



Vivo Bio Tech Ltd.
Your Drug Discovery Partner

31st
ANNUAL REPORT
2018

www.vivobio.com

CONTENTS

Board of Directors	2
Message from the Board	3
Notice	4
Directors Report	15
Corporate Governance Report	47
Management Discussion and Analysis Report	62
Standalone Auditors Report	66
Standalone Balance Sheet	72
Standalone Profit and Loss Account	74
Standalone Cash Flow Statement	75
Schedules forming part of the Balance Sheet	85
Schedules forming part of the Profit and Loss Account	89
Notes on Balance Sheet and Profit and Loss Account	92
Consolidated Financial Statments	96
Letter to Shareholders	127

31st Annual General meeting on Friday, 28th Day of September, 2018 at 1.00 P.M. at 8-2-672/5&6, 3rd Floor, Ilyas Mohammed Khan Estate, Road No.1, Banjara Hills, Hyderabad, Telangana-500034. 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:

8-2-672/5&6, 3rd Floor, Ilyas Mohammed Khan
Estate, Road No.1, Banjara Hills, Hyderabad,
Telangana - 500034
Phone : 040-23313288

Auditors**M/s. PCN & Associates**

(formerly Chandra Babu Naidu & Co.,)
Plot No.12,Ground Floor
Software Layout Unit, Cyberabad
Hyderabad-500 081
Phone# 040-2311 9499

Main Bankers

Canara Bank
IF Branch,
Hyderguda, Hyderabad.

Registrar & Share Transfer Agents**M/s. Aarthi Consultants Private Ltd**

1-2-285, Domalguda,
Hyderabad - 500029.
Phone# 91-40-27634445, 27638111
Fax: 91-40-27632184

M Kalyan Ram

Whole Time Director

Alangudi Sankaranarayanan

Director

Kunasingam V Sittampalam

Non-Executive Director

Sunder Kanaparthi

Independent Director

Hariharan R

Independent Director

M Vijaya Lakshmi

Independent Director

Kalyan Kumar Korisapati

COO

Ch Varun Kumar

Company Secretary

K T V Kaladhar

Chief Financial Officer

BOARD MESSAGE

The global preclinical CRO market is anticipated to reach USD 6.6 billion by 2025, according to a new report by Grand View Research, Inc. The market is expected to witness lucrative growth during the forecast period owing to rise in R&D expenditure on early stage development as well as increase in number of drugs in preclinical phase. Hence, increase in outsourcing penetration is further expected to contribute to the growing demand of life science companies for outsourced preclinical services.

Rise in the number of complex drugs entering preclinical trial and growing pressure to curb R&D expenses are expected to contribute to the growing demand for quality CROs, thereby contributing to the market growth. As per Servier Research Institute, issues related to nonclinical toxicology testing results in a 50.0% failure rate in the early stage development phase. High failure rate in this phase is expected to contribute to the demand for early stage development CROs during the forecast period.

Toxicology testing held the largest share in the service segment and is expected to dominate over the forecast period. The attrition of drugs due to toxicity is fueling demand for outsourcing of preclinical studies to CROs, which offer end-to-end services, including toxicology testing.

FY 2018

As in the past, we take this opportunity to reiterate our faith on our investments and strengthen our commitment to develop further cash generating projects to create long term value for all the stakeholders. Like in any business, the changing market as well as the rapid innovation cycle presents its own challenges to win in the market. Vivo Bio Tech company has a strong portfolio of market facing services built on highest quality standards to compete and win consistently on the global scale.

With additional preclinical services (GLP Toxicology, Pharmacology and GLP Analytical), new partnerships in custom rodent models (Cyagen Biosciences, Inc.), genomic technologies (Cyagen Biosciences, Inc.), lab animal diets (Dietex International Ltd.), SPF Guinea Pigs and high acceptance of specific pathogen laboratory rodents (Taconic Biosciences) across the Indian market, we are confident of achieving significant revenue growth on back of long term sustainable technological advantage.

I personally thank our bankers, our shareholders and our employees for their continued trust and consistent confidence in Vivo Bio Tech.

Alangudi Sankaranarayanan
Director

NOTICE

NOTICE is hereby given that the 31st Annual General Meeting of the Members of the Company will be held on Friday, 28th Day of September, 2018 at 1.00 P.M. at 8-2-672/5&6, 3rd Floor, Ilyas Mohammed Khan Estate Road No.1, Banjara Hills Hyderabad, Telangana-500034 to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt:

- (a) the Audited Financial Statements of the Company for the financial year ended March 31, 2018, together with the Reports of the Board of Directors and Auditors thereon; and
- (b) the Audited Consolidated Financial statements of the Company for the financial year ended March 31, 2018, together with the Report of the Auditors thereon.

2. To appoint a Director in place of Mr. A Sankarnarayanan , who retires by rotation, and being eligible, offers himself for re-appointment.

Special Business:

3. To ratify issue of 33,00,000 Convertible Warrants on Preferential Basis:

In Continuation(furtherance) to the resolution No.6 passed on in Annual General Meeting of the Company held on 28th September,2017 and to pass following resolution as Special Resolution:

“RESOLVED THAT in terms of Sections 42 and 62(1)(c) of the Companies Act, 2013 and all other applicable provisions, if any, (including any statutory modification(s) or re-enactments thereof for the time being in force), Memorandum and Articles of Association of the Company, SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 and in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosures Requirements) Regulation 2009 and listing agreement entered by company with BSE Limited, as may be applicable to the preferential issue of Equity shares/warrants and other applicable regulations of SEBI, if any and subject to such conditions and modifications as may be considered appropriate by the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall include any committee thereof for the time being to which all or any of the powers hereby conferred on the Board by this resolution, have been delegated) and subject to such, consents and approvals of SEBI, Stock Exchanges, Government of India, or such other bodies or authorities as may be required by law and as may be necessary and subject to such conditions and modifications as may be imposed upon and accepted by the Board while granting such consents and approvals and which may be agreed to by or any other authorities as may be necessary for that purpose, the consent of the members of the company be and is hereby accorded to ratify issue, and allot in one or more tranches up to 33,00,000 (Forty Five Lakhs) convertible warrants to strategic Investors Vide the special Resolution Passed in the annual general meeting of the Company held on 28th September, 2017 and the warrants shall be convertible into equal number of Equity Shares with in a period not exceeding 18 months from the date of allotment of warrants, as mentioned in the explanatory statement, at

such issue price as determined by the board in accordance with the preferential issue guidelines given in chapter VII of SEBI (ICDR) Regulations 2009 and subsequent amendments thereto.”

RESOLVED FURTHER THAT 12,00,000 warrants to be issued to promoter and Promoter group stand cancelled.

RESOLVED FURTHER THAT the details of the beneficiary owners of the allottees are as follows

S.No	Name of the Allotees	Ultimate Beneficiary Owners
1.	Mallemkonda Realities Private Limited	1. Narender Reddy V
		2. Lahari Reddy V
2	Magadha Infracon Private Limited	1. Anuradha M
		2. Veera Venkata Rao M
3	More Agrisupplies & Services Private Limited	1. K Ravi Babu
		2. Shanker Goud E

RESOLVED FURTHER THAT the Company does apply for listing of the equity shares and does make an application to the Depositories for admission of the said new equity shares at the time of conversion of warrants into equity shares.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorized to agree and accept all such terms, condition(s), modification(s) and alteration(s) as may be stipulated by any relevant authorities while according approval or consent to the issue as may be considered necessary, proper or expedient and give effect to such modification(s) and to resolve and settle all questions, difficulties or doubts that may arise in this regard to implementation of this resolution, issue and allotment of equity shares/convert-ible equity warrants and to do all acts, deeds and things in connection therewith and incidental thereto without being required to seek any further consent or approval of the members of the Company to the intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

4. To increase the Authorised Share Capital of the Company from Rs.15 Crores to Rs. 16 Crores.

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 61, 64 read with Section 13 and section 14 and other applicable provisions, if any of the Companies Act, 2013, the Existing Authorized Share Capital of the Company be increased from Rs. 15,00,00,000/- (Rupees Fifteen Crores only) divided into 1,50,00,000 (One Crores Fifty lakhs Only) Equity Shares of Rs.10/- (Rupees Ten only) each to Rs. 16,00,00,000/- (Rupees Sixteen Crores only) divided into 1,60,00,000 (One Crores Sixty Lakhs Only) Equity shares of 10/- each.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to file necessary forms with the Registrar of Companies and other Statutory authorities and to do all other Acts, Deeds, things and matters as may be deemed expedient to give effect to the aforesaid resolution.”

5. Adoption of new Articles of Association of the Company.

To consider and, if thought fit, to pass the following resolution as a Special Resolution

“**RESOLVED THAT** pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Incorporation) Rules, 2014, and other rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), the approval of the members of the Company be and is hereby accorded to the adoption of new set of Articles of Association in substitution, and to the entire exclusion of the regulations contained in the existing Articles of Association of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company (including a Committee thereof) or any person(s) authorised by the Board to exercise the powers conferred on the Board, be and is hereby authorized to do all acts, deeds and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

6. Alteration of Memorandum of Association of the Company.

To Consider and, if thought fit, to pass, with or without modification(s), the following resolution as Special Resolution:

“**RESOLVED THAT** pursuant to the provisions of Section 13 and 14 of the Companies Act, 2013, the Capital Clause of the Memorandum of Association of the company be and hereby amended with substitution of the following clause wherever required

MEMORANDUM OF ASSOCIATION

- V. The Authorized Share Capital of the Company is Rs. 16,00,00,000/- (Rupees Sixteen Crores only) divided into 1,60,00,000 (One Crore Sixty lakhs Only) Equity shares of 10/- each (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. Investment(S), Loans, Guarantees And Security In Excess Of Limits Specified Under Section 186 Of Companies Act, 2013

To consider and approve, the following resolution with or without modification, as a Special Resolution:

“**RESOLVED THAT** pursuant to Section 186(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification

thereof for the time being in force and as may be enacted from time to time), and in terms of Articles of Association of the Company and subject to such approvals consents, sanctions and permissions as may be necessary, the consent of the members be and is hereby accorded to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include any Committee which the Board may constitute for this purpose or any person(s) authorized by the Board) for making investment(s) in excess of limits specified under section 186 of Companies Act, 2013 from time to time in acquisition of securities of any body corporate or for giving loans, guarantees or providing securities to any body corporate or other person / entity whether in India or outside India, as may be considered appropriate for an amount not exceeding Rs.500 crore (Rupees Five Hundred crore only), notwithstanding that such investment and acquisition together with the Company’s existing investments in all other bodies corporate, loans and guarantees given and securities provided shall be in excess of the limits prescribed under section 186(3), of the Companies Act, 2013.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board of Directors of the Company be and is hereby authorized to finalize and execute all agreements, documents and writings and to do all acts, deeds and things in this connection and incidental thereto as they may in their absolute discretion deem fit to give effect to this resolution.”

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

Place : Hyderabad
Date : 29th August, 2018

Ch. Varun Kumar
Company Secretary
M.No. A31280

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/herself and the proxy need not be a member of the company. The instrument of proxy in order to be effective, must be deposited at the registered office of the Company, duly completed and signed not less than 48 hours before the meeting.
- b) Particulars of the Directors who are proposed to be appointed /re-appointed at this meeting as required SEBI(LODR) Regulations is provided in Corporate Governance Report. The Directors have furnished the requisite declarations for their appointment/re-appointment
- c) The Register of Members / Register of Beneficiaries and Share Transfer books of the Company will remain closed from 22nd September, 2018 to 28th September, 2018 (both days inclusive).
- d) Members holding shares in physical form may write to the Company/Company's R&T agents for any change in their address and bank mandates. Members whose shareholding is in the electronic mode are requested to direct change of address notifications and updates of savings bank account details to their respective depository participants.
- e) Members are requested to send all communication relating to shares to the Company's R&T Agents (Physical and Electronic) at the following address: M/s. Aarthi Consultants Private Ltd, Unit: Vivo Bio Tech Limited, 1-2-285, Domalguda, Hyderabad-500 029 Email- info@aarthiconsultants.com
- f) The Certificate from the Auditors of the Company certifying that the Company's Stock Option Schemes are being implemented in accordance with the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, as amended, and in accordance with the resolutions of the members passed at the general meetings will be available for inspection by the members at the AGM.
- g) SEBI has made it mandatory for every participant in the securities/capital market to furnish details of Income Tax Permanent Account Number (PAN). Accordingly, all members holding shares in physical form are requested to submit their details of PAN, along with a photocopy of the PAN Card, to the R&T Agent of the Company, M/s. Aarthi Consultants Private Limited.
- h) In accordance with the MCA's "Green Initiative in Corporate Governance" allowing companies to share documents with its shareholders in the electronic mode and related amendments to the Listing Agreement with the Stock Exchanges, the company is sharing all documents with shareholders in the Electronic mode, wherever the same has been agreed by the shareholders. Shareholders are requested to support this green initiative by registering/updating their e-mail addresses for receiving electronic communications.
- i) The Company has appointed Mr. V Chandra Sekhar Patnaik, Practicing Company Secretary as Scrutinizer for conducting e-voting process for the 31st Annual General Meeting of the Company in a fair and transparent manner
- j) The Notice of the Meeting, Annual Report along with Attendance Slip and proxy form etc. are being sent in electronic mode to Members whose email address is registered with the Company or the Depository Participant(s), unless the Members have registered their request for the hard copy of the same. Physical copy of the Notice of the Meeting, Annual Report along with Attendance Slip and proxy form etc. are being sent to those Members who have not registered their email address with the Company or Depository Participant(s). Members who have received the aforesaid documents in electronic mode are requested to print the Attendance Slip and submit a duly filled in Attendance Slip at the Registration Counter at the Meeting.

- k) A Route Map showing direction to reach the venue of 31st AGM is given in the Annual Report as per the requirement of the Secretarial Standard - 2 on General Meeting
- l) Members may also note that the Notice of the 31st AGM and the Annual report for the FY 2017-18 will be available on the company's website i.e., www.vivobio.com.

m) Voting through electronic means

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide E-Voting facility to members to cast their vote on all the resolutions set forth in the Notice convening 31st Annual General Meeting (AGM) to be held on 28.09.2018. The Company engaged the Services of Central Depository Services Limited (CDSL) to provide the e- Voting Facility:

The instructions for Members for e-voting are as under:

The voting period begins on Tuesday, 25th September, 2018 at 9.00 a.m. and ends on Thursday 27th September, 2018 at 5.00 p.m. During this period shareholders' of the company, holding shares either in Physical Form or Dematerialized form, as on the cutoff date 21st September, 2018, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter

(a) Instructions for e-voting

- i) The shareholders should log on to the e-voting website www.evotingindia.com
- ii) Click on "Shareholders" tab.
- iii) Now enter your User ID

For Members holding shares in Demat Form	For Members holding shares in Physical Form
For NSDL: 8 Character DP ID followed by 8 Digits Client ID For CDSL: 16 digits beneficiary ID	Folio Number registered with the company

- iv) Next enter the Image Verification as displayed and Click on Login.
- v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- vi) If you are a first time user follow the steps given below

For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 (Which is printed on address label) in the PAN field