

15th
ANNUAL REPORT
2001-2002

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**SUNSHINE FACTORS &
EXPORTS LIMITED**

SUNSHINE FACTORS & EXPORTS LIMITED



BOARD OF DIRECTORS

Sri D. Krishna Kumar Raju	Chairman
Sri Ramacharyulu Chakravartula	Managing Director
Sri P.V.V. Prasad	Director
Sri Prem Kumaar S.C.	Director
Sri Koora Chandra Shekar	Director

BANKERS

Syndicate Bank,
Chikkadapally, Hyderabad.

AUDITORS

M/s. MOGILI SRIDHAR & CO.,
Chartered Accountants,
6-3-655/2/3, 1st Floor,
Somajiguda,
Hyderabad - 500 082.

REGISTERED OFFICE

G-4/B, SEIE,
Kattedan,
Hyderabad - 500 077.

SHARE TRANSFER AGENTS

M/s. AARTHI CONSULTANTS PRIVATE LIMITED
1-2-285, DOMALGUDA,
HYDERABAD - 500 029.

SUNSHINE FACTORS & EXPORTS LIMITED**NOTICE**

NOTICE is hereby given that the 15th Annual General Meeting of the Members of M/s Sunshine Factors & Exports Limited will be held at Registered Office of the Company at G-4/B, SEIE, Kattedan, Hyderabad – 500 077 on Monday, the 2nd September, 2002 at 1.00 P.M. to transact the following business:

I. ORDINARY BUSINESS:

1. To receive, consider and adopt the Director's Report, Audited Balance Sheet of the Company as at 31st March, 2002 and the Profit and Loss Account for the year ended that date together with the Report of the Auditors' thereon.
2. To appoint a Director in place of Sri P.V.V. Prasad, who retires by rotation and being eligible offers himself for re-appointment.
3. To consider and if thought fit, to pass with or without modification the following Resolution as an Ordinary Resolution:

"RESOLVED THAT M/s P.Murali & Co., Chartered Accountants be and are hereby appointed as the Auditors of the company to hold the office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting on a remuneration to be fixed by the Board of Directors of the Company in place of retiring Auditors, Mogili Sridhar & Co., Chartered Accountants who expressed their inability to continue as Auditors of the Company."

II. SPECIAL BUSINESS:

4. To consider and if thought fit to pass with or without modification(s) the following resolutions as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of section 257 read with other applicable provisions if any of the Companies Act 1956 as amended to date consent of the company be and is hereby accorded to appoint Sri. Ramacharyulu Chakravarthula as Director of the company liable to retire by rotation".

5. To consider and if thought fit to pass with or without modification(s) the following resolutions as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of section 257 read with other applicable provisions if any of the Companies Act 1956 as amended to date consent of the company be and is hereby accorded to appoint Sri. Prem Kumaar S.C. as Director of the company liable to retire by rotation".

6. To consider and if thought fit to pass with or without modification(s) the following resolutions as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of section 257 read with other applicable provisions if any of the Companies Act 1956 as amended to date consent of the company be and is hereby accorded to appoint Sri. K. Chandra Shekar as Director of the company liable to retire by rotation".

7. To consider and if thought fit to pass with or without modification(s) the following resolution as Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310, 311 and read with Schedule XIII and other applicable provisions if any of the Companies Act 1956 as amended, consent of the company be and is hereby accorded for the appointment of Sri. Ramacharyulu Chakravarthula as Managing Director for a period of 5 (Five Years) with effect from 1st July, 2002 on the remuneration as detailed below:

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- a. Salary of Rs.20,000/- per month. This includes dearness allowance and all other allowances not otherwise specified herein.
- b. In addition, the above the Managing Director will be entitled to the following:
 - i. Commission: Such percentage of commission (in addition to salary and perquisites hereafter stated) calculated with reference to the net profit of the company in accordance with Section 349 and Section 350 of the Companies Act 1956 for each financial year as may be fixed by the Board of Directors which together with salary and monetary value of perquisites shall not exceed the ceiling laid down under section 309 of the Companies Act 1956.
 - ii. Perquisites as under:
 1. Housing: Rent-free accommodation will be provided to the appointee for whom 10 per cent of the appointee's salary shall be recovered. In case no accommodation is provided by the company, house rent allowance at 60% of the salary shall be paid. In addition, the appointee shall be allowed free use of the company owned furniture and other consumable durables if required.
 2. The expenditure incurred by the Appointee on gas, electricity, water and furnishings shall be reimbursed by the company.
 3. All medical expenses incurred by the appointee for self and family shall be reimbursed.
 4. Leave travel concession for the appointee and his family will be allowed once in a year as may be decided by the Board.
 5. Fees of clubs subject to maximum of two clubs this will not include the admission and life membership fees.
 6. Personal Accident insurance, the premium of which shall not exceed Rs.10000/- per annum.
 7. Contribution to the Provident fund, Superannuation fund, Annuity fund to the extent the same are not taxable under the Income Tax Act.
 8. Provision of Car with driver for use of the Company's Business and telephone at the residence.

"RESOLVED FURTHER that in pursuance of the provisions of Section 198 (4) read with Schedule XIII to the Companies Act, 1956 wherein any financial year the company incurs loss or its profits are inadequate, the salary, perquisites and allowances as specified above be paid as minimum remuneration to Sri.Ramacharyulu Chakravartula, Managing Director."

8. To consider and if thought fit, to pass with or without modification the following resolution which will be proposed as a Special Resolution:

"RESOLVED that pursuant to the provisions of Sec.81 (1A) and other applicable provisions, if any, of the Companies Act, 1956 and subject to all necessary approvals, consent, permissions, and /or sanctions of the Government of India(GOI), Reserve Bank of India(R.B.I), Securities & Exchange Board of India(SEBI) and all other appropriate authorities, institutions or bodies and subject to such conditions as may be prescribed by them in granting such approval, consent permission or sanction, the Board of Directors of the Company or Committee of the Board duly constituted and authorised(herein after referred to as "Board") be and is hereby authorised on behalf of the company to issue and allot 1494800 Equity Shares of Rs.10/- each plus the over subscription as may be allowed by the Authorities concerned to the Members, the Promoters and or Financial Institutions and or Mutual Funds and on Foreign Institutional Investors and Foreign Investors(whether Institutions and or Incorporated Bodies and or Individuals or otherwise) Non-Resident Indians and or other entities and or to such

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other persons whether or not such entities or persons are Members of the Company, by way of Public Issue or Rights Issue or Private Placement or any one or more or a combination of the above methods through prospectus and or letter of offer or otherwise at such subscription or issue price or prices whether below or above the market price or prices with or without premium, on such terms and conditions as may be decided by the Board including the terms of issue as to the price and entities/persons to whom such shares may be issued and on the terms and conditions and matters connected therewith, in consultation with the Lead managers and/or Underwriters and/or other advisors and otherwise on such items as may be decided and deemed appropriate by the Board”.

“RESOLVED further that the above shares when issued shall rank pari-Passu with the existing equity shares of the Company in all respects except that they shall be entitled to prorata dividend from the date of allotment”.

“RESOLVED further that the issue of the shares shall be deemed to have been made in India/ Abroad at the place of issue and shall be governed by the law of the country as applicable and the Board be and is hereby authorised to file such prospectus and other documents as may be required to be filed in India and or foreign country or countries and to seek the listing of such securities in one or more International and or Indian Stock Exchanges”.

“FURTHER RESOLVED THAT the board be and is hereby authorised to engage the services of or appoint solicitors, advocates, legal advisors, merchant bankers, underwriters, guarantors, depositories, custodians and any such other agencies to act as managers, lead managers, or in any other capacity or to advise or certify any matter relating to Companies accounts or other wise, on such terms as to remuneration by way of commission, brokerage, fees or otherwise as the board may in its absolute discretion deem appropriate “.

“FURTHER RESOLVED THAT for the purposes of giving effect to the above resolution the Board be and is hereby authorised on behalf of the company to do all such acts, deeds matters and things as it may at its discretion deem necessary or desirable for such purposes and to settle any question, difficulties or doubts that may arise in regard to any such issue or allotment as it may in its absolute discretion deem fit”.

9. To consider and if thought fit, to pass with or without modification the following Resolution as a Special Resolution:

“RESOLVED that pursuant to Section 17 (1) of the Companies Act, 1956 and other applicable provisions of the Act, if any, the Objects Clause IIIA (Main Objects) of the Memorandum of Association of the Company be and is hereby altered by inserting the following New Objects 1 to 5 by deleting the exiting objects from 1 to 5 & 7 to 9 and renumber accordingly:

1. To carry on business as manufacturers, formulators, processors, producers, growers, fermentators, distillers, refiners makers, importers, exporters, buyers, sellers, suppliers, stockits, agents, merchants, distributors and concessionaires of, and dealers in, acids and alkalies, salts, inorganic and organic compounds, solvents, compressed coal, gases, chemicals, petro-chemicals, plastics, surface coating, adhesives, fertilizers, pesticides, rubbers, cement, cryogenics, food additives, dyes and inks, intermediates, cosmetics and detergents, and soaps, sanitary chemicals, propellents, explosives, photographic chemicals, water purification salts and chemicals, pigments, vegetable tanning and



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extracts, petroleum products, fuel and industrial gases and all inorganic and organic chemicals and compounds of any kind, character and property which has been developed or known or which may be developed or invented in future as a result of any research done or studies made in any part of the world and which may be produced, manufactured or formulated by any of the chemical processes, reactions, or unit operation, carboxylation, causticization, combustion, condensation, concentration, dehydration, diazotization, double decomposition, distillation, electrolysis, esterification, fermentation, frisdell crafts filtration, halogenation, hydroformylation and synthesis of hydrocarbons, hydrogenation, hydration and hydrolysis, isomerization, neutralization, nitration, oxidation, polymerization, pyrolysis or cracking reduction, silicate formation, sulfonation, saponification, alkali fusion or by any other chemical conversion, electrical conversion, physical operation or manipulation of either any raw material from mines, forest, sea, air, farm, oil, brine, gas wells and animal substances or any products, by products and residual substances from any chemical process and conversion into any marketable products.

2. To conduct, study, research, analyze, computerized, codify, reconcile, rectify, the systems bio-technological products and deal in bio-chemical compounds, tools, apparatus, systems and to use new and imported designs, models modulations, calculations, reports, performs in the field of bio-technology. And to establish new products by research and development in medical drugs, pharmaceuticals, medical and health care products and manufacture, deal foods and medicated cosmetics.
3. To manufacture, develop, buy, sell, import, export, study, turn into account and deal in all kinds and varieties of bio-compounds, chemicals, combinations, substances either solid or liquid or air based used ingredients, in the manufacture and preparation of beers, wines, all kinds and varieties of alcohol, alcoholic products, intoxicants, sedatives, drug formulations, chemical compounds, pharmaceutical formulations oils, grease, liquid and solid substances, and to manufacture, buy, sell and deal in bio-technic, bio-technological and bio-chemical raw materials and ingredients used in the above activity.
4. To carry on the business of Manufacturing, buying, selling and dealing in Pharmaceuticals, medical drugs, chemicals of all kinds including antibiotic, vitamins, bulk drugs, Enzymes, hormones, vaccines, sera and intermediates by organic synthesis, semi-synthesis biotechnology and extractions, from natural/herbal plants suitable for manufacturing for human and veterinary applications, surgical, scientific equipments, appliances, accessories, diagnostic kits and related materials, healthcare products medical foods and medicated cosmetics.

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10. To consider and if thought fit with or without modification, the following Resolution as Special Resolution:

"RESOLVED that subject to the approval of Central Government Under Section 21 of the Companies Act, 1956 the name of the company be changed from M/s SUNSHINE FACTORS & EXPORTS LIMITED to M/s VIVO BIO TECH LIMITED and accordingly the name M/s SUNSHINE FACTORS & EXPORTS LIMITED wherever it appears in the Memorandum and Articles of Association of the Company be substituted by the name M/s VIVO BIO TECH LIMITED."

11. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED that the Registered office of the company situated at G-4/B, SEIE, Kattedan, Hyderabad - 500 252, R.R.Dist., Andhra Pradesh be shifted to 110, "B" Block, 1st Floor, Sri Datta Sai Commercial Complex, RTC Cross Road, Hyderabad - 500 020 with immediate effect".

By order of the Board
For **SUNSHINE FACTORS & EXPORTS LIMITED**

PLACE : HYDERABAD
DATE : 12.07.2002

D. KRISHNA KUMAR RAJU
CHAIRMAN



SUNSHINE FACTORS & EXPORTS LIMITED**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT THE MEETING INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HRS BEFORE THE COMMENCEMENT OF THE MEETING.
2. THE REGISTER OF MEMBERS AND SHARE TRANSFER BOOKS OF COMPANY SHALL REMAIN CLOSED FROM WEDNESDAY I.E. 28TH AUGUST 2002 TO MONDAY I.E. 02ND SEPTEMBER 2002 (BOTH DAYS INCLUSIVE).
3. THE EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 173(2) OF THE COMPANIES ACT 1956 IS ANNEXED TO THIS NOTICE.
4. MEMBERS ARE REQUESTED TO NOTIFY ANY CHANGE IN THEIR ADDRESSES TO THE COMPANY IMMEDIATELY.
5. MEMBERS DESIROUS OF OBTAINING ANY INFORMATION ON THE ANNUAL ACCOUNTS OF THE COMPANY ARE REQUESTED TO WRITE TO THE COMPANY AT LEAST 7 WORKING DAYS BEFORE THE DATE OF THE MEETING TO ENABLE THE COMPANY FOR COMPILATION OF THE REQUIRED INFORMATION MEMBERS ARE REQUESTED TO BRING THEIR COPY OF THE ANNUAL REPORT AT THE ENSUING ANNUAL GENERAL MEETING.
6. ITEM NOS.9,10,&11 I.E., RESOLUTIONS REGARDING a) ALTERATION OF OBJECT CLAUSE OF MEMORANDUM, b) CHANGE OF NAME AND c) SHIFTING OF REGISTERED OFFICE, REQUIRE THE CONSENT OF THE SHAREHOLDERS THROUGH POSTAL BALLOT. A POSTAL BALLOT FORM TOGETHER WITH A SELF-ADDRESSED, DULY STAMPS AFFIXED ENVELOPE IS ENCLOSED FOR THIS PURPOSE. DULY COMPLETED POSTAL BALLOT FORM SHOULD REACH THE COMPANY NOT LATER THAN THE CLOSE OF WORKING HOURS ON THURSDAY, THE 29TH AUGUST, 2002. POSTAL BALLOT FORM RECEIVED AFTER THIS DATE WILL BE STRICTLY TREATED AS IF THE REPLY FROM THE MEMBER HAS NOT BEEN RECEIVED.

EXPLANATORY STATEMENT

(Pursuant to the Provisions of Section 173(2) of the Companies Act, 1956)

ITEM NOS. 4, 5 and 6

Sri Ramacharyulu Chakravarthula, Sri.Prem Kumaar S.C. and Sri.K.Chandra Shekar were inducted as Additional Directors of the company at the Board meeting held on 01st June, 2002. Pursuant to the provisions of section 260 of the Companies Act 1956, they holds office till the date of the ensuing Annual General Meeting. The company has received Notices from the Shareholders under section 257 of the Act proposing them as Directors. (Notices received are placed at the Registered Office for Member's inspection any time during the Business Hours).

Sri Ramacharyulu Chakravarthula, Sri.Prem Kumaar S.C. and Sri. K.Chandra Shekar are having 2 decades of rich experience in the field of Bluk Drugs, Pharmaceuticals and Bio-tech Business. The Board feels their services would be beneficial to the company as Directors.

Board recommends the Resolution for your approval.

None of the Director is interested / concerned in the Resolution except Sri Ramacharyulu Chakravarthula, Sri Prem Kumaar S.C. and Sri K.Chandra Shekar.

SUNSHINE FACTORS & EXPORTS LIMITED**ITEM NO.7**

In order to have effective management, administration and control over the affairs of the company, it is proposed to appoint Sri. Ramacharyulu Chakravarthula as Managing Director. The Board of Directors feel that for the continuity of the present management and for efficient running of the company, the services of Sri. Ramacharyulu Chakravarthula should be available to the company for a period of 5 years with effect from 01.07.2002 as per the terms and conditions as set out in the Resolution.

The Board recommends the resolution to shareholders for approval.

The Explanatory statement together with the accompanying notice may be treated as an abstract of the terms of remuneration payable to Sri. Ramacharyulu Chakravarthula pursuant to section 302 of the Companies Act 1956.

No other Director is directly or indirectly concerned or interested in the resolution except Sri. Ramacharyulu Chakravarthula.

ITEM NO.8

The Board wishes to issue 1494800 shares to the public or the existing members or any other persons/bodies as mentioned in the Resolution. The detailed terms and conditions of the issue, the categories of offers and the respective quantum will be determined in consultation with the Advisors and the Lead Managers. Since the pricing of the offering cannot be decided except at nearly the final stage, it is not possible to specify in the Resolution the proposed number of shares and the actual price.

Hence the enabling Resolution is being proposed to give adequate flexibility and discretion to the Board to finalize the terms in consultation with the Lead Managers or such authorities as may be required to be consulted in accordance with the established practice. The shares when issued will be listed on Stock Exchange as may be decided by the Board.

Consent of the members is being sought by a Special Resolution Pursuant to the provisions of Section 81(1A) and other applicable provisions of the Companies Act, 1956

The Special Resolution as set out at the Item-11 of the Notice, if passed will have the effect of allowing the Board to issue and allot shares to the entities/persons on the terms and conditions as may be decided by the Board. The Board may be authorised to take all steps necessary for implementing this resolution. Owing to adverse market conditions, the Board could not implement the resolution in full passed by the members at the earlier Extra Ordinary General Meeting. Hence the consent of members is sought again.

The promoters at present are holding 17.15% equity capital of the company and subsequent to the allotment of the shares on preferential basis, their capital would be correspondingly increased. If any, shares are subscribed to and allotted to them.

SHAREHOLDING PATTERN

	NO. OF SHARES	% OF TOTAL CAPITAL
PROMOTERS, RELATIVES AND THEIR ASSOCIATES	601300	17.15
PRIVATE CORPORATE BODIES	568300	16.21
PUBLIC	2335600	66.64

The price of the issue shall be determined in accordance with SEBI preferential guidelines.

Consequent to the allotment of shares on preferential basis there will not be any change in the composition of the Board of Directors nor there will be any change in the Control over the Company.

The Certificate of the Statutory Auditors of the Company certifying that the proposed Private Placement / Preferential Allotment of Shares being made in accordance with the prevailing guidelines of SEBI will be available for inspection by the Members at the Registered Office of the Company as well as at the place of the Meeting.

The Board recommends the passing of the special resolution since the proposed private placement / preferential allotment is in the interest of the Company.

None of the Directors is interested in the resolution.

SUNSHINE FACTORS & EXPORTS LIMITED**ITEM NO.9**

As the marketing conditions are not favoring to run the present business and in view of encouraging measures taken by the Central Government to liberalize the Economy and in order to diversify into certain new business ventures, Your Directors have been considering various proposals for diversifying the Company's activities into other activities like Bio-tech and related activities etc.,. The alteration in the Objects Clause of the Memorandum of Association as set out in the Resolution is to facilitate diversification. This will enable the company to carry on its business economically and efficiently and the proposed activities can be, under the existing circumstances, conveniently and advantageously combined with the present activities of the Company. This will also enlarge the area of operations of the company.

As per the Companies (Amendment) Act, 1996 and as per the Central Government Notification No.GSR 78 (E) dated 15-02-1997 and pursuant Section 17(1) of the Act, the above said proposal requires only the consent of the Members by way of Special Resolution.

The Directors recommend this Resolution for approval of the Shareholders by Postal Ballot.

None of the Directors of your Company is concerned or interested in this Resolution.

ITEM NO. 10

The company is planning to enter into new business ventures like Bio-tech and related activities. To reflect the objects in the name of the Company the Board of Directors have decided to change the name of the Company as M/s.VIVO BIO TECH LIMITED. The Directors trust that this change of name will have the members support and approval.

The Registrar of Companies, Andhra Pradesh has confirmed that the new name is available for registration under section 21 of the Companies Act, 1956 and subject to the resolution being passed, an application will be made to the Central Government for approval to the change of name under section 21 of the Act.

If the change of name is approved, Share Certificates already issued will not be called in only for the purpose of exchange into certificates bearing the new name, but will be so exchanged as and when the existing Certificates come into the possession of the Company and in the meantime the existing Certificates will continue to be accepted for all purposes, as indicating entitlement to shares or debentures stock of the Company.

The Directors recommends that the proposed Special Resolution be passed by the Shareholders by Postal Ballot.

None of the Directors are interested in the Resolution

ITEM NO.11

For administrative convenience and coordination and to have overall administrative control on the day-to-day affairs, it is desirable the Registered Office of the Company be shifted from G-4/B, S.E.I.,E., Kattedan, Hyderabad - 500 252, R.R.Dist., Andhra Pradesh to 110 "B" Block, 1st Floor, Sri Datta Sai Commercial Complex, RTC Cross Roads, Hyderabad – 500 020.

The change of the Registered Office of the Company is within the State of Andhra Pradesh which requires the approval of members pursuant to Section 21 of the Companies Act, 1956.

The Directors recommend passing of the Resolution by the Shareholders by Postal Ballot.

None of the Directors are interested in the resolution.