

Date: 30<sup>th</sup> June, 2020

To,  
The Manager,  
Dept of Corporate Services,  
BSE Limited,  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai-400001,  
Scrip Code: 511 509

Dear Sir/Madam,

**Sub: Disclosure of material Impact of COVID-19 Pandemic on the Company**

With regard to the disclosure requirements set out under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI circular No. SEBI/ HO/CFD/CMDI/CIR/P/2020/84 dated 20<sup>th</sup> May, 2020, kindly find below the COVID-19 related impact on the performance/ operations of the Company.

**1. Impact of the CoVID-19 pandemic on the business**

**Animal Breeding & Allied Products Supply Business**

All our activities in our Animal breeding facility that is in Pregnapur, Siddipet District, Telangana State comes under emergency services, and we have operated at 50% capacity during initial days of lockdown. However, the impact of this in the month of March 2020 is marginal as the lockdown was effective from March 25, 2020. We have arranged additional buses for the animal care takers and the scientists to reach the workplace from city and the surrounding villages. Our major supplies happen to vaccine manufacturing companies, and there is no interruption in their Production & testing. We made continuous supplies to all our clients within Hyderabad. We have secured special permits from local authorities to supply

animals to Bio Pharma Companies located in other states as well. The overall supplies were less compared to last year's due to closure of all Government Research Institutes, small CRO's & start up companies and this has an impact on the total revenue during Q1-2020

Feed supplies are under essential services as per Department of Animal husbandry, dairy and fisheries. We import the diet from our partner SDS, UK for in house use and distribute to the clients across India. We delivered feed to the clients within a radius of 800 km using our own transport vehicles. We were unable to deliver feed to companies located in North & East of India due to non-availability of logistics / courier agencies. We have re initiated the distribution to these locations once the lockdown is lifted towards the end of May 2020. The overall Feed supply business has declined compared to Jan & Feb of this year. Also, we have faced issues due to the delay in the clearance at customs due to non-availability of custom's officers.

### **CRO (Pre-clinical) Business**

During the lockdown, we worked with 50% capacity to complete the ongoing client projects and have not taken up new projects until May 3rd week. Due to the non-availability of international & domestic flights, we faced difficulties in getting test items and other study consumables to initiate new studies. We could secure good number of projects from the Bio Pharma companies who are working on COVID-19 treatment, and currently we are running at 70% load. We are in the process of recruiting more scientists and expanding the Infrastructure to take up more projects, but there is delay due to non-availability of logistics to receive material on time.

## **2. Ability to maintain operations including the factories/units /office spaces functioning**

None of our operations have closed during this phase.

### **3. Schedule, if any, for restarting the operations**

Not applicable.

### **4. Steps taken to ensure smooth functioning of operations**

#### **Animal Breeding & Allied Products Supply Business**

Animal breeding and supply comes under essential service and presence of the animal care takers is mandatory to take care of regular activities like feeding, cage changing, sanitization of animal rooms. Vivo Bio Tech's management has given instructions to the employees to take necessary precautions with required support to attend the duties. The employees were given the required PPE to make the working space safe. Even though, there is decrease in over all revenue, management has ensured that all employees are paid salaries on-time and arranged bus pickups from the nearest points to the employees while maintaining the specified social distancing norms laid by the government & WHO. Continuous orders are being placed with all our vendors to maintain adequate inventories of consumables to run the facility.

We are maintaining adequate inventory to meet the customer requirements with short notice. We have our dedicated vehicles available for delivering within 24 hrs from the time of ordering and not depending much on the third-party transportations.

#### **CRO (Pre-clinical) Business**

All the projects that are initiated before lockdown have scheduled studies for the coming months. Our sales and marketing teams are working full time by virtual interaction with clients located in China, Turkey, Malaysia, Taiwan & USA to get new projects. We are also focusing more on Indian clients working on COVID-19 drugs.

The Vivo Bio Tech safety protocols are being revised weekly based on the latest evidence published in peer-reviewed journals, WHO guidelines and National and

State Guidelines. We are providing sufficient sanitisers, PPE kits and instruction labels in the facility to run the operations smoothly.

## **5. Estimation of the future impact of CoVID-19 on operations**

### **Animal Breeding & Allied Products Supply Business**

Lockdowns have been eased in most of the states and we expect increase in the supplies to all Bio Pharma, CRO & Vaccine companies in coming months. However, there is no clear animal procurement projection available from the Research institutes and academics on the requirements due to decrease in the funding from government and due to closure of the campuses.

With the easing of the lockdown restrictions, and restart of the domestic courier services, we foresee the restart of feed supplies to all our customers outside Telangana & Karnataka. All our customers procure feed from us for their Inhouse or client studies. There is decrease in overall activity at our customer facilities due to non-availability of chemicals and consumables for initiation of new studies, which will directly have a negative impact on Feed procurement business. Few of our clients are opting for locally made diet due to price constraints and we expect this to come back to normal by early next year.

### **CRO (Pre-clinical) Services**

We are expecting good number of projects from Bio Pharma and Vaccine companies in India which are working on developing COVID-19 treatments. We have plans to start COVID-19 (RT-PCR) based testing laboratory by extending our existing In-vitro capabilities and this shall be operational in coming few weeks. **Due to the ongoing** pandemic, we are unable to take up new projects from overseas clients due to lack of shipping solutions.

6. **Details of impact of CoVID-19 on listed entity's capital and financial resources, profitability, liquidity position, ability to service debt and other financing arrangements, assets, internal financial reporting and control, supply chain, demand for its products/services**

#### **Animal Breeding & Allied Products Supply Business**

Though animal breeding activities were carried out as per schedule without any break even during the lockdown period, due to non-availability of logistics, we could not ship the experimental animals and diets outside of Telangana and Karnataka, affecting the turnover slightly for March 2020 and to an extent in April and May 2020. Since, no employees were retrenched and salaries were paid in full, EBITDA for these months is also affected. However, the viability of business is not affected as the margins are good to see through tough times.

#### **CRO (Pre-clinical) Services**

In the case of CRO (Pre-clinical) services, some of the clients are large international players and the lockdown has impacted the movement of samples and consequently the revenues and EBITDA are affected slightly.

Given that most of the pharma companies are in some form associated with the Covid-19 treatment drug/vaccine development, the company is geared to meet their experimental animal supply requirements.

The company does not anticipate any risks related to recoverability of receivables or supply chain related bottlenecks going forward. Further, there has been no impact on internal financial controls in the current situation.

**7. Existing contracts/agreements where non-fulfillment of the obligations by any party will have significant impact on the listed entity's business**

All existing contracts are being honoured by our clients. Actions have been initiated with lenders for providing deferment of certain contractual pay-outs as per RBI guidelines and we do not anticipate any of this resulting in an adverse impact on the business of the Company, but would help in addressing the cash flow timing issues.

We request you to kindly take the same on your record.

Thanking you,

Yours faithfully,

**For Vivo Bio Tech Limited**

*A. Karthik*



**A.Karthik**  
**Company Secretary**