

Transcript of Thirty Third (33rd) Annual General Meeting of the members of Vivo Bio Tech Limited held on Monday, 28th September, 2020 at 3.30 P.M. (IST) through Video Conferencing ('VC') facility or Other Audio Visual Means ('OAVM')

Meeting started at sharp 3.30 PM

Mr. Karthik Allenkala, Company Secretary Started the Meeting with the welcome Note as below.

A Very Good Afternoon to all the shareholders. I am Karthik Allenkala Company Secretary of the company.

I am pleased to welcome you all to the 33rd Annual General Meeting of the company held through Video Conference (VC) and Other Audio Visual Means (OAVM) in view of the challenges and risks posed by the covid-19 pandemic and keeping in mind safety and security of the shareholders and employees of the company.

We are holding the AGM through video conference for the first time and the venue of the Annual General Meeting shall be construed as the Registered Office of the company. The Register of Directors and KMP Shareholding and the Register of contracts or arrangements in which the Directors are interested, certificate obtained from the Statutory Auditors of the Company confirming the companies ESOP scheme have been implemented in accordance with the SEBI Regulations and the resolutions passed by the shareholders and such other documents as mentioned in the notice convening this meeting will be available for the inspection till conclusion of the meeting.

We also would like to inform that the company has given a corrigendum to the Notice of the 33rd Annual General Meeting on 26th September, 2020 which is uploaded to the BSE Ltd, emailed to the shareholders and also published in the newspapers. The corrigendum is in reference to the item No.4 of the notice relating to the issue of Convertible equity warrants.

I would like to inform you that in accordance with the Articles of Association of the company the Board of Directors have chosen Dr. A. Sankaranarayanan, Non-Executive Director of the Company, as the Chairman of the meeting to conduct the proceedings of the meeting. By now most of you must have participated or joining in the meetings through video conference or other audio visual means however I would like to take you through certain points regarding the participation in the meeting.

The facility of joining in this meeting through video conferencing or other audio visual means is enabled to the members on first come first serve basis. All the members who have joined in this meeting are put in mute mode by the host to avoid any background noise and disturbance in the meeting and to ensure smooth and seamless conduct of the meeting.

Once the question and answer (Q&A) session starts the Moderator will announce the names of the shareholders who have registered as a speaker shareholder one by one, the speaker shareholder thereafter will be unmuted by the host to start speaking.

The shareholders are requested to unmute their device before start speaking.

We would also like to request the speaker shareholder kindly limit their speech to 2-3 minutes.

During the meeting if there is any technical issue he may contact the helpline mentioned in the notice of the AGM.

As the requisite quorum is being present, I now request the chairman of the Meeting Dr. A. Sankaranarayanan to open the meeting and address the shareholders.

Dr. A. Sankaranarayanan:

Thank you Mr. Karthik

I am Dr. A. Sankaranarayanan, Non-Executive Director of the Company, and Chairman for the meeting participating through Video Conference from my residence in Madurai.

Good Afternoon to all the shareholders and Directors joining through Video Conference. I would like to welcome all the shareholders to this 33rd Annual General Meeting of the company as the requisite quorum is present I now call the meeting to open.

I request all the directors who are on Video conference to introduce themselves.

Mr. M. Kalyan Ram,

I am M. Kalyan Ram, Whole Time Director of the company participating the meeting through Video Conference from the registered office of the Company.

Mr. K. T.V. Kaladhar

I am K. T.V. Kaladhar, Whole Time Director & CFO of the company participating the meeting through Video Conference from the registered office of the Company.

Ms. Kalpana

Good afternoon respected Directors & shareholders. I am Kalpana acting an Independent Director of the Company and also member of Audit committee, Nomination and Remuneration Committee & Stakeholder Relationship Committee. I am joining the AGM through video conference from my residence in Hyderabad.

Mr. Hariharan Ravindran

Good afternoon to all Directors & shareholders. I am Hariharan Ravindran, an Independent Director of the Company and also member of Nomination and Remuneration Committee I am participating the AGM through video conference from my residence.

Dr. A. Sankaranarayanan, Chairman:

Thank you everyone for your introduction.

Apart from the directors we also have representative of Statutory Auditors of the Company Mr. M. Naveen, Partner, M/s. PCN & Associates, Chartered Accountants, Secretarial Auditors of the Company Mr. Chandra Sekhar Patnaik and Mr. G. Vinay, Scrutinizer attending this 33rd Annual General Meeting through Video Conference and

I thank all the members for joining in the meeting I hope the members are safe and in good health.

Due to the outbreak of the covid-19 pandemic and in order to ensure the safety and security of the members and employees in the company this AGM is being held through video conference and other audio visual means in compliance with the directions of the Ministry of Corporate Affairs and the Securities and Exchange Board of India.

The company has taken requisite steps to enable the members to participate and vote on the items being considered in this AGM.

Since there is no physical attendance of the members, the requirement of appointing proxy is not applicable.

The members who have not voted earlier through remote e-voting can cast their vote in the course of the meeting through e-voting facility.

Since the notice has already been circulated to the members, with your permission, I take the notice convening the meeting as read.

Further, as the report of Statutory Auditors and the Secretarial Auditor were unqualified and without any adverse observations or comments in their respective reports, with your permission, I take the Auditors' Report and the Report of the Secretarial Auditor as read.

Now I come to review of the company's performance.

The year gone by 2019-20 has been a year of opportunities and challenges let me provide the summary of the company's performance during the financial year 2019-20.

The Company has achieved consolidated revenue of Rs. 55.40 Cr with an EBITDA of Rs. 12.52 Cr as compared to revenue of Rs. 55.85 Cr during the previous year with an EBITDA of Rs. 9.52 Cr.

Profit after tax stood at Rs. 4.44 Cr compared to Rs. 2.25 Cr during FY 2018-19.

Impact of Covid-19 pandemic on the Company's operations

As the major part of our business involves Care and Use of Lab Animals and services to Vaccines and Pharmaceutical companies; the business of Vivo Bio Tech was declared as 'Emergency services' in accordance with the State and Central Authorities. During this time, we have operated initially at about 50% capacity during initial days of lockdown and subsequently with relaxations in place increased the operational capacity. As on today, we were operating at full capacity.

Now I would like to present a brief on future outlook.

Business outlook

FY20 witnessed a moderate growth in revenues led by our CRO and pre-clinical business which also contributed to the significant margin expansion over FY19. We expect the growth momentum across our business segments to continue in FY21. We expect to sustain the healthy core EBITDA margins witnessed in FY20. We will continue ramping up our investments in portfolio expansion to secure our future growth.

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 in 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 up gradations 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.

With this I thank all the members for joining in the meeting and I know request the Company Secretary to explain the sequence and the process of E- Voting on the resolutions of the notice of the meeting and proceed with the Q & A session.

Mr. Karthik, CS

Thank you Chairman.

Before proceeding further, recognise the presence of Mr. Sunder Kanaparthi, Independent Director of the Company, sir please introduce yourself.

Mr. Sunder Kanaparthi

Good afternoon co Directors & shareholders. I am Sunder Kanaparthi Independent Director of the Company and also Chairman of Audit committee, Nomination and Remuneration Committee & Stakeholder Relationship Committee. I am attending this AGM through video conference from my office at Hyderabad.

Today we are meeting in rather unusual circumstances because of the pandemic and I hope that this meeting will conclude effectively even without physical presence.

Mr. Karthik, CS

Thank you sir.

Going further, pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of Listing Regulations, the Company has provided facility of remote e-Voting to its Members from 24th September, 2020 to 27th September, 2020, in respect of the business to be transacted at this AGM, Further as per the recent circulars issued by MCA and SEBI, the said e-voting facility also enabled to the shareholders who are present in this AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting. The e-voting is administered by the CDSL.

The shareholders while at the same time attending the proceedings of the meeting can vote on the resolutions through electronic means. Further the resolutions mentioned in the notice have already been put for remote voting there will be no proposing and seconding of the resolution.

I now request the moderator to call one by one of those members who have registered to speak and we will take questions.

Moderator: Mr. Praful Chavda, please unmute your audio and proceed.

Mr. Praful Chavda

Chairman Sir, Board of Directors and my fellow shareholders, due to corona the entire world is facing finance problem and no business. In future whether working capital requirement will

come or not and how many employees are there and what are there safety measures taken for the benefit of the employees.

Thank you sir.

Moderator: Mr. Abhishek Karla, please unmute your audio and proceed.

I am Abhishek Karla shareholder of the Company; first of all I thank management for giving this opportunity to speak in this AGM. Trust all is well with you and your family in this challenging situation and our company deserves much more respect in the current market cap after completing more than decade of successful operations, profitability and becoming the strongest player in the our respective segment. What is the view of the management for going forward for the financial year 2020- 21. Nothing much to say sir, I hope to see you in the physical AGM in the next year. I wish the Company and Board of Directors a great success and prosperity. Thank you for giving me this opportunity.

Mr. Karthik, CS

Thank you shareholders for asking the questions. Coming to the answers for the shareholders questions coming to the Capex plan for next five years we are actively looking and expanding GLP platform.

Some of the shareholders have requested to conduct the con call and quarterly presentations and meetings with the global investors, we are actively looking for that proposal and we will place before the board and we will come back. Coming to employees there are no retrenchments due to this Covid pandemic and we are paying full salaries there is no reduction in the salaries

As the Notice of the Annual General Meeting since already circulated, with the permission of the shareholders, we take the notice and board reports as read and also with permission of the members we take the Auditors' Report take as read.

The Auditors Report and the secretarial audit report does not contain any disqualifications.

The agenda items of the Notice of 31st AGM for the information of the members as follows:

ORDINARY BUSINESS:

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.

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.

SPECIAL BUSINESS:

3. Appointment of Ms. Kunda Kalpana (DIN: 07328517) as an Independent Director.
4. Issue of Convertible Equity Warrants on Preferential basis to Promoter and Promoter Group.
5. Approval for Related Party Transactions.
6. Revision in overall borrowing powers of the Company.
7. Creation of Mortgage/Charge on the assets of the Company.

As per the Notice of the 33rd Annual General Meeting, except item no. 1 & 3 all other items need to be passed as special resolutions.

We have received good wishes and compliments from many shareholders and shareholders who could not join the meeting we acknowledge the sentiments and thank them for their continued support.

Mr. G. Vinay Practicing Company Secretary has been appointed as scrutinizer of the meeting to oversee the process of e-voting in fair and transparent manner and submit their report on the same.

I now request chairman to give his concluding remarks.

Dr. A. Sankaranarayanan, Chairman:

Thank you Mr. Karthik

The E-voting facility is now open. Members may please go to the e-voting page on the CDSL e-voting website and cast the vote those have not availed remote e-voting facility. This e-voting facility will remain open for 15 minutes after this meeting is concluded, to enable the members to cast their votes.

I also authorise the Company Secretary to accept and acknowledge and countersign the scrutinizer's report and declare the consolidated voting results on receipt of the scrutinizer's report.

The results would be announced within 48 hours from the conclusion of this meeting and the same will be informed to the Stock Exchanges and uploaded on the company's website.

I thank all the shareholders for attending this meeting in spite of the prevailing pandemic and busy schedules.

I also thank the Directors and Auditors for attended the meeting.

With your consent I and other Board members would like to take your leave I request our shareholders to stay safe and stay healthy.

Thank you very much.

Mr. Karthik, CS

Thank you chairman sir. Since the items of the agenda had been discussed

Now the E-voting module has been kept open for next 15 minutes as mentioned by the Chairman. Requisite quorum was present throughout the meeting.

Results of the meeting will be announced within 48 hours from the conclusion of the meeting.

I now conclude the meeting.

Thank you!

The meeting concluded at 4.02 P.M. (IST)