

Vivo Bio Tech Ltd.
Your Drug Discovery Partner

33rd

ANNUAL

REPORT

2020

<http://vivobio.com>



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33rd Annual General meeting will be held on Monday, 28th Day of September, 2020 at 3.30 P.M. through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM"), Considering the present Covid-19 pandemic.

CORPORATE INFORMATION

Registered office:

8-2-672/5&6, 3rd Floor, Ilyas
Mohammed Khan Estate, Road No.1,
Banjara Hills, Hyderabad,
Telangana - 500034
Phone : 040 – 23313288
Email: investors@vivobio.com
Website: www.vivobio.com
CIN: L65993TG1987PLC007163

Statutory Auditors

M/s. P C N & Associates (formerly
Chandra Babu Naidu & Co.,)
Chartered Accountants,
Plot No.12, Ground Floor Software
Layout Unit, Cyberabad Hyderabad -
500 081
Phone # 040-2311 9499

Internal Auditors

M/s. LVS Prasad Rao & Associates,
Chartered Accountants,
Rep by CA. K.L.V.S Prasad Rao ,
Flat No.304, Santha Lake View,
Apartments, Opp Manasarovar,
Heights, Ph-1, Manovikas Nagar,
Tirumalgherry, Secunderabad- 500
009, Telangana

Secretarial Auditors

Patnaik & Associates ,
Company Secretaries,
Flat no 301, 2nd Block, Prajay,
Gruhatara Apartments, Kompally,
Secunderabad – 500100

Main Bankers

Canara Bank IF Branch, Hyderguda,
Hyderabad

R & D Facility

Survey # 349/A, Pregnapur Village,
Gajwel -502311, Siddipet District,
Telangana, India

Mr. M. Kalyan Ram

Chairperson & Whole Time Director

Mr. K.T.V. Kaladhar

Whole Time Director & C.F.O.
(Appointed w.e.f. 17th May, 2019)

Dr. Alangudi Sankaranarayanan

Director

Mr. Sunder Kanaparthi

Independent Director

Mr. Hariharan R

Independent Director

Ms. M. Vijaya Lakshmi

Independent Director
(Resigned w.e.f. 1st July, 2020)

Ms. Kunda Kalpana

Additional Independent Director
(Appointed w.e.f. 30th June, 2020)

Mr. Ch. Varun Kumar

Company Secretary
(Resigned w.e.f. 18th May, 2019)

Mr. Karthik Allenkala

Company Secretary
(Appointed w.e.f. 28th August, 2019)

Mr. Kalyan Kumar Korisapati

Chief Operating Officer

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
Email: info@arthiconsultants.com,
arthiconsultants@gmail.com
Website: www.arthiconsultants.com

Message from Whole Time Director

According Grand Research View, the global preclinical CRO market size was estimated at USD 4.1 billion in 2019 and is anticipated to expand at a CAGR of 8.3% over the forecast period. R&D budget for drug development has increased in recent years, leading to a rising demand for preclinical CRO (Contract Research Organization) services, thus boosting the market growth during the forecast period.

Increasing spending on CRO services is expected to boost market growth significantly during the forecast period. As per survey carried out by Servier Research Institute in 2017, around 50% of failure in preclinical phase is due to toxicology testing, which is expected to propel the demand for preclinical CRO services in the coming years. Apart from this, recent regulatory changes in Europe relating to preclinical CRO services are also anticipated to increase the demand for toxicology testing, thus contributing to the regional market growth. The rise in the competency of these CROs is also contributing to the growing demand for preclinical services by life science companies, as these clients are adopting strategic partnerships business models and outsourcing preclinical services to CROs. The pressure to contain R&D costs and decrease the overall cost of drug discovery and development is further contributing to the adoption of outsourcing model.

Over the years, there has been a significant change in the process of drug approval by the Food and Drug Administration (FDA). Recently, 21st Century Cures bill was passed in the U.S., which fastened the approval process for launch of breakthrough drugs and medical devices. These changes in approval processes are expected to drive innovation and are also anticipated to increase demand for preclinical services, thereby contributing to the market growth. Based on service, the preclinical CRO market is categorized into bioanalysis and DMPK studies, toxicology testing, and others. Toxicology testing holds the largest share in the global market since it is an important part of Investigational New Drug (IND)-enabling studies. Due to rise in outsourcing of noncore preclinical CRO studies, the market is expected to grow considerably during the forecast period.

FY 2020

As you are all aware, the world is facing one of the worst health crisis of an era disrupting economies of even developed countries and your company has been no immune to this crisis, but the impact has been very minimal.

Our efforts have been aligned to be the most preferred preclinical CRO for global biomedical companies and most preferred distribution partner in India for companies with cutting edge technologies and products.

Like any other business, the evolving market, competition as well as the rapid innovation cycle presents its own challenges to gain the market. Vivo Bio Tech encompasses a solid portfolio of products & services with highest Quality standards as centric focus with greatest principles and customary upgradations to contend and win reliable customers worldwide.

With expansion of portfolio in preclinical services (GLP Toxicology, Pharmacology and GLP Analytical), extended reach to premier research institutes through custom rodent models (Cyagen Biosciences, Inc.), high quality lab animal diets (Dietex International Ltd.), SPF Guinea Pigs and high acceptance of specific pathogen free laboratory rodents & specialized

models (Taconic Biosciences) across the Indian market, we are confident of achieving significant revenue growth on back of long term sustainable technological advantage.

I would like to express my deep gratitude and appreciation for our bankers, our shareholders and our employees for their continued trust and consistent confidence in Vivo Bio Tech.

M. Kalyan Ram
Whole Time Director

VIVO BIO TECH LIMITED

Registered Office: 8-2-672/5&6, 3rd Floor, Ilyas Mohammed Khan Estate Road No.1,
Banjara Hills Hyderabad- 500034, Telangana State, India, CIN: L65993TG1987PLC007163

Phone No: 040 23313288

Email: investors@vivobio.com Website: www.vivobio.com

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 33rd Annual General Meeting of the Members of the Vivo Bio Tech Limited will be held on Monday, the 28th day of September, 2020, at 03.30 P.M. IST through Video Conferencing (“VC”)/ Other Audio Visual Means (“OAVM”), to transact the following businesses:

ORDINARY BUSINESS:

Item No.1- Adoption of Financial Statements.

To receive, consider and adopt the audited financial statements (including the consolidated financial statements) of the Company for the year ended 31st March, 2020 and the Board’s Report and Auditor’s report thereon.

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

“RESOLVED THAT the audited financial statements (including the consolidated financial statements) of the Company for the financial year ended 31st March 2020 together with the reports of the Directors and Auditors thereon be and are hereby received, considered, approved and adopted.”

Item No. 2 – To appoint a Director in place of Dr Sankaranarayanan Alangudi (DIN: 02703392) who retires by rotation, and being eligible, offers himself for re-appointment.

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 152 and other applicable provisions of the Companies Act, 2013 & pursuant to Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Dr. Sankaranarayanan Alangudi (DIN: 02703392), who retires by rotation, be and is hereby re-appointed as a Director liable to retire by rotation.”

FURTHER RESOLVED THAT the Board of Directors or Company Secretary of the Company be and are hereby severally authorized to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

SPECIAL BUSINESS

Item No. 3-Appointment of Ms. Kunda Kalpana (DIN: 07328517) as an Independent Director.

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 Sections 149, 150, 152 and 160 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, read with Schedule IV to the Act and Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, the consent of the members of the Company be and is hereby accorded to appoint Ms. Kunda Kalpana (DIN: 07328517) who was appointed as an Additional Director of the company with effect from 30th June, 2020 under section 161 of the Companies Act, 2013, who has submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for five (5) consecutive years commencing from 30th June, 2020, not liable to retire by rotation.”

FURTHER RESOLVED THAT the Board of Directors or Company Secretary of the Company be and are hereby severally authorized to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

Item No. 4- Issue of Convertible Equity Warrants on Preferential basis to Promoters and Promoter Group

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 Sections 62(1)(c), read with Section 42, and other applicable provisions, if any, of the Companies Act, 2013, and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) (“Act”), and in accordance with the enabling provisions of the Memorandum and Articles of Association of the Company, the listing agreements entered into by the Company with the stock exchanges, where the shares of the Company are listed, the rules and regulations issued by the Securities and Exchange Board of India (“SEBI”), including the provisions of Chapter V – “Preferential Issue” and other applicable provisions, if any, of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the “ICDR Regulations”), the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the “Listing Regulations”) and any other policies, rules, regulations, guidelines, notifications and circulars, if any, issued by the Government of India or any other competent authority, from time to time, to the extent applicable and subject to the permission(s), consent(s), sanction(s) and approval(s), if any, by any authority, as may be necessary, and subject to such conditions and modifications as might be prescribed while

granting such approval(s), consent(s), permission(s) and sanction(s), and 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(s) constituted/to be constituted by the Board to exercise its powers including the powers conferred by this Resolution) and subject to any other alterations, modifications, conditions, corrections, changes and variations that may be decided by the Board in its absolute discretion, the consent of the Company be and is hereby accorded to the Board to create, issue, offer, and allot, from time to time in one or more tranches, 18,00,000(Eighteen Lakhs only) Convertible Equity Warrants (“Warrants”) on a preferential basis to Promoters and Promoter group as mentioned below (“Warrant Holder”), with a right to Warrant Holder to apply for and get allotted one equity share of face value of Rs. 10/- (Rupees Ten Only) each (the “Equity Shares”), ranking in all respects *pari-passu* with the existing equity shares of the Company, for each Warrant, within a period of 18 (Eighteen) months from the date of allotment of Warrants, at a price of Rs. 45/- (Forty Five Only) as arrived in accordance with the part IV of chapter V of the SEBI (ICDR) Regulations, 2018 to the below mentioned allottees hereinafter referred to as “Proposed Allottees”:

DETAILS OF PROPOSED ALLOTEES:

Sl. No	Name of the Proposed Allottee	Number of Convertible equity warrants applied
1	M/s. Shri Shri Resorts Private Limited	10,00,000
2	M/s. Maxcell Phones Communications India Private Limited	4,00,000
3	M/s. Iragavarapu Constructions Private Limited	4,00,000

FURTHER RESOLVED THAT the relevant date, as per Regulation 161(a) or 161(b) of the SEBI (ICDR) Regulations, 2018 for the determination of issue price of the Warrants to be allotted pursuant to the preferential issue is fixed as 28th August, 2020 i.e. 30 days prior to the date of passing of special resolution in the General Meeting to approve the proposed preferential issue in terms of Section 62(1) (c) of the Act.

FURTHER RESOLVED THAT the equity shares to be allotted upon exercise of Warrants shall rank *pari - passu* in all respects including as to dividend, with the existing fully paid up equity shares of face value of Rs.10/-each of the Company, subject to the relevant provisions contained in the Articles of Association of the Company.

FURTHER RESOLVED THAT the Board be and is hereby authorized to determine, vary, modify, alter any of the terms and conditions of the proposed issue of Warrants including reduction of the size of the issue, as it may deem expedient, in its discretion.

FURTHER RESOLVED THAT the said Warrants shall be issued and allotted by the Company within a period of 15 (Fifteen) days from the date of passing of this resolution,

provided that where the allotment of the said Warrants 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 a period of 15 (Fifteen) days from the date of receipt of last of such approvals, in accordance with provisions of ICDR Regulations .

FURTHER RESOLVED THAT without prejudice to the generality of the above, the issue of Warrants shall be subject to following terms:

- i. The proposed allottees of Warrants shall, on the date of allotment of Warrants, pay an amount equivalent to at least 25% [Twenty-five percentage only] of the exercise price determined in compliance with the provisions of the SEBI (ICDR) Regulations, 2018;
- ii. The balance 75% [Seventy-five percentage only] of the exercise price shall be payable on or before the conversion of said Warrants into Equity Shares, within a maximum permissible period of 18 months from the allotment thereof;
- iii. The proposed allottees of Warrants will be entitled to apply for and obtain allotment of one equity share of face value of Rs. 10/- (Rupees Ten only) each of the Company against each Warrant at any time after the date of allotment but on or before the expiry of 18 (Eighteen) months from the date of allotment (“Tenor”) thereof, in one or more tranches;
- iv. In the event the Warrant Holder does not exercise the Warrants within 18 (Eighteen) months from the date of allotment of the Warrants, the Warrants shall lapse and the amount paid on such Warrants shall stand forfeited by the Company;
- v. The Warrant Holder shall be entitled to exercise the option of exercising any or all of the Warrants in one or more tranches by way of a written notice to the Company, specifying the number of Warrants proposed to be exercised along with the aggregate amount thereon, without any further approval from the shareholders of the Company prior to or at the time of conversion. The Company shall accordingly, issue and allot the corresponding number of Equity Shares to the Warrant holder;
- vi. The Company make an application for Listing, within 20 days from date of allotment of Equity Shares, upon conversion of warrants, to the stock Exchanges where shares of the Company are listed in accordance with SEBI (LODR) Regulations, 2015;
- vii. The Equity Shares to be so allotted on exercise of the Warrants shall be in dematerialized form and shall be subject to the provisions of the Memorandum of Association and Articles of Association of the Company and shall rank pari-

passu in all respects including dividend, with the existing fully paid Equity Shares of the Company;

- i. Upon exercise of the Warrants by the Warrant Holder, the Company shall issue and allot appropriate number of Equity Shares and perform such actions as are required to credit the Equity Shares to the depository account of Warrant Holder and entering the name of Warrant Holder in the records of the Company as the registered owner of such Equity Shares;
- ii. The issue of the Warrants as well as Equity Shares arising from the exercise of the Warrants shall be governed by the regulations and guidelines issued by SEBI or any other statutory authority as the case may be or any modifications thereof;
- iii. Subject to the provisions of Regulation 168 of Chapter V of the SEBI (ICDR) Regulations, 2018, the Warrants and equity shares allotted on exercise of such Warrants will be transferable within the Promoters and persons forming part of Promoter Group;
- iv. In the event that the Company completes any form of capital restructuring prior to the conversion of the Warrants, then, the number of Equity Shares that each Warrant converts into and the price payable for such Equity Shares, shall be adjusted accordingly in a manner that, to the extent permitted by applicable laws, Warrant holder: (a) receives such number of Equity Shares that Warrant holder would have been entitled to receive; and (b) pays such consideration for such Equity Shares to the Company which Warrant holder would have been required to pay, had the Warrants been exercised immediately prior to the completion of such capital restructuring;
- v. The Company shall re-compute the price of the Warrants / Equity Shares issued on conversion of Warrants in terms of the provisions of ICDR Regulations, where it is required to do so and the differential price, if any, shall be required to be paid by such Warrant holder to the Company in accordance with the provisions of ICDR Regulations;
- vi. The Warrants and the Equity Shares allotted pursuant to exercise of such Warrants shall be subject to a lock-in for such period as specified under Chapter V of ICDR Regulations, 2018 relating to preferential issues;
- vii. The Warrants by itself, until exercise of conversion option and Equity Shares allotted, does not give to the Warrant holder thereof any rights with respect to that of a shareholder(s) of the Company; and
- viii. Until the Warrants are transferred, the Company shall treat Warrant Holder as the absolute owner for all purposes without being affected by any notice to the contrary.