



Vivo Bio Tech Limited  
Annual Report 2020-21

## Moving towards drug discovery services

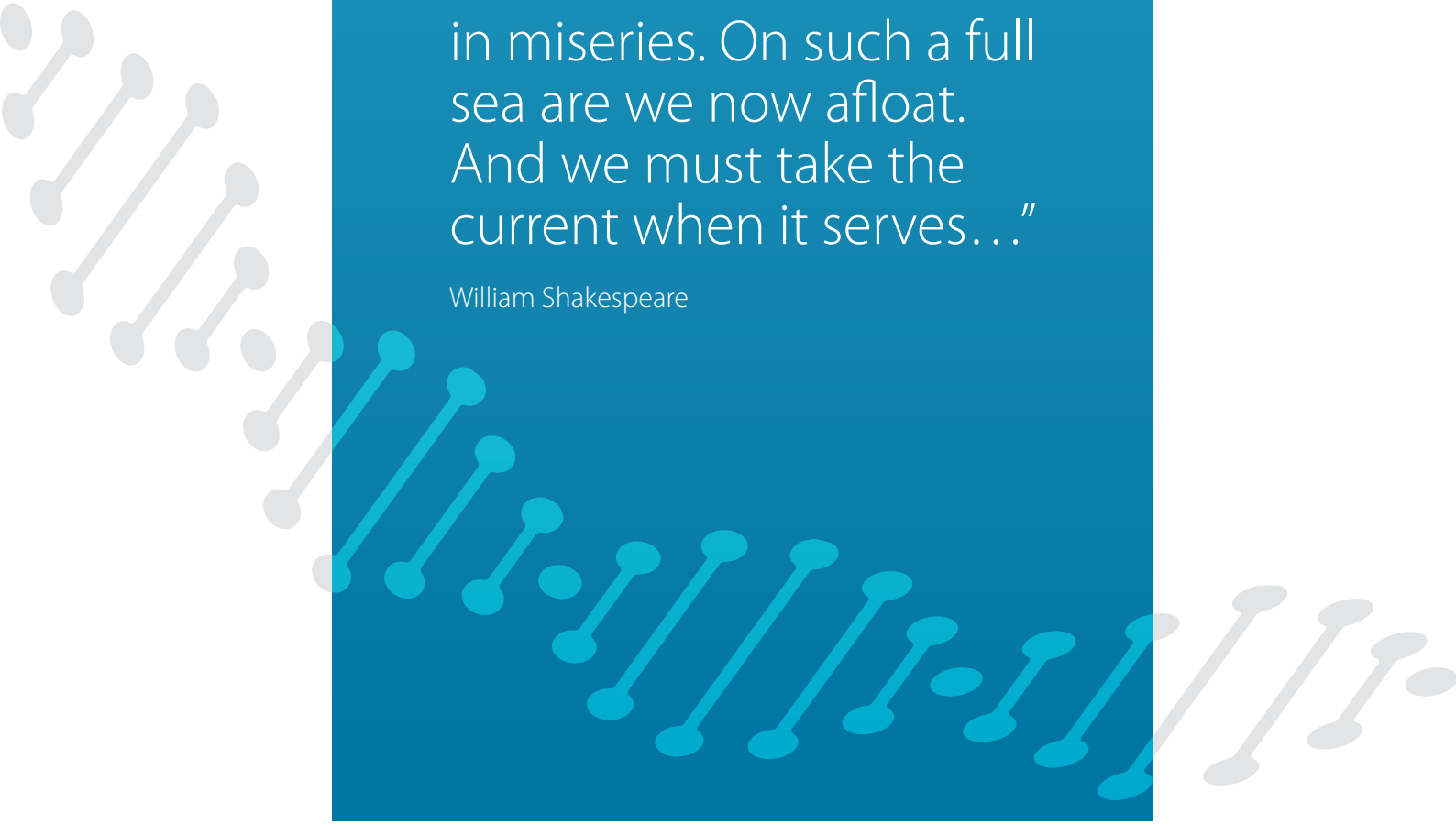
How Vivo Bio Tech Limited is extending its business  
model into a new and attractive segment

# Contents

<b>02</b> CORPORATE SNAPSHOT	<b>06</b> MILESTONES	<b>08</b> STRATEGIC OVERVIEW	<b>09</b> OUR SERVICE PORTFOLIO AND THEIR RICH POTENTIAL
<b>10</b> DRUG DISCOVERY SERVICES: THE FUTURE OF OUR COMPANY	<b>13</b> THE INCREASED RELEVANCE OF THE GLOBAL CONTRACT RESEARCH MODEL	<b>16</b> THE INDIA ADVANTAGE AS A CRO DESTINATION	<b>18</b> HOW THE COMPANY PERFORMED ACROSS THE YEARS
<b>20</b> HOW WE HAVE STRENGTHENED OUR BUSINESS DOWN THE YEARS	<b>21</b> HOW WE ENHANCE VALUE FOR OUR CUSTOMERS	<b>22</b> OUR STATE- OF-THE-ART INFRASTRUCTURE	<b>24</b> VIVO BIO TECH AND ITS TOXICOLOGY STUDIES
<b>27</b> HEALTH, SAFETY AND ENVIRONMENT	<b>28</b> BOARD OF DIRECTORS	<b>30</b> CORPORATE INFORMATION	<b>31</b> NOTICE
<b>43</b> BOARD'S REPORT	<b>52</b> MANAGEMENT DISCUSSION AND ANALYSIS	<b>57</b> REPORT ON CORPORATE GOVERNANCE	
<b>84</b> STANDALONE FINANCIAL STATEMENTS	<b>109</b> CONSOLIDATED FINANCIAL STATEMENTS		

## Forward-looking statement

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information.



“There is a tide in the  
affairs of men, which  
taken at the flood, leads  
on to fortune. Omitted,  
all the voyage of their life  
is bound in shallows and  
in miseries. On such a full  
sea are we now afloat.  
And we must take the  
current when it serves...”

William Shakespeare

Vivo Bio Tech Limited is an exciting proxy of the emerging opportunities in the global drug discovery services sector.

The company is evolving from its long-standing presence in the laboratory animals segment.

The company is extending into a full-service Contract Research Organisation (CRO) offering drug development and discovery services coupled with In vivo and In vitro toxicity studies.

This opens the Company into a vast universe of opportunities and possibilities, auguring attractive and profitable growth across the foreseeable future.



#### Strategy

To grow sustainably and profitably through the identification of our customers' research problems and being a solutions provider by partnering with global companies with cutting edge science.

#### Mission

To support Indian biomedical research by making advanced research tools accessible through strategic global partnerships.



## Clientele

The Company has 190 clientele spread across the CRO, Research institutes, Agro, Medical devices and Diagnostics segments.



## Values

- We constantly strive to identify the research problems of our customers' and make commitment towards providing a seamless solution.
- Valuing our employees is the foundation of our success and we seek to provide respectful, meaningful and exciting opportunities to assist them in performing at their best.
- We are committed to highest standards of ethics and integrity.

## Our business

Vivo Bio Tech Limited has emerged as a full service contract research organisation, offering drug development and discovery services to pharmaceutical and biotech companies worldwide (in line with OECD-GLP and AAALAC guidelines). The Company provides services of in-vitro, in-vivo, toxicity studies, pharmacological investigations, pharmacokinetic and toxicokinetic studies, making it a dependable one-stop solutions provider.

## Infrastructure

The Company comprises a state-of-the-art pre-clinical research facility spread over 1,50,000 sq. ft., designed and built for experimentation and animal breeding facilities. Besides, Vivo Bio Tech's facility comprises advanced equipment sourced from reputable vendors for exceptional quality conduct of the studies.

## Leadership

The Company is stewarded by a competent Board of Directors, which comprises Chairman Mr. Sunder Kanaparthi and a talented scientific advisory board comprising Dr. KS Nayak, among the pioneers of Peritoneal Dialysis and Cadaver Kidney Transplantation in India.

## Our team

The Company comprises a knowledge-driven team of professionals working in the toxicology and animal husbandry segments. Vivo Bio Tech consisted of a team of 143 employees as on March 31, 2021.

## Geographical presence

The Company's infrastructure comprises a 1,50,000 sq. ft. facility in Hyderabad (Telangana). Besides, the Company services the growing needs of research and studies for customers based in India and the USA.

## Partnerships

Vivo Bio Tech entered into a partnership with a leading international lab animal breeding company for sourcing foundation and expansion colonies of SPF rodent models before commissioning in-house breeding and trading. The Company partnered Cyagen Biosciences to access genomic technologies.

## Accreditations

The Company is AAALAC International-accredited, GLP-certified as well as CIBRC, DCA, ISO and CPCSEA-registered.

39.84

%, Promoter  
and promoter  
Group  
shareholding

SHAREHOLDING  
PATTERN (AS ON  
JUNE 30, 2021)

60.16

%, Public  
shareholding



## KEY NUMBERS

1,50,000

Sq. ft., Standalone  
preclinical research  
leased facility

1

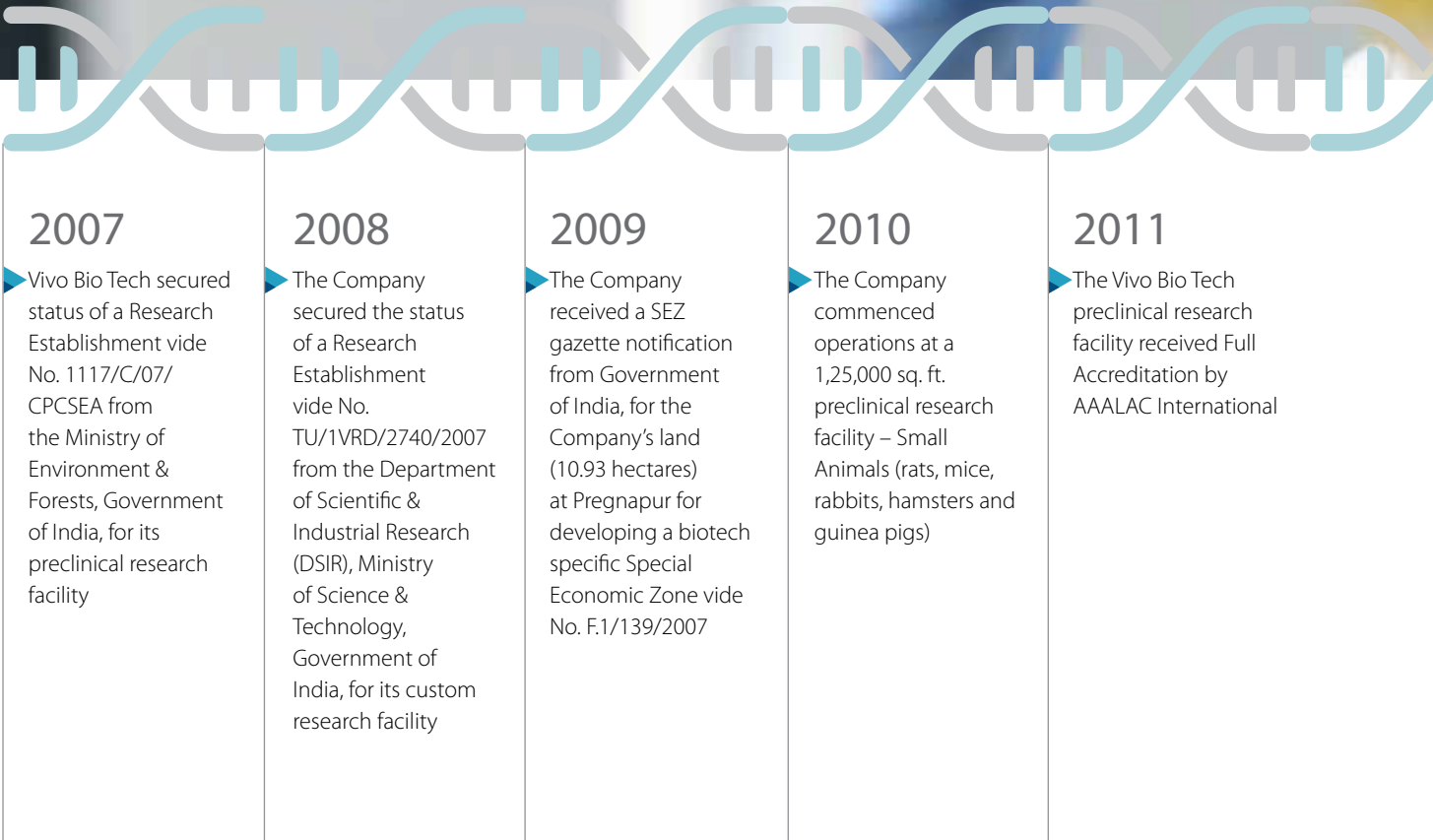
Largest and  
pioneering specific  
pathogen-free lab  
animal supplier in  
India

190

Number of  
customers



# Milestones



2007

▶ Vivo Bio Tech secured status of a Research Establishment vide No. 1117/C/07/ CPCSEA from the Ministry of Environment & Forests, Government of India, for its preclinical research facility

2008

▶ The Company secured the status of a Research Establishment vide No. TU/1VRD/2740/2007 from the Department of Scientific & Industrial Research (DSIR), Ministry of Science & Technology, Government of India, for its custom research facility

2009

▶ The Company received a SEZ gazette notification from Government of India, for the Company's land (10.93 hectares) at Pregnapur for developing a biotech specific Special Economic Zone vide No. F.1/139/2007

2010

▶ The Company commenced operations at a 1,25,000 sq. ft. preclinical research facility – Small Animals (rats, mice, rabbits, hamsters and guinea pigs)

2011

▶ The Vivo Bio Tech preclinical research facility received Full Accreditation by AAALAC International





**2013**

▶ The Company partnered a leading international lab animal breeding company to provide an international quality of lab animals

**2016**

▶ The Company was audited by CIBRC in September 2016 and certified for agrochemical testing for toxicology studies. The Company partnered Cyagen Biosciences to access genomic technologies

**2017**

▶ The Company commenced the breeding and distribution of SPF guinea pigs

**2019**

▶ Vivo Bio Tech Ltd. received ISO 9001:2015 Certification for Quality Management System. The Company successfully completed NGCMA - OECD GLP Surveillance and Scope Extension with the introduction of inhalational studies.

# Strategic overview

There comes a time in the existence of organisations when a company must graduate from one level to another through a decisive extension of their business model.

That moment transpired during the year under review when the management of Vivo Bio Tech Limited resolved to build on its existing business by selecting to prospect opportunities within the same industry.

The company extended its focus from animal sales to tests or studies within the larger space of drug discovery. This extension was prompted by a number of reasons.

**One**, the cost of developing a new drug has nearly doubled since 2010. R&D returns for the world's 12 biggest drugmakers are the lowest in a decade (Source: Deloitte). Their return on R&D declined to less than 2% in 2019 from 3.7% in 2017. The average cost of new drug development is USD 2.18 Billion (USD 1.19 Billion in 2010). Peak sales for new medicines halved to USD 408 Million on average (Source: Economic Times Dated: December 19, 2018)

**Two**, the Company's revenue growth from its animal sales business would at best be moderate, making it imperative for the management to identify a second growth engine. This makes the prudent

outsourcing of drug discovery services imperative and necessary.

**Three**, the Company needed to leverage its proprietary knowledge to enhance organisational value.

**Four**, the Company needed to enter a space where the scope would keep growing, putting a pressure on the Company to play catch-up, an attractive multi-decade opportunity.

**Five**, we believe that by transforming our personality to a stage where we engage deeper with the continuing partnership programmes of some of the most respected global drug discovery companies, we will be in a position to enhance revenues, recall and recruitment – the basis of business sustainability.

**Six**, the extension will enhance profitability and sustainability, translating into attractively enhanced value for stakeholders across the long-term.

## Approach

At Vivo Bio Tech Limited, we intend to address this opportunity with a methodical approach.

The company has made the extension to drug discovery services studies and tests (toxicology and drug discovery being its focus, warranting an investment of corporate resources to take this agenda to

its logical conclusion). The company has announced its intention to emerge among the five leading drug discovery services companies in India across the coming years, putting a precise dimension to our journey.

The company already possesses much of the infrastructure – intellectual, financial and physical - to make this a reality; the top-up investments will be made during the current financial year. By virtue of possessing much of the necessary competence, we will be quick to address the opportunity and at a relatively lower cost, which should translate into a superior return on employed resources.

At Vivo Bio Tech, our focus will be timely strategic execution. We will buy reference compounds and standards, conduct studies (in-vivo part of bacteria and in-vitro studies on animals), create a capability profile and encourage prominent customers (domestic and global) to provides us with their molecules to work on.

By virtue of a dynamic management, committed vision and pre-invested readiness, we expect to strengthen value in the hands of all those associated with our company.

**M. Kalyan Ram**  
*Whole Time Director*

## How we intend to enhance value

