

Board of Directors

Lanka Nagaraj	- Managing Director
Dr. Sudhakar Konda	- Executive Director
M. Swaminadham	- Director
Kunasingam V.Sittamapalam	- Director
Dr.Venugopal	- 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. Aarthi Consultants Pvt. Ltd.,
1-2-285, Domalguda,
Hyderabad - 500 029
Ph Nos.27634445, 27638111
Fax No.27632184

Registered Office:

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

Date, Time and Venue of AGM

30.09.2008,2.00 P.M
at Padmashali Kalyana Mandapam
West Marredpally, Secunderabad-26

Message from Managing Director.....

There has never been a more exciting time to be at Vivo Bio Tech Limited. We are robustly positioned to meet our clients need to hasten outsourcing to advance the speed and productivity of their research and development functions.

In 2008, we proudly celebrated our Twenty First Anniversary as a Public Listed Company. This year has been a milestone in the history of Vivo Bio Tech Limited. This year marked the company emerging as an Integrated Contract Research and Manufacturing Services (CRAMS) player having created a sustainable and diversified business with a growing international presence and a market leading portfolio of Drug Development Services.

A future filled with opportunities

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

Contract Pharma estimated that, Sponsors spent 17% of their total development budget on CRO services in 2007, up from 14% in 2001. And the annual growth in spending on CRO services, 14.9% annually since 2001, has well outpaced the 10.5% annual growth rate in total global development spending.

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

A recent study by Tufts Center for the Study of Drug Development stated that pharmaceutical and biotechnology companies will increasingly include strategic outsourcing partnerships and alliances in their operating model to improve R&D productivity in drug development.

The report also stated that the demand for contract research organization (CRO) services will likely grow by 16% annually over the next three years as sponsors seek assistance in managing large, complex global projects without increasing their internal headcount.

Over the next five years, industry analysts expect the level of outsourcing to increase to 35% and the CRO market to reach to \$30 billion.

These key market dynamics create a mature environment for sizeable volumes of outsourcing and bode well for significant and continuous industry growth.

Vibrant growth

In late 2007, we successfully got sanctioned a term-loan of Rs. 21 crores from Canara Bank for the establishment of Animal House facility (Preclinical services) at Pregnapur, and Research & Development facility (Wet Lab services) at Himayath Nagar.

During the same period, we commenced operations of 3,000 Sq.ft Research & Development facility in Himayath Nagar.

Also, we received the status of Research Establishment vide No. 1117/C/07/CPCSEA from the Ministry of Environment & Forests, Govt. of India for our proposed 125,000 Sq.ft Animal House facility at Pregnapur.

In Early 2008, we received the status of Research Establishment vide No. TU/1V-RD/2740/2007 recognition from Department of Scientific & Industrial Research (DSIR), Ministry of Science & Technology, Govt. of India for our Research & Development facility at Himayath Nagar.

In Mid 2008, we received approval from Department of Ministry & Commerce, Govt. of India for our proposed biotech specific SEZ (Special Economic Zone) at Pregnapur spanning 10.93 Hectares. We are waiting for final publication of the notice from Govt. of India.

During the same period, we had entered into a joint venture with Melaka State, Malaysia for establishing an integrated Contract Research and Manufacturing Services (CRAMS) company – Vivo Bio Tech Sdn. Bhd.

We had increased our R&D staff significantly. As of July 31, 2008 we had approximately 50 employees.

Outlook 2009

We expect to start operations of first phase (25,000 Sq.ft) of our Animal House facility in Early 2009

We plan to expand our existing in-house Research & Development facility (20,000 Sq.ft) in Mid 2009

We strongly believe that 2009 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.

LANKA NAGRAJ
MANAGING DIRECTOR



NOTICE

NOTICE is hereby given that the 21st Annual General Meeting of the Members of the Company will be held on Tuesday, the 30th day of September, 2008, at 2.00 P.M. at Padmashali Kalyana Mandapam, 2-12-66, Nehru Nagar, West Marredpally, Secunderabad-500 026 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit & Loss Account for the year ended March 31, 2008: 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 Datuk Kunasingam V. Sittampalam, who retires by rotation and being eligible offer himself for reappointment.
3. To appoint M/s. P. Murali & Co., Chartered Accountants, Hyderabad as Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

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

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

**BY ORDER OF THE BOARD
FOR VIVO BIO TECH LTD**

PLACE : HYDERABAD
DATE : 30.08.2008

**Dr. SUDHAKAR KONDA
EXECUTIVE DIRECTOR**

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, 2008 to 30th September, 2008 (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

Dr. Venugopal 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 30th January, 2008. Pursuant to Section 260 of the Companies Act, 1956 Dr. Venugopal holds office of Director up to the date of the ensuing Annual General Meeting. The Company has received a notice in writing under Section 257 of the Companies Act, 1956 along with a deposit of Rs.500/- from a member signifying his intention to propose the name of Dr. Venugopal. The profile of the Director is given hereto under the head additional information.

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

None of the Directors is interested or concerned except Dr. Venugopal

**BY ORDER OF THE BOARD
FOR VIVO BIO TECH LTD**

**PLACE : HYDERABAD
DATE : 30.08.2008**

**Dr. SUDHAKAR KONDA
EXECUTIVE DIRECTOR**



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. Sittmpalam

Age : 55 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 : 7 Unlisted Foreign Companies. Director ship in Vivo Bio Tech L:td, Hyderabad. He is a member of 3 committees in Vivo Bio Tech Ltd.

- 2. Name** : Dr.VenuGopal

Age : 61

Qualifications : Graduation in medicine

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

Other Directorships : 2

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting you the 21st Annual Report of your company together with the Audited Accounts for the year ended 31st March, 2008.

Financial Results

(Amount in Rs. Lakhs)

Particulars	2007-2008	2006-2007
Total Income	6.78	79.62
Profit before tax	(155.72)	(22.45)
Provision for Taxation	-	-
Deferred Tax Provision	0.84	0.23
Balance brought forward	(24.58)	(1.84)
Balance Carried to Balance Sheet	(182.01)	(24.58)

Results of Operations:

During the year under review the total income of your company for the year 2007-08 was Rs. 6.78 Lakhs as against the income of 79.62 lakhs in 2006-07. The company has been a API (Active Pharmaceutical Ingredients) distributor, however in the past year the company has transitioned its business nature to a full fledged Contract Research and Manufacturing Services (CRAMS) Company. The company's business strategy in the past year has been establishment of infrastructure for providing CRAMS services. The company proposes to render Preclinical and Wet lab Research Services from this year onwards.

Sanction of Term Loan by M/s. Canara Bank:

During the year the company was granted 21 Crores Term Loan by M/s. Canara Bank, Hyderabad for the establishment of Animal House facility (Preclinical services) at Pregnapur, and Research & Development facility (Wet Lab services) at Himayath Nagar

Special Economic Zone at Pregnapur Village:

The application for establishment of Bio Tech Special Economic Zone has been approved by the Ministry of Commerce and Industry. This enables the company better Tax benefits in terms of reduction of Cost of Establishment and reducing cash outflow in terms of various duties. We are awaiting for the formal approval notification in the official gazette.

Filing of Application for listing of Amalgamated Shares

The Company has filed the Listing application with Bombay Stock Exchange Ltd for the listing of shares allotted under amalgamation. The application is under review by the Bombay Stock Exchange.

Directors

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

Mr. P.V.V.Prasad resigned from the position of director due to his personal reasons on 30th January, 2008 and the company approved the same.

Dr.Venugopal appointed as addl. Director in the board meeting held on 30th January, 2008

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:

- In the preparation of the annual accounts for the year ended 31st March, 2008, 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 2008 and of the loss of the company for the financial year ended 31st March 2008.
- 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, 2008 on a going concern basis.

Auditors:

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, 2008 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.

Information required under Section 217(1)(e) of the Companies Act 1956 read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988.

Particulars required under Section 217(e) of the Companies Act, 1956 read with rule 2 of the Companies (Disclosure of particulars in the Board of Directors) Rules, 1988 is given as annexure to the Report.

Particulars of Employees:

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

Sl.No	Name of the Director	Age	Remuneration	Qualification & Experience	Date of employment commencement of
01	Dr.Sudhakar Konda	44	24,00,000	M.V.Sc	20.01.2007

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 : 30.08.2008

DR.SUDHAKAR KONDA
EXECUTIVE DIRECTOR

LANKA NAGRAJ
MANAGING 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, 2008

Conservation of Energy:

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

Form A

Particulars	For the year ended March 31, 2008	For the year ended March 31, 2007
A. Power and Fuel Consumption		
1. Electricity		
a. Electricity Purchase Unit	37,564 Units	21,250 Units
Total amount	2,35,525	1,31,540
Rate per unit (Average)	6.27	6.19
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

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

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

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

C. Future plan of action

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

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 1 Managing Director, 1 Executive Director 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 2007-08 the Board of Directors met 5 times on the following dates:
30.04.2007, 31.07.2007, 28.08.2007, 31.10.2007, 30.01.2008

The attendance of each Director is given below:

Name of the Director	Category	No. of other Directorships	No. of committees in which Member	No. of Board Meetings Participated	Whether Participated in last AGM
Lanka Nagraj	Managing director	1	-	5	No
Dr. Sudhakar Konda	Executive Director	1	2	5	Yes
Datuk Kunasingam V. Sittampalam	Independent Non Executive Director	7	1	-	Yes
Dr. Venugopal*	Independent Non Executive director	2	3	-	No
Swaminatham Madhira	Independent Non Executive director	-	3	5	Yes
P.V.V.Prasad**	Independent Non Executive director	1	3	5	No

*Appointed as Director on 30.01.2008

**Resigned as Director on 30.01.2008