

Vivo Bio Tech Limited
Annual Report 2022-23

INFLECTION POINT

How our Company is taking its
role in providing CRO support
to Drug Discovery Services to
the next level

Vivo Bio Tech Ltd.
Your Drug Discovery Partner

CONTENTS

Corporate Overview

- 02 Corporate Snapshot
- 06 How we have Grown over the years
- 09 The first word
- 12 The India Story
- 14 How R&D is playing an increasingly critical role in the Pharmaceutical industry
- 16 The advantages of R&D outsourcing
- 18 Innovating contract research landscape at Vivo
- 20 Taking the business ahead through state-of-the-art infrastructure
- 22 How Vivo is achieving growth through prudent risk management
- 24 Vivo's extensive range of services
- 26 Vivo's role in advancing its toxicology service
- 27 How Vivo is prioritizing health, safety and environment (HSE)
- 28 Board of Directors

Statutory Reports

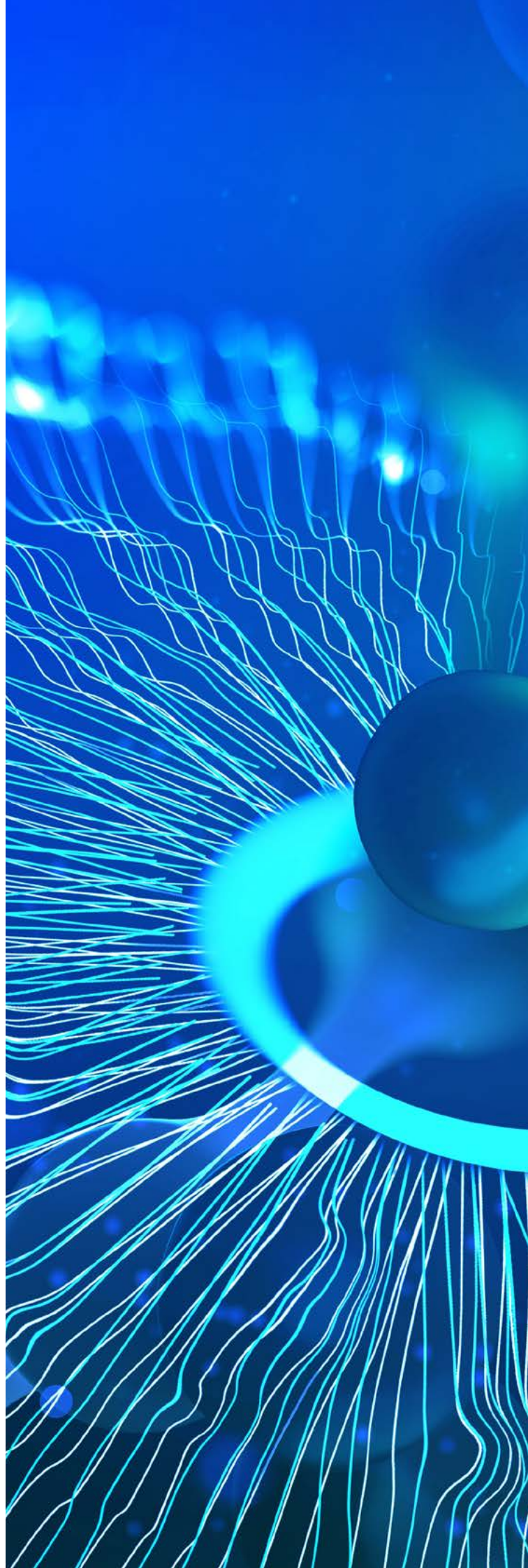
- 30 Corporate Information
- 31 Notice of Annual General Meeting
- 43 Board's Report
- 50 Management Discussion and Analysis
- 64 Report on Corporate Governance

Financial Statements

- 82 Standalone Financial Statements
- 111 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.



The background is a vibrant blue with abstract, glowing white and light blue lines and spheres, creating a sense of movement and energy. The lines flow and curve across the frame, while the spheres are of various sizes and some have a bright, glowing center.

INFLECTION POINT

The successful navigation of an inflection point demands strategic foresight and adaptability.

At Vivo, we are broadbasing our business through new partnerships and a widening presence in synergic business segments.

Our combination of short-term and medium-term initiatives are designed to enable our Company to double revenues in three years.

CORPORATE SNAPSHOT

VIVO BIO TECH LIMITED

WE ARE A COMPREHENSIVE PRE-CLINICAL CRO PROVIDING DRUG DEVELOPMENT AND DISCOVERY SERVICES COMPANY.

WE PROVIDE IN-VIVO AND IN-VITRO TOXICITY STUDIES, PHARMACOLOGICAL INVESTIGATIONS, PHARMACOKINETIC & TOXICOKINETIC STUDIES, GENOTOXICITY SCREENING, ANALYTICAL SERVICES AND OTHERS.

WE HAVE EXPERIENCED SCIENTISTS WHO PROVIDE CUSTOMISED DRUG DEVELOPMENT GUIDANCE FOR SPECIFIC MOLECULES.

WE FOCUS ON LABORATORY ANIMAL RESEARCH THAT ENHANCES ASSURANCE FOR CUSTOMERS, STRENGTHENING THEIR OUTCOMES.

IN DOING SO, WE HAVE EMERGED AS A DEPENDABLE SOLUTION PROVIDER TO COMPANIES SEEKING TO ACCELERATE THEIR DRUG DISCOVERY PROGRAMMES.

Our Background

Vivo Bio Tech is a comprehensive pre-clinical CRO serving Pharmaceutical & Biotech firm, following OECD-GLP, AAALAC & IND guidelines. Our services include In Vivo & In Vitro toxicity studies, pharmacological investigations, pharmacokinetic & toxicokinetic studies, genotoxicity screening and analytical services. Our skilled scientists provide personalised drug development guidance for specific molecules.

Our scientists offers regulatory and non-regulatory IND preclinical services. We screen and assess molecules for diverse pharmacological properties. In oncology, we design syngeneic/xenograft models for anti-cancer agent evaluation. Also, our scientists customize In Vivo DMPK studies for rodent and non-rodent models to profile drug candidates.

Strategy

Achieve a sustainable and profitable growth by identifying our customers' research problems and providing a solution by partnering with global Companies with cutting edge science.

Mission

Support Indian Biomedical Research by making advanced research tools accessible by strategic global partnerships.

Values

- We constantly strive to identify our Customers' research problems and commit ourselves towards providing a seamless solution.
- We value our employees as they are the foundation of our success and provide meaningful and exciting opportunities to perform at their best.
- We are committed to highest standards of ethics and integrity.

Our Board & Advisory Team

The Company is guided by Board of Directors of repute from the industry, featuring Mr. Sunder Kanaparthi as Chairman and Dr. Alangudi. Sankaranarayanan, a discovery biologist with over 35 years in Pharmaceutical R&D. Our Scientific Advisory Board includes Dr. KS Nayak, an Indian pioneer in Peritoneal Dialysis and Cadaver Kidney Transplantation.

Our Partnerships

Vivo Bio collaborates with global Companies to offer specific pathogen-free animals and high-quality animal diets. We have joined forces with Taconic Biosciences to source SPF rodent models, becoming the country's leading supplier to Pharma majors, Vaccine Companies, and CROs. Additionally, our partnership with Cyagen Biosciences grants convenient access to Genomic Technologies for Indian Biomedical R&D. For top-notch rodent diets, we've teamed up with SAFE diets in France for imports to India.

Our Presence

The Company's expansive infrastructure is based in Hyderabad, Telangana, serving the increasing research and study demands of customers in both India and the USA.

Our State-of-the-Art Facilities

The Company's advanced 150,000 sq. ft. pre-clinical research center includes animal breeding, experimentation and cutting-edge equipment.

Our Human Resources

The Company boasts a skilled team of experts in toxicology and animal care. As of March 31, 2023, the Company employed 60 professionals out of a total manpower strength of 150.

Our Customer Base

The Company serves 200 firms spanning CROs, research institutes, agro, medical devices and diagnostics sectors with more than 30 active clients at any given point in time.

Our Certifications

The Company holds AAALAC International Accreditation, GLP Certification, and is registered with CIBRC, DCA, ISO and CPCSEA.

Our Shareholding Pattern

42.08 % , Promoter and promoter group shareholding as on March 31, 2023

57.92 % , Public shareholding as on March 31, 2023

Vivo Bio Tech received the 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.

2007

The Company received 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.

2008

The Company secured 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.

2009

OUR MILESTONES

2010

The Company started 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 secured full accreditation by AAALAC International.

2013

The Company entered into a partnership with a major global lab animal breeding Company to offer an international quality of lab animals.

The Company was audited by CIBRC in September 2016 and certified for agrochemical testing for toxicology studies. The Company entered into a partnership with Cyagen Biosciences to access genomic technologies.

2016

The Company started the breeding and distribution of SPF guinea pigs.

2017

Vivo Bio Tech Limited 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.

2019

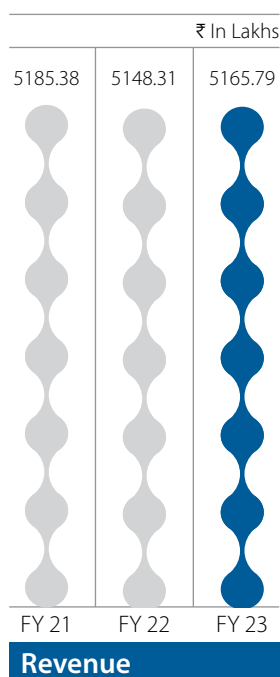
2021

The Company transformed from an animal breeding and distributing Company into a full service CRO with interest in In-vitro, In-Vivo, EcoTox, Analytical, Bio -Analytical and Physchem, ADME and PK-PD studies. Last year saw addition of international clients with long-term outsourcing and service agreements.

2022

During the year the Company received an approval from CPCSEA for carrying out studies on large experimental animals such as canines and mini-pigs.

HOW WE HAVE GROWN OVER THE YEARS



Definition

Increase in sales after taxes (if any).

Why is this measured?

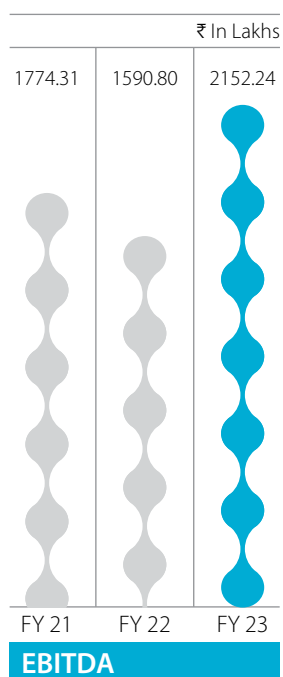
It shows the Company's capacity to increase sales, as indicated by the number's comparability to peers in the industry.

What does it mean?

Aggregate sales were maintained around the level of the previous year at ₹5,162.20 Lakhs in FY 2022-23, partly on account of the temporary supply constraint during the year.

Value impact

The Company grew faster than the sectorial average, which resulted in a growth in market share in FY 2022-23.



Definition

Earning before the deduction of fixed expenses (interest, depreciation, extraordinary items and tax).

Why is this measured?

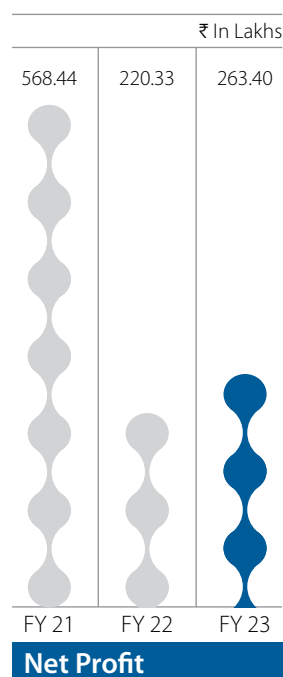
It is an indicator of the Company's capacity to produce a surplus after deducting operational expenses.

What does it mean?

It contributes to the development of a strong growth engine, much of which may be made available for reinvestment.

Value impact

The Company generated an attractive growth in EBITDA despite sectorial challenges.



Definition

Profit earned during the year after deducting all expenses and provisions.

Why is this measured?

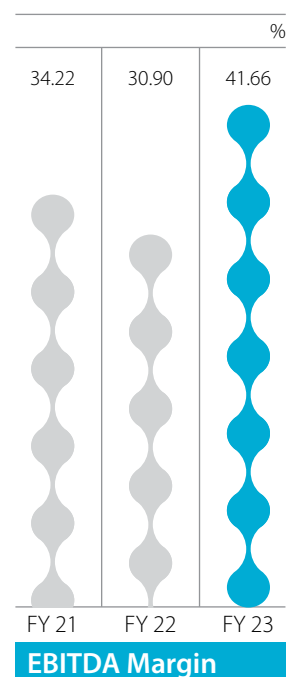
This measure highlights the strength of the business model in enhancing shareholder value.

What does it mean?

It ensures that adequate surplus is available for reinvestment in the Company's operations and enhancing net worth.

Value impact

The Company reported a 19.55% increase in net profit in FY 2022-23 following a decrease in total operating expenditure.



Definition

Increase in sales after taxes (if any).

Why is this measured?

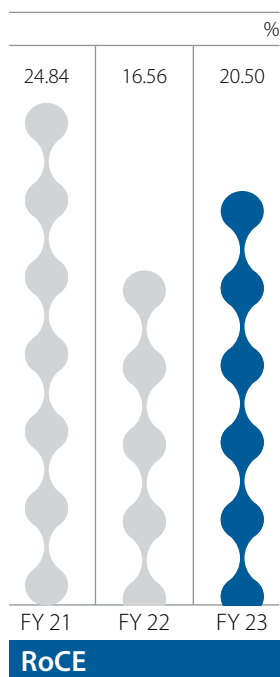
It shows the Company's capacity to increase sales, as indicated by the number's comparability to peers in the industry.

What does it mean?

Aggregate sales were maintained around the level of the previous year at ₹5,162.20 Lakhs in FY 2022-23, partly on account of the temporary supply constraint during the year.

Value impact

The Company grew faster than the sectorial average, which resulted in a growth of 34.84% in market share in FY 2022-23.

**Definition**

It is a financial ratio that measures a Company's profitability and the efficiency with which capital is employed in the business.

Why is this measured?

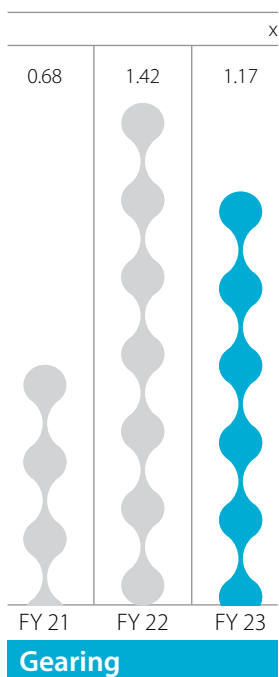
RoCE is a useful metric for comparing profitability across Companies based on the amount of capital they use – especially in capital-intensive sectors.

What does it mean?

Enhanced RoCE can influence valuation and perception.

Value impact

The Company reported a 173 bps increase in RoCE during FY 2022-23 due to improvement in EBIT which in turn was on account of decrease in total operating expenditure.

**Definition**

This is derived through the ratio of debt to net worth (less revaluation reserves).

Why is this measured?

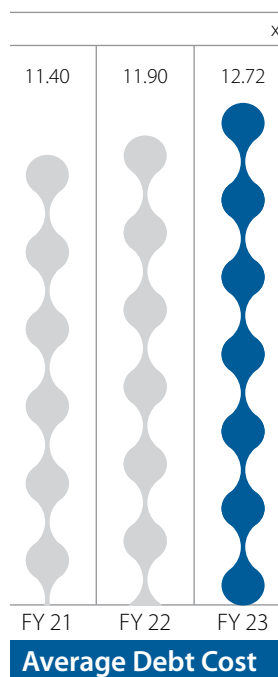
This is one of the defining measures of a Company's financial solvency.

What does it mean?

This measure indicates the extent of borrowing room available, the lower the gearing the better.

Value impact

The Company's gearing stood at 1.17 due to a combination of decrease in total debt and increase in networth.

**Definition**

This is derived through the calculation of the average cost of the consolidated debt on the Company's books.

Why is this measured?

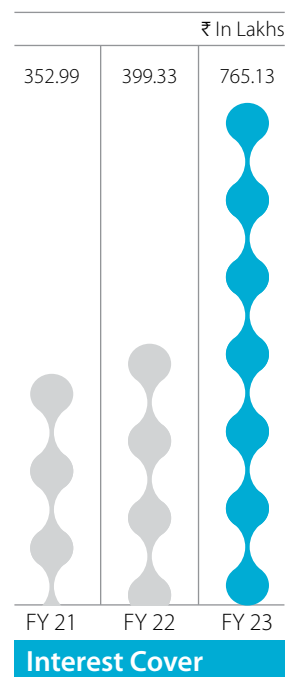
This indicates our ability in convincing bankers and other debt providers of the robustness of our business model, translating into a progressively lower debt cost (potentially leading to higher margins).

What does it mean?

Enhanced cash flows; strengthened credit rating for successive declines in debt cost.

Value impact

The normalised debt cost of the Company increased by 72 bps during the year following a marginal increase in rate of interest.

**Definition**

This is derived through the division of EBITDA by interest outflow.

Why is this measured?

Interest cover indicates the Company's comfort in servicing interest – the higher the better.

What does it mean?

A Company's ability to meet its interest obligations, an aspect of its solvency, is arguably one of the most important factors in assuring sizeable returns to shareholders.

Value impact

The Company's interest cover decreased by 54 bps during the year under review due to slight increase in interest cost.

