

V I V O
BIO TECH LIMITED
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VIVO BIO TECH LIMITED

(Formerly SUNSHINE FACTORS & EXPORTS LTD)

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n proteins for zero diseases

18th

**Annual Report
2004-2005**

Vivo Bio Tech Limited**18th Annual Report****Board of Directors**

| | |
|---------------------------|-----------------------|
| Ms. K. Madhavi Latha | - Managing Director |
| Mr. T. Pavan Kumar | -Whole- Time Director |
| Dr. Valery Sagitov | - Director |
| Mr. P.V.V. Prasad | - Director |
| Mr. Kunaingam Sittampalam | - Director |
| Mr. Subramani Hariharan | -Director |

Shareholders' Information**Registered Office**

608, 6th Floor
 Lingapur Complex, Himayat Nagar
 Hyderabad-500 029
 Phone: 55784714 / 19
 Fax: 55776112

Bankers

Oriental Bank of Commerce
 Srinagar Colony
 Hyderabad-500 073

Auditors

M/s. P. Murali & Co
 Chartered Accountants
 6-3-655/2/3, Somajiguda
 Hyderabad-82.

Registrars & Share Transfer Agents

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

Date, Time and Venue of AGM

28.12.2005, 11.00 A.M.
 at Sundaraiah Vignana Kendram (Mini hall)
 Baghlingampally, Hyderabad-500 044

Vivo Bio Tech Limited**18th Annual Report****NOTICE**

NOTICE is hereby given that the 18th Annual General Meeting of the Members of the Company will be held on Wednesday, the 28th day of December, 2005, at 11.00 A.M. at Sundaraiah Vignana Kendram (Mini Hall), Baghlingampally, Hyderabad-500 044 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit & Loss Account for the year ended March 31, 2005, Balance Sheet as on that date along with the Schedules forming part of it, notes to accounts and the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Dr. Valery Sagitov, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint M/s. P. Murali & Co., Chartered Accountants, Hyderabad as Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT Mr. Kunasingam Sittampalam, who was appointed as an Additional Director of the company, who holds office under Section 260 of the Companies Act, 1956, up to the date of the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company, liable to retire by rotation".

5. **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 Clause 49 of the Listing Agreement with the Stock Exchanges, the consent of the Company be and is hereby accorded for payment of Rs.2500/- (Rupees Two Thousand Five Hundred Only) or such other amount as may be approved by the Board of Directors from time to time subject to the ceiling prescribed under the Companies Act, 1956 (including any statutory modifications or reenactment for the time being in force) or under Rules framed there under, as amended from time to time, as sitting fees for each meeting of the Board of Directors and/or any Committee(s) thereof, attended by the Non-Executive Directors of the Company."

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

"RESOLVED THAT Pursuant to the provisions of Section 94(1)(a) and 16 and other applicable provisions, if any, of the Companies Act, 1956 the Authorised Share Capital of the Company be and is hereby increased from Rs. 8,00,00,000(Rupees Eight Crores Only) divided into 80,00,000(Eighty Lacs Only) Equity Shares of Rs.10/- each to Rs.15,00,00,000(Rupees Fifteen Crores Only) divided into 1,50,00,000(One Crore Fifty Lacs Only) Equity shares of Rs.10/- each, ranking pari passu with the existing Equity Shares.

RESOLVED FURTHER THAT the existing Clause V of the Memorandum of Association of the Company is replaced by the following.

- V. The Authorised Share capital of the company is Rs.15,00,00,000(Rupees Fifteen Crores Only) divided into 1,50,00,000 (One Crore Fifty Lacs Only) Equity Shares of Rs.10/- (Rupees Ten Only) each with power to increase and reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and attach thereto respectively such preferential qualified or special rights, privilege or conditions as may be determined by or in accordance with the articles of the company for the time being and to vary, modify or abrogate such rights, privileges or conditions in such manner as be permitted by the Act or provided by the Articles of the Company for the time being.

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

"RESOLVED THAT Pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and is hereby altered as follows:

After Article 7 of the Articles of Association the following new Article 7A shall be inserted, namely:-

Issue/grant of shares/options to employees under Employees Stock Option Schemes:

"7A. Subject to the provisions of these Articles and in accordance with the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 for the time being in force and any modifications thereof from time to time and Section 79A or other applicable provisions, if any, of the Companies Act, 1956 and of various other laws governing the issue, the company may issue equity shares, and/or equity linked instruments and/or any other instrument or securities or grant options convertible into equity shares under a Scheme or Plan as may be framed in this regard or through a trust set up for this purpose or otherwise to the employees of the company or such other persons entitled thereto".

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

"RESOLVED THAT in accordance with the provisions contained in the Articles of Association of the Company and the provisions of Section 81 (1A) and such other provisions of the Companies Act, 1956 ("the Act") as may be applicable, in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("the Guidelines"), for the time being in force and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee including ESOS Compensation Committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution), consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot at any time to or for the benefit of such person (s) who are in permanent employment of the Company, including Directors of the Company, whether whole time or not, whether working in India or out of India under a Scheme titled "**VIVO EMPLOYEE STOCK OPTION SCHEME**" (hereinafter referred to as the "VESOS") or such other name as may deem proper, such number of equity shares and/or equity linked instruments (including Options) and/or any other instrument or securities (hereinafter collectively referred to as "Securities") of the Company which may result into the issue of equity shares not exceeding 10% of the paid-up capital of the company of the face value of Rs. 10/- each, at such price, in one or more tranches and on such terms and conditions as may be fixed or determined by the Board in accordance with the applicable provisions of the law or guidelines as may be prevailing at that time.

RESOLVED FURTHER THAT the said Securities may be allotted directly to such employees/directors or in accordance with a Scheme framed in that behalf or through a trust which may be setup in any permissible manner and that the scheme may also envisage for providing any financial assistance to the employees or to the trust to enable the employee/trust to acquire, purchase or subscribe to the securities of the Company.

RESOLVED FURTHER THAT the new Equity Shares to be issued and allotted by the Company in the manner aforesaid shall rank pari passu in all respects with the then existing Equity Shares of the Company, except that they shall be entitled for dividend on pro-rata basis from the date of allotment till the end of the relevant financial year in which the new Equity Shares are allotted.

RESOLVED FURTHER THAT for the purpose of giving effect to any offer, issue or allotment of Securities, the Board be and is hereby authorised on behalf of the Company to evolve, decide upon and bring into effect the Scheme and make any modifications, changes, variations, alterations or revisions in the said Scheme from time to time or to suspend, withdraw or revive the Scheme from time to time as may be specified by any statutory authority and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit or necessary or desirable for such purpose and with power on behalf of the Company to settle any issues, questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company."

9. Issue and allotment of Equity Shares on preferential allotment basis to select investors.

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 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 the Securities and Exchange Board of India(Disclosure and Investor Protection) Guidelines,2000 (SEBI Guidelines), 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 offer, issue and allot 40,00,000 Equity Shares of Rs.10/-each at Rs.10/- (Rupees Ten Only) per share to select investors of the Company, the details of which are mentioned in the Explanatory Statement annexed hereto, on preferential allotment basis, on such other 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 28th November, 2005 being the 30th day prior to 28th December, 2005(i.e the 30th days prior

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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 in pursuance of this resolution shall rank *Pari Passu* with the then existing equity shares of the Company in all respects.
- c) The Equity Shares to be offered and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company.

"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 the effect any modifications(s) to the foregoing (including any modifications to the terms of the issue) in the best interest of the Company and its shareholders and to execute all such writings and instruments 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 power to any committee of Directors of the Company to give effect to the aforesaid resolution"

10. **Issue and allotment of warrants on preferential basis to 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 the Securities and Exchange Board of India(Disclosure and Investor Protection) Guidelines,2000 (SEBI Guidelines), 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 grating 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 10,00,000 (Ten Lakhs) warrants("warrants for brevity) to the promoters of the Company at a price of Rs.10/- per warrant, the details of which are mentioned in the Explanatory Statement annexed hereto, on preferential allotment basis, in one or more tranches, on such terms and conditions and in such manner as the Board may think fit, whether or not they are members of the Company each warrant entitling the holder thereof to apply for and be allotted one equity share per warrant of Rs.10/- each and which conversion shall be made within a period not exceeding 18(Eighteen) months from the date of allotment of the warrants in accordance with the SEBI(Disclosure & Investor Protection)Guidelines, 2000 and other applicable guidelines.

"RESOLVED FURTHER THAT

- a) The relevant date for the purpose of pricing of the warrants as above, in accordance with the SEBI Guidelines is 28th November, 2005 being the 30th day prior to 28th December, 2005 (i.e the 30th days 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 on conversion of the warrants in pursuance of this resolution shall rank *pari passu* with the then existing equity shares of the company in all respects.
- c) The warrants to be offered and allotted shall be subject to the provisions of the Memorandum and Articles of association of the Company.
- d) For the purpose of giving effect to this resolution, the Board is hereby authorized to issue and allot such number of equity shares as may be required to be issued and allotted upon conversion of Warrants, as may be necessary in accordance with the terms of the offer and subject to the provisions of the Company's Articles of Association"

"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 warrants 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.

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"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".

11. To Consider, and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED that Pursuant to the provisions of Section 293(1) (d) and other applicable provisions of the Companies Act, 1956 the consent of the company be and is hereby accorded to the Board of Directors to borrow any sum or sums of moneys from time to time notwithstanding that the money or moneys to be borrowed, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say reserves not set apart for any specific purposes, provided however, the total amount so borrowed shall not exceed Rs.50 Crores(Rupees Fifty Crores Only)"

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

"RESOLVED THAT Mr. Subramani Hariharan, who was appointed as an Additional Director of the company, who holds office under Section 260 of the Companies Act, 1956, up to the date of the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company, liable to retire by rotation".

BY ORDER OF THE BOARD
For Vivo Bio Tech Ltd

K. Madhavi Latha
MANAGING DIRECTOR

PLACE : HYDERABAD

DATE: 22.11.2005

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 24th December, 2005 to 28th December, 2005 (both days inclusive).
- d) Members are requested to notify any change in their addresses to the Company immediately.

Vivo Bio Tech Limited**18th Annual Report****Annexure to the Notice****Explanatory statement pursuant to Section 173(2) of The Companies Act, 1956****Item#4**

Mr. Kunasingam Sittampalam 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 21st September, 2005. Pursuant to Section 260 of the Companies Act, 1956 Mr. Kunasingam Sittampalam 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. Kunasingam Sittampalam. The profile of the Director is given hereto under the head additional information.

The Board recommends the above resolution for members approval in the Annual General Meeting.

None of the Directors is interested or concerned except Mr. Kunasingam Sittampalam

Item#5

One of the requirements of the revised Clause 49 of the Listing Agreement with the stock exchanges on Corporate Governance is that all fees/compensation paid to the Non- Executive Directors shall be fixed by the Board of Directors and require prior approval of shareholders at the General Meeting.

Presently, the Company is not paying any amount as Sitting Fees to the Non- Executive Directors for the Board Meeting attended by them. The Company in future may pay sitting fees to the Non-Executive Directors for attending the board meetings.

The approval of the members is therefore sought for the payment of sitting fees to the Non-Executive Directors of the Company. The Board recommends passing of the Resolution as set out at item No.5 of the accompanying Notice.

All the Non- Executive directors are considered to be interested in the aforesaid Resolution

Item#6

In order to provide cushioning in respect of total paid up capital of the company, it is proposed to increase the Authorised share capital of the Company. The present Authorised Share Capital of the Company i.e. Rs. 8,00,00,000/- (Rupees Eight Crores Only) and the Paid up Capital is Rs.5,35,05,200 (Rupees Five Crores Thirty Five Lacs Five Thousand Two Hundred Only).To facilitate issue of further shares, the Authorised Share capital is to be increased to Rs.15,00,00,000(Rupees Fifteen Crores Only) by creation of 70,00,000(Seventy Lakh Only) further equity shares of Rs. 10/- each which will rank paripassu in all respects with the existing shares of the Company. The proposed increase requires approval of the Members in general meeting. Consequent to the increase in the Authorised Share Capital, the Company's Memorandum of Association will also require alteration so as to reflect the increase.

The Board recommends passing of the Ordinary Resolution.

None of the Directors is interested or concerned in the Resolution except to the extent of their shareholding in the Company.

Item#7

It is proposed to issue shares or grant options to the employees of the company. In order to provide enabling provisions in the Articles of Association of the company empowering the company and/or Board of Directors of the company to offer/issue equity shares, and/ or equity linked instruments or any other instruments or securities or grant options to the employees of the company or such other persons under a Scheme or Plan to be framed in this regard, it is required to alter the Articles of Association of the company by inserting the necessary provisions relating thereto.

The Board recommends the above resolution at Item # 7 for the approval of the members

None of the Directors is interested or concerned, either directly or indirectly, in the proposed resolution.

ITEM # 8:

The success of any company, Bio Tech companies in particular, depends on the strength of the human resources capital. Ability to attract, retain and motivate its human resources is the key to success of any company in Bio Tech sector. Offering stock options to employees not only allows them to participate in the long term growth and financial success of the company but also works as an impetus for creativity, innovation and excellence. To fulfill the above objectives, the Board of Directors proposed to grant stock options to employees of the company by framing an Employees Stock Option Scheme, subject to the eligible employees of the company under such scheme.

The SEBI Guidelines have provided a conducive environment for the implementation of an Employee Stock Option Scheme. The Company proposes to introduce the following Stock Option Scheme for the benefit of employees of the Company, its Directors, and such other persons/entities as may be prescribed by SEBI from time to time, and in accordance with the provisions of prevailing regulations.

Vivo Bio Tech Limited**18th Annual Report****Employee Stock Option Scheme, 2005****Stock Options:**

Under this scheme, employees will be given an option to acquire a certain number of shares of the face value of Rs. 10 each, at the price as mentioned hereinafter.

The broad terms and conditions of the Plan are as under:

The Company will constitute an ESOS Compensation Committee, which will be a Committee of the Board of Directors, and will consist of a majority of independent Directors, for administration and superintendence of the ESOS. The ESOS Compensation Committee will formulate the detailed terms and conditions of the ESOS.

The ESOS Compensation Committee will specify, inter alia, the following:

- Quantum of options to be granted under the Scheme per employee, and in aggregate.
- Conditions under which options vested in employees may lapse in case of termination of employment for Misconduct
- Time period within which an employee may exercise vested options in the event of termination or resignation.
- The exercise period within which the employee should exercise the options and those options would lapse on failure to exercise the options within the exercise period.
- Rights of an employee to exercise all the vested options at one time or at various points of time within the exercise period.
- Procedure for making a fair and reasonable adjustment to the number of options and to the exercise period, in case of rights issues, bonus issues, other corporate actions, or otherwise.
- Lock-in period for the shares issued pursuant to exercise of the options, if any.
- Any other related or incidental matters.

The following is the explanatory statement, which sets out the various disclosures as required by Clause 6 of the SEBI Guidelines

The salient features of the Scheme are as under:

1. The total number of options to be granted

The total number of Options that may, in aggregate, be issued, under the scheme, cannot exceed 10% of the Issued equity share capital of the Company as of 31st March, 2005 i.e. 10% of 53,50,200 equity shares.

2. Identification of classes of employees entitled to participate in the ESOS

Employees entitled to participate in the ESOS are, "employees" of the Company including Directors (whether full time or not), as defined in the ESOS Guidelines (including any statutory modification(s) or re-enactment of the Act or the Guidelines, for the time being in force), and as may be decided by the ESOS Compensation Committee, from time to time. Under the prevailing regulations, an employee who is a promoter or belongs to the promoter group will not be eligible to participate in the ESOS. Identification of employees eligible to participate in the ESOS and Grant of options to identified employees will be based on such parameters as may be decided by the ESOS Compensation Committee, in its discretion, from time to time. The options granted to an employee will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

3. Requirements of vesting and period of vesting

Vesting of options will commence after a period of 1 year from the date of grant, and may extend up to 5 years from the date of grant. The vesting may occur in tranches, subject to the terms and conditions of vesting, as may be stipulated by the ESOS Compensation Committee, in its discretion, and which will include performance appraisal of the employee and achievement of other performance milestones.

4. Exercise Price or Pricing Formula

The price will be determined by the ESOS Compensation Committee Subject to confirming to the accounting policies specified in clause 13.1

5. Exercise Period and the process of Exercise

The exercise period may commence from the date of vesting, and will expire not later than 7 years from the date of grant of options, or such other period as may be decided by the ESOS Compensation Committee, from time to time. The Options will be exercisable by the Employees by a written application to the Company to exercise the Options, in such manner, and on execution of such documents, as may be prescribed by the ESOS Compensation Committee from time to time. The options will lapse if not exercised within the specified exercise period.

Vivo Bio Tech Limited**18th Annual Report****6 Process for determining the eligibility of employees to ESOS**

The process for determining the eligibility of the employee will be specified by the ESOS Compensation Committee, and will be based on, such criteria that may be determined by the ESOS Compensation Committee at its sole discretion.

7. Maximum number of options to be issued per employee and in aggregate

The maximum number of Options granted per employee will not exceed 1% of the paid-up shares of the Company or 1,00,000 whichever is less. The aggregate of all such Options granted shall not exceed 10% of paid-up shares of the Company.

8. The method which the company shall use to value its options is either fair value or intrinsic value, as decided by the Compensation Committee to be constituted in this connection.

In case the company calculates the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed in the Directors' report and also the impact of this difference on profits and on EPS of the company shall also be disclosed in the Directors' report.

The Company shall conform to the accounting policies specified in Clause 13.1 of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 and / or such other guidelines as may be Applicable, from time to time.

Subject to the approval of the Stock Exchange, the relevant Equity Shares on exercise of the Options shall be listed on the Stock Exchanges.

The Board of Directors commends this resolution for the approval of the members.

None of the Directors of the Company are interested or concerned in the passing of the Resolutions except to the extent of any options, which may be granted to them pursuant to this Scheme or plan.

Item#9

As members are aware, the new management is making all the efforts to bring the company to a better stage than the previous one. The Company is planning to open a branch office in USA. The Bio technology industry has a lot of demand in the abroad, where it provides good opportunities for bio tech companies to nurture. The Company wants to utilize the opportunities by opening a branch office in USA. The Company also wants to construct an Animal house and also to conduct clinical trails in India.

For the purpose of financing the above, the company is considering to issue and allot 40,00,000 (Forty Lacs only) Equity shares on preferential basis to Selective investors, detailed hereunder on the terms and conditions contained in the Resolution #9, subject to the approval of the members and such other approvals as may be necessary. The proposed issue of Equity shares on preferential basis to Selective investors will be governed by the provisions of the SEBI (Disclosure & Investor Protections) Guidelines, 2000. The issue price of Rs.10/- (Rupees Ten only) per Equity share has been determined as per the SEBI guidelines.

The Equity shares to be issued and allotted pursuant to the above will be subject to lock-in as stipulated under the applicable SEBI Guidelines.

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

Disclosures, which are required to be made pursuant to Clause 13.1A of the Securities and Exchange Board of India (Disclosure & Investor Protection) Guidelines, 2000.

(i) The objects of the issue through preferential offer

For the purpose of opening up of branch officer in USA and to construct the Animal house and to conduct the clinical trails and other incidental project funding requirements.

(ii) The intention of the promoters/directors/key management persons to subscribe to the offer.

The intention and primary objective of the Promoters to the equity shares through this preferential issue is to make available scarce funds readily to finance the company's operations

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- (iii) Share holding pattern of the Company before and after the proposed issue of Equity Shares pursuant to the resolution at Sl.No.9

| Sl.No | Category | Pre - issue | | Post Issue | |
|-------|---|----------------------|----------------|----------------------|----------------|
| | | No. of Equity shares | Percentage (%) | No. of Equity shares | Percentage (%) |
| 1 | (*)Promoters Holding | 5,59,600 | 10.46 | 5,59,600 | 5.98 |
| 2 | Institutional Investors a) Mutual Funds & UTI b) Banks, FIs, FII's, | | | | |
| 3 | Private Corporate Bodies | 34,40,000 | 64.29 | 55,65,000 | 59.52 |
| 4 | Indian Public | 7,40,920 | 13.38 | 7,40,920 | 7.92 |
| 5 | NRI's and foreign Companies | 6,10,000 | 11.40 | 24,85,000 | 26.58 |
| TOTAL | | 53,50,520 | 100.00 | 93,50,520 | 100.00 |

*The Promoters holding will go upto 15,59,600 Equity Shares after the conversion of the 10,00,000 Warrants being issued to them, pursuant to Resolution No.10

iv) Proposed time within which allotment will be completed

The allotment of the Equity Shares being issued on preferential basis is proposed to be made within 15 days from the date of passing of the resolution by the Members, provided that when the allotment on preferential basis is pending on account of pendency of any approval for such allotment by any regulatory authority or the Central Government, the allotment shall be completed within 15 days from the date of receipt of such approval.

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 |
|--------------------------------------|-------------------------------------|---|
| Northern Union Ltd | 5,00,000 | 5.35 |
| C.S.B. Fernandez | 15,000 | 0.16 |
| Anita R. Neelketan | 15,000 | 0.16 |
| Gnansekaran V. Sittampalam | 15,000 | 0.16 |
| Raveendra S Kondaiah | 30,000 | 0.32 |
| SN Techno Value Holdings Private Ltd | 13,50,000 | 14.44 |
| Cryptologic Systems Private Ltd | 7,75,000 | 8.29 |
| Elite Class Asset Holding Ltd | 13,00,000 | 13.90 |

None of the Directors is interested or concerned in the above resolution.

Item#10

As already explained above, to finance the opening of branch office and to for of the animal house and to conduct clinical trails and to augment the working capital requirements of the Company, as may be required at immediate future times, subject to approval of the members and such other approvals as may be necessary and required, the company has proposed to issue 10,00,000 (Ten Lakhs Only) Warrants of Rs10/- each to Promoters as detailed hereunder;

The promoters shall have right to convert each warrant into one Equity Share of Rs.10/-each. A sum of Rs1/- (Rupee One only) per warrant is payable at the time of allotment and the balance of Rs. 9/- (Rupees Nine Only) is payable within 18 months from the date of allotment. The issue price of Rs10/- per Warrant has been determined as per the guidelines framed by SEBI in this regard.

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

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