

# C O N T E N T

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Annual General meeting on Thursday, September 29, 2011 4.00 P.M at Padmashali Kalyana Mandapam, 2-12-66, Nehru Nagar, West Marredpally, Secunderabad – 500026. 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.

**Registered Office:**

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

**Auditors:**

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

**Bankers**

M/s. Canara Bank  
Overseas Branch  
Adarsh Nagar  
Hyderabad

**M/s Bank of Baroda,**

Marredpally Branch,  
Secunderabad

**Registrars & Share Transfer Agents**

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

**Board of Directors****Dr. Alangudi Sankaranarayanan**

*-Whole Time Director & CEO*

**K. Sri Kalyan**

*-Whole Time Director*

**Kunasingam V.Sittamapalam**

*-Director*

**M. Kalyan Ram**

*-Director*

**K. Sunder**

*-Additional Director*

**N. Madhusudhana Reddy**

*Company Secretary*

Date, Time and Venue of AGM

**29.09.2011,4.00 P.M**

at

Padmashali Kalyana Mandapam West Marredpally,  
Secunderabad-26

## CEO's Message

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 2011, we proudly celebrated our Twenty Fourth 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 Biotech - CRO 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.

Despite the financial crunch and a drop in early-stage research, a 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.

According to Frost & Sullivan, despite the existence of CROs for over two decades now, the penetration rate of outsourcing, as a percentage of the total R&D spending, is less than 25.0 percent. "Hence, there is great potential for CROs to grow through just expansion."

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**

During the year under consideration, we secured projects from clients across UK and India and are in discussions with various US clients for strategic partnerships.

In January 2011, the company successfully received 'full accreditation' for its 125,000 Sq.ft Small Animal Research Facility by US based AAALAC International. AAALAC International is a private, nonprofit organization that promotes the humane treatment of animals in science through voluntary accreditation and assessment programs. AAALAC stands for the "Association for Assessment and Accreditation of Laboratory Animal Care." More than 800 companies, universities, hospitals, government agencies and other research institutions in 34 countries have earned AAALAC accreditation, demonstrating their commitment to responsible animal care and use.

One of the recombinant proteins being developed by the company, i.e., targeted for Type-2 Diabetes has been successfully appraised by SBIRI (Small Business Innovation Research Initiative), Department of Biotechnology for a soft loan. In February 2011, DBT has provided the first installment of '224.3 Lakhs towards implementation of the project.

The company also made an application with India GLP Monitoring Authority for GLP certification and anticipates having the GLP certification in place by end of 2011.

During the year under consideration, the company has aggressively increased its marketing efforts and has been exhibiting in various international conferences. Few of which include - AALAS, AAPS, Biotech

Showcase, ToxExpo, etc.

As of July 31, 2011 we had approximately 100 employees.

#### **De-notification of Vivo Bio Tech Special Economic Zone**

It has been extremely difficult for us to get new Units in our SEZ because of the macroeconomic downtrend. We would like to focus all our efforts on our CRO services, which we are able to record significant business prospects. Also, some of renowned DTA clients are approaching us for services. However, they are not willing and not able to pay in foreign currency towards services rendered, as instructed by our Specified Officer. In view of the above, we are in the process of de-notifying our SEZ for better business prospects.

#### **Outlook 2012**

- We expect to start commercial breeding and canine experimentation operations immediately after receiving required statutory approvals from CPCSEA.

We strongly believe that 2012 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 for enduring to trust Vivo Bio Tech Limited and for their timely support, our employees who had extremely performed good, and finally, thanks to our shareholders, for their consistent confidence in our company.

**Dr. A. Sankaranarayanan, Ph.D., F.C.P.**  
Chief Executive Officer  
Vivo Bio Tech Limited



## NOTICE

NOTICE is hereby given that the 24th Annual General Meeting of the Members of the Company will be held on Thursday, the 29th day of September, 2011, at 4 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, 2011; 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 M. Kalyan Ram, who retires by rotation and being eligible offer himself for re-appointment
3. To appoint M/s. P. Murali & Co., FRN: 007257S Chartered Accountants, Hyderabad as Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

### SPECIAL BUSINESS

4. To Consider, and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution.  
"RESOLVED THAT Mr. K. Sunder, 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 : 01-09-2011**

**N. MADHU SUDHANA REDDY**  
Company Secretary

### **Important Communiqué to Members - Green Initiative in Corporate Governance**

The Ministry of Corporate Affairs (MCA) has taken a Green Initiative in Corporate Governance by allowing paperless compliance by the companies and has issued a Circular stating that service of all documents including Annual Reports can be sent by e-mail to its Members. Your Company believes that this is a remarkable and environment friendly initiative by MCA and requests all Members to support in this noble cause.

The Company has already embarked on this initiative and proposes to send documents including Annual Reports in electronic form to the Members on the email address provided by them to the R&T Agent/the Depositories.

The Members who hold shares in physical form are requested to intimate/update their email address to the Company/R&T Agent while Members holding shares in demat form can intimate/update their email address to their respective Depository Participants.

Members are requested to further note that they will be entitled to be furnished, free of cost, the physical copy of the documents sent by e-mail, upon receipt of a requisition from them, any time, as a Member of the Company.

### **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 here to.
- c) The Register of Members and Share Transfer books of the Company will remain closed from 23rd September, 2011 to 29th September, 2011 (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 K. Sunder 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 28th April, 2011. Pursuant to Section 260 of the Companies Act, 1956 K. Sunder 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. Sunder. 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. K. Sunder

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

**PLACE : HYDERABAD**  
**DATE : 01-09-2011**

**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                    | : | M. Kalyan Ram   |
|    | Age                     | : | 33 years  |
|    | Qualifications          | : | B.Com   |
|    | Expertise               | : | He has around 9 years of experience in the accounts, finance and administration of various companies.                     |
|    | Other Directorships     | : | NIL   |
|    | Membership of Committee | : | NIL   |
|    | Shareholding            | : | NIL   |
| 2. | Name                    | : | K.Sunder  |
|    | Age                     | : | 46 years  |
|    | Qualifications          | : | B.sc, LLB   |
|    | Expertise               | : | He has around 17 years of experience in corporate laws practice and advisor to Various corporate and Government companies |
|    | Other Directorships     | : | NIL   |
|    | Membership of Committee | : | NIL   |
|    | Shareholding            | : | NIL   |



## DIRECTORS' REPORT

**Dear Members,**

Your Directors have pleasure in presenting you the 24th Annual Report of your company together with the Audited Accounts for the year ended 31st March, 2011.

### Financial Results

(Rs. in Lakhs)

Particulars	2010-11	2009-10
Total Income	954.45	411.72
Profit before interest, Depreciation and Tax	367.92	112.94
Interest	272.11	73.45
Depreciation	162.51	114.03
Provision for Taxation/Deferred Tax provision	Nil	Nil
Profit after interest, Tax and depreciation	(155.19)	(136.59)
Deferred Tax provision	88.48	62.05
Balance brought forward	(527.06)	(390.48)
Balance Carried to Balance Sheet	(682.25)	(527.06)

### BUSINESS PERFORMANCE

**Revenues:** The total income of the Company for the FY 2010-11 comprises operating revenues of 954.45 Lacs as against Rs. 411.73 Lacs in FY 2009-10

**Profits:** Profit before Tax (PBT) stood at Rs. (66.70) Lacs as against Rs. (74.53) for the previous year. Profit after Tax (PAT) stood at Rs. (155.19) Lacs as against Rs. (136.58) Lacs for the previous year.

### Reserves and Surplus

During the year the Company has not transferred any amount to Reserves and Surplus.

### Trading approval from BSE

The company has received Trading approval from the Bombay Stock Exchange Ltd and the trading resumed on 30th June, 2011.

### Material changes and commitments;

There are no material changes and commitments occurred between the end of the financial year of the company and the date of the report affecting the financial position of the company

### Directors

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

Mr. K. Sunder is appointed as Additional Director in the board on 28th April, 2011.

Brief resume of the Directors proposed to be reappointed, nature of their expertise in specific functional areas, directorships in other companies as stipulated under clause 49 of the listing agreement with the stock exchanges in India are provided in the report on corporate governance.

Dr. V. Narasaiah resigned to the office of Director on 28th February, 2011

**Demat permission from NSDL :**

The company has received Demat permission from NSDL from 25 th August 2011 and ISIN is INE380K01017

The Board places on record its appreciation and gratitude to the said directors for their valuable contributions.

**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, 2011, 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 2011 and of the loss of the company for the financial year ended 31st March 2011.
- 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, 2011 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.

**Fixed Deposits**

The Company has not accepted fixed deposits as on 31st March, 2011 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 PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956**

Pursuant to the provisions of Section 212 of the Companies Act, 1956 (Act), documents in respect of the various subsidiaries viz., Directors' Report, Auditor's Report, Balance Sheet and Profit and Loss Account, are required to be attached to the Balance Sheet of the holding company. However, in terms of the provisions of Section 212(8) of the Act, the Government of India, Ministry of Corporate Affairs, has vide letter No. 47/15/ 2011-CL-III dated 27 January 2011 granted exemption from the provisions of Section 212(1) of the Act. Accordingly, the Annual Report does not contain the financial statements of the subsidiaries of the Company. However, the Company will make available the audited annual accounts and related detailed information of the subsidiaries to the shareholders upon request in accordance with the applicable law. These documents are also available for inspection at the Registered Office of the Company during business hours.

A statement pursuant to the provisions of Section 212(1)(e) of the Act appears elsewhere in the Annual Report.