gross Block As on 1-04-2009	Additions (Deletions)	Gross Block As at 31-03-2010	Depreciation Upto 31-03-2009	Depreciation During the Year	Total Depreciation 31-03-2010	Net Block As at 31-03-2010
Land	26,831,423 -	26,831,423	-	-	-	-	26,831,423
Air Conditioners	1,215,000	52,186,364	53,401,364	101,294	1,710,281	1,811,574	51,589,790
Electrical fittings	916881	26,813,331	27,730,212	59,426	892,641	952,066	26,778,145
R & D Equipment	59,419,329	21,723,763	81,143,092	1,982,288	3,384,921	5,367,209	75,775,883
Furniture	150,872	3,451,713	3,602,585	137,245	112,104	249,349	3,353,236
Vehicles	1,980,724	-	1,980,724	1,323,254	188,169	1,511,423	469,301
Computers	1,179,502	223,650	1,403,152	732,243	207,548	939,791	463,361
Software	172,591	2,352,000	2,524,591	62,866	97,962	160,828	2,363,763
Office Equipments	2,149,927	10,697,366	12,847,293	233,740	416,018	649,757	12,197,535
Preclinical Facility	-	194,566,976	194,566,976	-	4,332,358	4,332,358	190,234,618
TOTAL	94,016,249	312,015,162	406,031,411	4,632,355	11,342,001	15,974,356	309,057,055

NOTES FORMING PART OF THE ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1. Principles of Consolidation :

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

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

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

Fixed Assets:

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

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

Goodwill :

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

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

VIVO BIO TECH LTD, HYDERABAD
CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2010

	Current Year (Rs.in Lakhs)		
A. CASH FLOW FROM OPERATING ACTIVITIES :			
Net profit before taxation, and extraordinary items	(74.54)		
ADJUSTMENTS FOR :			
Depreciation	113.42		
Interest expenses	73.45		
Deferred Tax	(62.05)		
Written off Expenses	0.61		
Operating Profit before working capital changes	50.90		
Inventory	2.26		
Interest paid	(73.45)		
Trade Receivables	36.10		
Trade payables	741.63		
NET CASH FLOW FROM OPERATING ACTIVITIES	757.43		
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets	(815.56)		
NET CASH USED IN INVESTING ACTIVITIES	(815.56)		
C. CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of Secured Loan	(19.71)		
Increase in Share premium	67.60		
Others			
NET CASH USED IN FINANCING ACTIVITIES	47.89		
Net increase in cash and cash equivalents	(10.25)		
Cash and Cash equivalents (Op Balance)	16.13		
Cash and Cash equivalents (Closing Balance)	5.89		
<table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <p>AS PER OUR REPORT OF EVEN DATED For P.MURALI & CO. CHARTERED ACCOUNTANTS</p> <p>P. MURALI MOHANA RAO PARTNER M.No. 23412</p> <p>PLACE : HYDERABAD DATE : 31-08-10</p> </td> <td style="width: 50%; vertical-align: top; text-align: center;"> <p>FOR AND ON BEHALF OF BOARD VIVO BIO TECH LIMITED</p> <p>Dr. A. SANKARA NARAYANAN WHOLE TIME DIRECTOR & CEO K. SRI KALYAN WHOLE TIME DIRECTOR</p> <p>N. MADHUSUDHANA REDDY COMPANY SECRETARY</p> </td> </tr> </table>		<p>AS PER OUR REPORT OF EVEN DATED For P.MURALI & CO. CHARTERED ACCOUNTANTS</p> <p>P. MURALI MOHANA RAO PARTNER M.No. 23412</p> <p>PLACE : HYDERABAD DATE : 31-08-10</p>	<p>FOR AND ON BEHALF OF BOARD VIVO BIO TECH LIMITED</p> <p>Dr. A. SANKARA NARAYANAN WHOLE TIME DIRECTOR & CEO K. SRI KALYAN WHOLE TIME DIRECTOR</p> <p>N. MADHUSUDHANA REDDY COMPANY SECRETARY</p>
<p>AS PER OUR REPORT OF EVEN DATED For P.MURALI & CO. CHARTERED ACCOUNTANTS</p> <p>P. MURALI MOHANA RAO PARTNER M.No. 23412</p> <p>PLACE : HYDERABAD DATE : 31-08-10</p>	<p>FOR AND ON BEHALF OF BOARD VIVO BIO TECH LIMITED</p> <p>Dr. A. SANKARA NARAYANAN WHOLE TIME DIRECTOR & CEO K. SRI KALYAN WHOLE TIME DIRECTOR</p> <p>N. MADHUSUDHANA REDDY COMPANY SECRETARY</p>		

VIVO BIO TECH LIMITED

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

ATTENDANCE SLIP

I hereby record my presence at the 23rd Annual General Meeting of the Company being held on Wednesday, the 29th day of September, 2010 at 2.00 P.M. at Padmashali Kalyana Mandapam, 2-12-66, Nehru Nagar, West Marredpally, Secunderabad-500 026

Name of the Shareholder:

Name of Proxy:

Signature of Member / Proxy:

Regd. Folio No.

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

VIVO BIO TECH LIMITED

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

PROXY FORM

Sl.No.

Regd. Folio No.

No. of Shares held

I/We
ofin the district of
..... being a member(s) of the above named company hereby appoint
..... of
..... in the district ofor
failing him..... ofin the
district of as my/our proxy to vote for me/us on my/our behalf at the
23rd Annual General Meeting of the Company to be held on Wednesday , the 29th September, 2010
at 2.00 P.M. or at any adjournment thereof.

Signed this day of2010

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.