

U.S. SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

Mark One

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **September 30, 2016**

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. **333-141060**

**PetVivo Holdings Inc.**

(Name of small business issuer in its charter)

Nevada

(State or other jurisdiction of incorporation or organization)

99-0363559

(I.R.S. Employer Identification No.)

**5251 Edina Industrial Blvd.**

**Edina, Minnesota 55439**

(Address of principal executive offices)

**(612) 296-7305**

(Issuer's telephone number)

Securities registered pursuant to Section 12(b) of the Act:

**None**

Name of each exchange on which registered:

Securities registered pursuant to Section 12(g) of the Act:

**Common Stock, \$0.001**

(Title of Class)

Indicate by checkmark whether the issuer: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files. Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by checkmark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the most practicable date:

Class

Common Stock, \$0.001

Outstanding as of September 15, 2017

17,370,934

**PETVIVO HOLDINGS, INC.**  
**FORM 10-Q**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2016**

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**Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995**

Information included in this Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (“Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (“Exchange Act”). This information may involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of PetVivo Holdings Inc. (the “Company”), to be materially different from future results, performance or achievements expressed or implied by any forward-looking statements. Forward-looking statements, which involve assumptions and describe future plans, strategies and expectations of the Company, are generally identifiable by use of the words “may,” “will,” “should,” “expect,” “anticipate,” “estimate,” “believe,” “intend,” or “project” or the negative of these words or other variations on these words or comparable terminology. These forward-looking statements are based on assumptions that may be incorrect, and there can be no assurance that these projections included in these forward-looking statements will come to pass. Actual results of the Company could differ materially from those expressed or implied by the forward-looking statements as a result of various factors. Except as required by applicable laws, the Company has no obligation to update publicly any forward-looking statements for any reason, even if new information becomes available or other events occur in the future.

**PART I****ITEM 1. FINANCIAL STATEMENTS**

**PETVIVO HOLDINGS, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**(UNAUDITED)**

	<u>September 30,</u> <u>2016</u>	<u>March 31,</u> <u>2016</u>
Assets:		
Current Assets		
Cash and Cash Equivalents	\$ 5,515	\$ 258
Accounts Receivable	407	-
Employee Advance	-	15,900
Prepays	11,452	19,121
Total Current Assets	<u>17,374</u>	<u>35,279</u>
Property and Equipment:		
Property & equipment	103,504	103,504
Less: accumulated depreciation	(102,875)	(102,694)
Total Fixed Assets	<u>629</u>	<u>810</u>
Other Assets:		
Goodwill	-	13,407,693
Trademark and Patents-Net	2,180,000	3,245,662
Total Other Assets	<u>2,180,000</u>	<u>16,653,355</u>
Total Assets	<u>\$ 2,198,003</u>	<u>\$ 16,689,444</u>
Liabilities and Stockholders' Equity (Deficit):		
Current Liabilities		
Accounts Payable & Accrued Expenses	\$ 1,455,395	\$ 1,063,538
Note Payable and Accrued Interest-Related Party	196,933	193,370
Notes Payable	148,898	165,849
Convertible Notes Payable, net of discount of \$0 and \$3,311 at June 30, 2016 and March 31, 2016, respectively	-	31,689
Derivative Liability	-	24,460
Total Current Liabilities	<u>1,801,226</u>	<u>1,478,906</u>
Commitments and Contingencies		
Stockholders' equity:		
Common Stock, par value \$0.001, 250,000,000 shares authorized, issued 9,021,306 and 7,700,289 outstanding at September 30, 2016 and March 31, 2016	9,022	7,931
Common stock to be issued for conversion of debt		1,576,649
Common Stock to be issued	60,000	-
Additional Paid-In Capital	30,283,661	28,224,376
Accumulated Deficit	(44,689,069)	(29,879,283)
Total Petvivo Stockholders' (Deficit) Equity	<u>(14,336,386)</u>	<u>(70,327)</u>
Noncontrolling interest	14,733,163	15,280,865
Total stockholder's equity	<u>396,777</u>	<u>15,210,538</u>
Total Liabilities and Stockholders' Equity	<u>\$ 2,198,003</u>	<u>\$ 16,689,444</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**PETVIVO HOLDINGS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(UNAUDITED)**

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>September 30,</u> <u>2016</u>	<u>September 30,</u> <u>2015</u>	<u>September 30,</u> <u>2016</u>	<u>September 30,</u> <u>2015</u>
<b>Revenues</b>	\$ 2,907	\$ 0	\$ 4,916	\$ 75,000
<b>Cost of Revenues</b>	-	-	-	-
<b>Gross Profit</b>	\$ 2,907	\$ 0	\$ 4,916	\$ 75,000
<b>Operating Expenses:</b>				
Research and Development	69,546	47,507	75,043	104,943
General and Administration	14,673,540	139,970	15,144,805	1,167,136
Total Operating Expenses	14,743,086	187,477	15,219,848	1,272,079
Operating Loss	\$ (14,740,179)	\$ (187,477)	\$ (15,214,932)	\$ (1,197,079)
<b>Other Income (Expense)</b>				
Gain on Settlement of Debt	-	-	24,460	154,644
Change in Fair Value of Derivatives	-	61,606	-	40,144
Interest Expense	(6,854)	(101,416)	(167,016)	(203,886)
Amortization of Issue Costs	-	(325,774)	-	(780,245)
<b>Total Other Expense</b>	(6,854)	(365,584)	(142,556)	(789,343)
<b>Net Loss before taxes</b>	\$ (14,747,033)	\$ (553,061)	\$ (15,357,488)	\$ (1,986,422)
Income Tax Provision	-	-	-	-
Net Loss	(14,747,033)	(553,061)	(15,357,488)	(1,986,422)
Net loss attributable to noncontrolling Interest	268,595	116,260	547,702	175,556
<b>Net Loss attributable to Petvivo</b>	\$ (14,478,438)	\$ (436,801)	\$ (14,809,786)	\$ (1,810,866)
Net loss per share- basic and diluted	\$ (1.60)	\$ (0.06)	\$ (1.65)	\$ (0.23)
Weighted average common shares outstanding- basic and diluted	9,023,564	7,795,824	8,958,410	7,791,872

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**PETVIVO HOLDINGS, INC.**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY**  
**FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2016**  
**(UNAUDITED)**

	Common Stock		Additional Paid-in Capital	Retained Earnings	Non- controlling Interest	Stock to be Issued	Total
	Shares	Amount					
Balance March 31, 2015	7,700,289	\$ 7,700	\$ 26,381,094	\$ (26,227,539)	\$ -	\$ -	\$ 161,255
Non-Controlling interest					16,683,000		16,683,000
Common stock issued for cash	10,600	10	37,090	-	-	-	37,100
Common stock issued for services	149,000	149	555,101		-	-	555,250
Common shares issued to settle liabilities	70,500	71	281,929		-	-	282,000
Issuance of Gel Del Preferred stock for cash					100,005	-	100,005
Stock issued to extend debt	1,250	1	4,349				4,350
Write off of preacquisition liabilities					(423,282)		(423,282)
Exercise of Gel Del Options					195.00		195
Settlement of Derivative Liabilities			427,870			-	427,870
Stock to be issued					-	1,576,649	1,576,649
Inducement to convert debt			536,943			-	536,943
			-				-
Net Loss				(3,651,744)	(1,079,053)		(4,730,797)
Balance March 31, 2016	<u>7,931,639</u>	<u>7,931</u>	<u>28,224,376</u>	<u>(29,879,283)</u>	<u>15,280,865</u>	<u>1,576,649</u>	<u>15,210,538</u>
Stock issued to reduce debt	788,325	789	1,575,860			(1,576,649)	-
Stock to be issued						60,000	60,000
Stock issued for cash	66,500	67	99,683				99,750
Stock issued for services	137,500	138	232,363				232,501
Stock issued for interest	97,342	97	151,379				151,476
Net loss			-	(14,809,786)	(547,702)		(15,357,488)
<b>Balance September 30, 2016</b>	<u><b>9,021,306</b></u>	<u><b>\$ 9,022</b></u>	<u><b>\$ 30,283,661</b></u>	<u><b>\$ (44,689,069)</b></u>	<u><b>\$ 14,733,163</b></u>	<u><b>\$ 60,000</b></u>	<u><b>\$ 396,777</b></u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**PETVIVO HOLDINGS, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(UNAUDITED)**

	<b>For the Six Months Ended</b>	
	<b>September 30,</b>	<b>September 30,</b>
	<b>2016</b>	<b>2015</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss for the period	\$ (15,357,488)	\$ (1,986,422)
Adjustments to reconcile net loss to net cash used in operating activities:		
Non-cash Interest Expense	-	203,886
Stock issued for services	232,501	60,350
Stock issued for interest	151,476	-
Depreciation and amortization	419,982	47,851
Amortization of Debt issued costs	-0-	780,245
Goodwill and patent impairment loss	14,081,031	-
Derivative (gain) or loss adjustment	-	(40,143)
Forgiveness of debt	(24,460)	(154,644)
License	-	488,000
Changes in Operating Assets and Liabilities		
Increase in Notes to Related Parties	3,563	-
Decrease in advances and receivables	(407)	-
Decrease in prepaid expense	23,570	183,461
Increase in accounts payable and accrued expenses	389,854	21,955
Net Cash Used in Operating Activities	(80,378)	(395,461)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Change of assets - increase in patent costs	(27,478)	-
Net Cash Used in Investing Activities	(27,478)	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from stock	99,750	37,100
Proceeds from loans	7,500	524,750
Cash received from common stock subscription	60,000	-
Repayments of convertible notes	(35,000)	-
Repayments of loan	(19,137)	(204,500)
Net Cash Provided by Financing Activities	113,113	357,350
Net Increase (Decrease) in Cash	5,257	(38,111)
Cash at Beginning of Period	258	39,863
Cash at End of Period	\$ 5,515	\$ 1,752
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash paid during the year for:		
Interest	\$ -	\$ -
Income taxes paid	\$ -	\$ -
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:</b>		
Shares issued as payment of note payable	\$ -	\$ 1,362,246
Shares issued as payment for accrued salaries	\$ -	\$ 282,000

The accompanying notes are an integral part of these condensed unaudited financial statements.

**PetVivo Holdings, Inc.**  
**Notes to Financial Statements**  
**September 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION**

**(A) Basis of Presentation**

The accompanying condensed consolidated financial statements are unaudited. These unaudited interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") and pursuant to the rules and regulations of the SEC. Certain information and note disclosures, which are included in annual financial statements, have been omitted pursuant to these rules and regulations. We believe the disclosures made in these interim unaudited financial statements are adequate to make the information not misleading.

Although these interim financial statements at September 30, 2016 and for the three and six months ended September 30, 2016 and 2015 are unaudited, in the opinion of our management, such statements include all adjustments necessary to present fairly our financial position, results of operations and cash flows for the periods presented. The results for the three months and six months ended September 30, 2016 are not necessarily indicative of the results to be expected for the year ended March 31, 2017 or for any future period.

These unaudited interim financial statements should be read and considered in conjunction with our audited financial statements and the notes thereto for the year ended March 31, 2016, included in our annual report on Form 10-K filed with the SEC.

PetVivo Inc. was originally incorporated under the laws of the state of Minnesota on August 1, 2013. The financials are the result of a merger between Technologies Scan Corp., a corporation incorporated in the State of Nevada on March 31, 2009, now known as PetVivo Holdings, Inc., and PetVivo Inc. For accounting purposes the Company is treating the merger as a reverse merger whereby the financials presented are those of the surviving entity that, which is PetVivo Holdings, Inc. The merger was completed on April 10, 2017.

PetVivo is in the business of distribution of medical devices and biomaterials for the treatment of afflictions and diseases in animals.

On April 10, 2015 the Company agreed to acquire Gel-Del Technologies. The Issuances of the shares to consummate the transaction has been finalized and the financials presented are those of the consolidated entities.

**(B) Principles of Consolidation**

The accompanying condensed consolidated financial statements include the accounts of PetVivo Holdings, Inc. and its wholly owned operating subsidiary, PetVivo Inc. as well as its variable interest entity (VIE) Gel-Del Technologies, Inc. and its subsidiary, Cosmeta Corp. All intercompany accounts have been eliminated upon consolidation.

The consolidation including the VIE is included since PetVivo controls Gel-Del as well as the fact that an agreement for its acquisition has occurred.

The accounting for the acquisition of Gel-Del Technologies begun with the closing of the Security Exchange Agreement on April 10, 2015 and completed with the Agreement and Plan of Merger on April 10, 2017 was as follows:

The Company will issue 5,450,000 shares valued at market at \$0.40 per share, which equaled \$2,180,000 on the date of completion (April 10, 2017).

**(C) Use of Estimates**

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reported period. Actual results could differ from those estimates. Significant estimates include estimated useful lives and potential impairment of property and equipment, estimate of fair value of share based payments and derivative instruments and recorded debt discount, valuation of deferred tax assets and valuation of in-kind contribution of services and interest.

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**(D) Cash and Cash Equivalents**

The Company considers all highly liquid temporary cash investments with an original maturity of three months or less to be cash equivalents. At September 30, 2016, and March 31, 2016, the Company had no cash equivalents.

**(E) Concentration-Risk**

The Company maintains its cash with various financial institutions, which may exceed federally insured limits throughout the period.

**(F) Machinery & Equipment**

Machinery and equipment are recorded at cost. Expenditures for major additions and betterments are capitalized. Maintenance and repairs are charged to operations as incurred. Depreciation of furniture fixtures and equipment is computed by the straight-line method (after taking into account their respective estimated residual values) over the assets estimated useful life of five (3) years for equipment, (5) years for automobile, and (7) years for furniture and fixtures. Upon sale or retirement of computer equipment, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in statements of operations.

**(G) Patents and Trademarks**

The company capitalizes direct costs for their maintenance and advancement of their patents and trademarks and amortizes these costs over a useful life of 60 months.

**(H) Income Taxes**

The Company accounts for income taxes under ASC Topic 740, formerly SFAS No. 109, *Accounting for Income Taxes*, as clarified by ASC Topic 740, formerly FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*, ("FIN No. 48"). Deferred tax assets and liabilities are determined based upon differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. A valuation allowance is provided when it is more likely than not that some portion or all of a deferred tax asset will not be realized.

The Company adopted the provisions of ASC Topic 740, formerly FIN No. 48 on January 1, 2007. Previously, the Company had accounted for tax contingencies in accordance with Statement of Financial Accounting Standards No. 5, *Accounting for Contingencies*. As required by ASC Topic 450, formerly FIN No. 48, the Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority. At the adoption date, the Company applied ASC Topic 740, formerly FIN No. 48 to all tax positions for which the statute of limitations remained open. As a result of the implementation of ASC Topic 740, formerly FIN No. 48, the Company did not recognize any change in the liability for unrecognized tax benefits.

The Company is not currently under examination by any federal or state jurisdiction.

The Company's policy is to record tax-related interest and penalties as a component of operating expenses.



**(I) Loss Per Share**

In accordance with FASB ASC Topic 260, "Earnings per Share" basic loss per share is computed by dividing net loss by weighted average number of shares of common stock outstanding during each period. Diluted loss per share is computed by dividing net loss by the weighted average number of shares of common stock, common stock equivalents and potentially dilutive securities outstanding during the period.

**(J) Revenue Recognition**

The Company will recognize revenue on arrangements in accordance with FASB ASC No. 605, "Revenue Recognition". In all cases, revenue is recognized only when the price is fixed and determinable, persuasive evidence of an arrangement exists, the service is performed and collectability of the resulting receivable is reasonably assured. Revenues consist of Kush product sales to veterinary clinics.

**(K) Research and Development**

The Company expenses research and development costs as incurred.

**(L) Fair Value of Financial Instruments**

The Company applies the accounting guidance under Financial Accounting Standards Board ("FASB") ASC 820-10, "*Fair Value Measurements*", as well as certain related FASB staff positions. This guidance defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact business and considers assumptions that marketplace participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of nonperformance.

The guidance also establishes a fair value hierarchy for measurements of fair value as follows:

- Level 1 - quoted market prices in active markets for identical assets or liabilities.
- Level 2 - inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 - unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

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The Company's financial instruments consist of accounts payable, accrued expenses, notes payable, notes payable - related party, loan payable - related party and convertible notes payable. The carrying amount of the Company's financial instruments approximates their fair value as of September 30, 2016 and March 31, 2016, due to the short-term nature of these instruments.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability. The valuation of the Company's notes recorded at fair value is determined using Level 3 inputs, which consider (i) time value, (ii) current market and (iii) contractual prices.

The Company had no assets and liabilities measured at fair value on a recurring basis at September 30, 2016:

The following liabilities were measured on the condensed consolidated balance sheets at fair value on a recurring basis utilizing significant unobservable inputs or Level 3 assumptions in their valuation. The following tables provide a reconciliation of the beginning and ending balances of the liabilities:

	<u>Fair Value</u> <u>April 1,</u> <u>2016</u>	<u>Change</u> <u>in fair</u> <u>Value</u>	<u>New</u> <u>Convertible</u> <u>Notes</u>	<u>Conversions</u>	<u>Fair Value</u> <u>Sept. 30,</u> <u>2016</u>
Notes payable at fair value	\$ 31,689	\$ 3,311	\$ -	\$ (35,000)	\$ -

**(M) Embedded Conversion Features**

The Company evaluates embedded conversion features within convertible debt under ASC 815 "Derivatives and Hedging" to determine whether the embedded conversion feature(s) should be bifurcated from the host instrument and accounted for as a derivative at fair value with changes in fair value recorded in earnings. If the conversion feature does not require derivative treatment under ASC 815, the instrument is evaluated under ASC 470-20 "Debt with Conversion and Other Options" for consideration of any beneficial conversion features.

**(N) Derivative Financial Instruments**

Fair value accounting requires bifurcation of embedded derivative instruments such as conversion features in convertible debt or equity instruments, and measurement of their fair value for accounting purposes. In determining the appropriate fair value, the Company uses the Black-Scholes option-pricing model. In assessing the convertible debt instruments, management determines if the convertible debt host instrument is conventional convertible debt and further if there is a beneficial conversion feature requiring measurement. If the instrument is not considered conventional convertible debt, the Company will continue its evaluation process of these instruments as derivative financial instruments.

Once determined, derivative liabilities are adjusted to reflect fair value at each reporting period end, with any increase or decrease in the fair value being recorded in results of operations as an adjustment to fair value of derivatives. In addition, the fair value of freestanding derivative instruments such as warrants, are also valued using the Black-Scholes option-pricing model.

**(O) Beneficial Conversion Feature**

For conventional convertible debt where the rate of conversion is below market value, the Company records a "beneficial conversion feature" ("BCF") and related debt discount.

When the Company records a BCF, the relative fair value of the BCF is recorded as a debt discount against the face amount of the respective debt instrument (offset to additional paid in capital) and amortized to interest expense over the life of the debt.

**(P) Debt Issue Costs and Debt Discount**

The Company may record debt issue costs and/or debt discounts in connection with raising funds through the issuance of debt. These costs may be paid in the form of cash, or equity (such as warrants). These costs are amortized to interest expense over the life of the debt. If a conversion of the underlying debt occurs, a proportionate share of the unamortized amounts is immediately expensed.

**(Q) Stock-Based Compensation - Non-Employees**

**Equity Instruments Issued to Parties Other Than Employees for Acquiring Goods or Services**

The Company accounts for equity instruments issued to parties other than employees for acquiring goods or services under guidance of Sub-topic 505-50 of the FASB Accounting Standards Codification ("Sub-topic 505-50").

Pursuant to ASC Section 505-50-30, all transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. The measurement date used to determine the fair value of the equity instrument issued is the earlier of the date on which the performance is complete or the date on which it is probable that performance will occur. If the Company is a newly formed corporation or shares of the Company are thinly traded the use of share prices established in the Company's most recent private placement memorandum ("PPM"), or weekly or monthly price observations would generally be more appropriate than the use of daily price observations as such shares could be artificially inflated due to a larger spread between the bid and asked quotes and lack of consistent trading in the market.

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The fair value of share options and similar instruments is estimated on the date of grant using a Black-Scholes option-pricing valuation model. The ranges of assumptions for inputs are as follows:

- Expected term of share options and similar instruments: Pursuant to Paragraph 718-10-50-2(f)(2)(i) of the FASB Accounting Standards Codification the expected term of share options and similar instruments represents the period of time the options and similar instruments are expected to be outstanding taking into consideration of the contractual term of the instruments and holder's expected exercise behavior into the fair value (or calculated value) of the instruments. The Company uses historical data to estimate holder's expected exercise behavior. If the Company is a newly formed corporation or shares of the Company are thinly traded the contractual term of the share options and similar instruments is used as the expected term of share options and similar instruments as the Company does not have sufficient historical exercise data to provide a reasonable basis upon which to estimate expected term.
- Expected volatility of the entity's shares and the method used to estimate it. Pursuant to ASC Paragraph 718-10-50-2(f)(2)(ii) a thinly-traded or nonpublic entity that uses the calculated value method shall disclose the reasons why it is not practicable for the Company to estimate the expected volatility of its share price, the appropriate industry sector index that it has selected, the reasons for selecting that particular index, and how it has calculated historical volatility using that index. The Company uses the average historical volatility of the comparable companies over the expected contractual life of the share options or similar instruments as its expected volatility. If shares of a company are thinly traded the use of weekly or monthly price observations would generally be more appropriate than the use of daily price observations as the volatility calculation using daily observations for such shares could be artificially inflated due to a larger spread between the bid and asked quotes and lack of consistent trading in the market.
- Expected annual rate of quarterly dividends. An entity that uses a method that employs different dividend rates during the contractual term shall disclose the range of expected dividends used and the weighted-average expected dividends. The expected dividend yield is based on the Company's current dividend yield as the best estimate of projected dividend yield for periods within the expected term of the share options and similar instruments.
- Risk-free rate(s). An entity that uses a method that employs different risk-free rates shall disclose the range of risk-free rates used. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for periods within the expected term of the share options and similar instruments.

Pursuant to Paragraphs 505-50-25-8 and 505-50-25-9, an entity may grant fully vested, non-forfeitable equity instruments that are exercisable by the grantee only after a specified period of time if the terms of the agreement provide for earlier exercisability if the grantee achieves specified performance conditions. Any measured cost of the transaction shall be recognized in the same period(s) and in the same manner as if the entity had paid cash for the goods or services or used cash rebates as a sales discount instead of paying with, or using, the equity instruments. A recognized asset, expense, or sales discount shall not be reversed if a share option and similar instrument that the counterparty has the right to exercise expires unexercised.

Pursuant to ASC paragraph 505-50-30-S99-1, if the Company receives a right to receive future services in exchange for unvested, forfeitable equity instruments, those equity instruments are treated as unissued for accounting purposes until the future services are received (that is, the instruments are not considered issued until they vest). Consequently, there would be no recognition at the measurement date and no entry should be recorded.

**(R) Recent Accounting Pronouncements**

In August 2014, the FASB issued Accounting Standards Update "ASU" 2014-15 on "Presentation of Financial Statements Going Concern (Subtopic 205-40) – Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern". Currently, there is no guidance in U.S. GAAP about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern or to provide related footnote disclosures. The amendments in this Update provide that guidance. In doing so, the amendments are intended to reduce diversity in the timing and content of footnote disclosures. The amendments require management to assess an entity's ability to continue as a going concern by incorporating and expanding upon certain principles that are currently in U.S. auditing standards. Specifically, the amendments (1) provide a definition of the term substantial doubt, (2) require an evaluation every reporting period including interim periods, (3) provide principles for considering the mitigating effect of management's plans, (4) require certain disclosures when substantial doubt is alleviated as a result of consideration of management's plans, (5) require an express statement and other disclosures when substantial doubt is not alleviated, and (6) require an assessment for a period of one year after the date that the financial statements are issued (or available to be issued). We are currently reviewing the provisions of this ASU to determine if there will be any impact on our results of operations, cash flows or financial condition.

All other newly issued accounting pronouncements but not yet effective have been deemed either immaterial or not applicable.

**NOTE 2 - DERIVATIVE LIABILITY/NOTES PAYABLE CONVERTIBLE DEBENTURES**

In April of 2016 the Company's sole convertible debenture was paid in full for \$35,000.

**NOTE 3 - RELATED PARTY PAYABLE**

At September 30, 2016, the company is obligated for unpaid officer salaries and advances of \$535,192.

**NOTE 4 - NOTE PAYABLE**

The Company is obligated on the following notes:

1.	Third Party Individuals	\$	62,826
2.	Bank Credit Line *		66,387
3.	Bank Loan		19,685
	Total	\$	<u>148,898</u>

\*As of September 7, 2017, Gel-Del Technologies, Inc. was delinquent in the monthly payments of the Bank Credit Line and a Bank Credit Card through the same banking institution. The Company is in discussions with the bank regarding assuming and/or restructuring the Bank Credit Line having an outstanding balance of \$50,000 and the Bank Credit Card having an outstanding balance of \$10,000; both were originally incurred by Gel-Del Technologies, Inc. There are no assurances that the Company can restructure this note on favorable terms, if at all.

The Company has a bank credit line of \$75,000. At September 30, 2016 there was \$8,613. of unused credit. Interest is at 6.5%. As mentioned above, as of September 7, 2017, the Company is in discussions with the bank regarding assuming and/or restructuring the Bank Credit Line, which was originally incurred by Gel-Del Technologies, Inc.

The Company is indebted on a note bearing interest at prime plus 5.5% to a bank with a monthly payment of \$2,786 and expiring in January, 2017. All assets of Gel-Del are pledged as collateral. On February 23, 2017, the Company paid this note in full and received a release of the collateral pledge in all assets of Gel-Del.

**NOTE 5 - GOING CONCERN**

As reflected in the accompanying Condensed Consolidated financial statements, the Company had no Significant revenue and had a negative equity and material losses. These factors raise substantial doubt about the Company's ability to continue as a going concern.

Management intends to raise additional funds either through a private placement or through the public process. Management believes that the actions presently being taken to further implement its business plan will enable the Company to continue as a going concern. While the Company believes in the viability to raise additional funds, there can be no assurances to that effect. The ability of the Company to continue as a going concern is dependent upon the Company's ability to further implement its business plan and generate funds.

The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

**NOTE 6 - COMMON STOCK**

The Company issued 95,100 shares of common stock in the quarter ended June 30, 2015, of which 14,000 shares were for services valued at market for \$56,000. 70,500 shares were issued for debt reduction of \$282,000 and 10,600 shares for cash of \$37,100.

From July 1, 2015 to September 30, 2015 the Company issued 1,250 shares for an extension of a convertible debt consideration valued at market for an expense of \$4,350.

From October 1, 2015 to December 31, 2015 the Company issued 125,000 shares of stock for services valued at market which equaled \$474,500. Some of the services are recognized over a one year contract with the unearned portion shown as prepaid expense.

From January 1 to March 31, 2016 10,000 shares were issued for services of \$24,750.

In March 2016, the Company agreed to settle their convertible debt with interest by issuing 788,325 shares at \$2.00 per share. The actual shares issuance occurred in April 2016.

Also during this period the Company received \$100,000 for stock in Gel-Del pursuant to a subscription agreement.

From April 1, 2016 to June 30, 2016 the Company issued 953,142 shares of which 788,325 were issued to satisfy debt of \$1,575,860, 40,000 shares will be issued for cash of 97,342 shares for interest for a market value of \$151,476 and the remainder of 27,000 shares for services valued at market for \$42,363.

From July 1, 2016 to September 30, 2016, the Company issued 136,525 shares of common stock in the quarter ended September 30, 2016, of which 110,025 shares were for services valued at market for \$190,000, and 26,500 shares for cash of \$39,750.

**NOTE 7 - AGREEMENT AND PLAN OF MERGER**

The Agreement and Plan of Merger was completed by the Company's wholly-owned subsidiary, PetVivo Holdings Newco Inc. ("Newco") and Gel-Del (the "Merger Agreement"). In accordance with the terms and provisions of the Merger Agreement, the Company effected a statutory merger transaction resulting in an exchange by the shareholders of Gel-Del on a pro rata basis of 100% of all outstanding Gel-Del capital stock in exchange for 5,540,000 shares of our restricted common stock, which represented approximately 30% of the total issued and outstanding shares of our common stock post-merger.

On April 10, 2017, the Merger Agreement was consummated and the Company completed the acquisition of the total issued and outstanding shares of common stock of Gel-Del from the Gel-Del shareholders. The acquisition was completed and consummated through a statutory merger between Gel-Del and NewCo, which resulted in Gel-Del being the surviving entity and becoming our wholly-owned subsidiary. The Merger Agreement became effective upon the filing with the Secretary of State of Minnesota on April 10, 2017. Upon the effectiveness of the Merger Agreement, each share of Gel-Del common stock issued and outstanding immediately prior to the consummation of the Merger Agreement was converted into the right to receive 0.788 common share of the Company. Gel-Del did not have any outstanding options, warrants or other derivative securities or rights convertible into securities.

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Through this Merger Agreement, the company acquired all of Gel-Del's technology and related patents and other intellectual property (IP) and production techniques, as well as Gel-Del's modern and secure biomedical product manufacturing facilities being jointly constructed by Gel-Del and the Company in Edina, Minnesota.

In view of the Agreement and Plan of Merger, the shares of common stock were issued on or about September 5, 2017.

**NOTE 8 – SUBSEQUENT EVENTS**

**Effective March 8, 2017**, four officers/directors of the Company agreed to cash settlements in lieu of a total of \$1,209,919 past due compensation owed to them by the Company and subsequently converted the cash settlements into a total of 2,100,128 restricted shares of common stock of the Company; these restricted shares were issued on June 8, 2017.

John Lai and John Dolan each agreed to cash settlements of \$43,625 for \$174,500 of their past due compensation, which was subsequently converted into a total of 1,308,750 restricted shares of PetVivo Holdings common stock. Regarding John Lai, his converted shares were offset and reduced by 500,000 shares incident to a former escrow arrangement, resulting in Mr. Lai receiving 154,375 shares through this transaction.

David Masters agreed to a cash settlement of \$45,591.90 for \$455,919 of his past due compensation and subsequently converted the cash settlement into 683,878 shares.

Randall Meyer agreed to a cash settlement of \$40,500 for \$405,000 of his past due compensation and subsequently converted the cash settlement into 607,500 shares.

All of the foregoing securities issuances were unregistered and made by the Company as non-public transactions, and accordingly exempt from registration in reliance on Section 4(a)(2) of the Securities Act of 1933, as amended.

**On April 10, 2017**, the Company completed the acquisition of all outstanding shares of common stock of Gel-Del Technologies, Inc., a Minnesota corporation (“Gel-Del”). This acquisition was completed and closed through a statutory merger between Gel-Del and Pet-Vivo Holdings Newco, Inc., a Minnesota corporation and wholly owned subsidiary of the Company, resulting in Gel-Del being the surviving entity and becoming a wholly owned subsidiary of PetVivo (“the Merger”). The Merger became effective upon its filing with the Secretary of State of Minnesota on April 10, 2017.

Upon the effectiveness of the Merger, each share of Gel-Del common stock outstanding immediately prior to the effective time of the Merger was converted into the right to receive 0.788 common share of the Company. Gel-Del had no outstanding options, warrants or other derivative securities or rights convertible into its securities.

As a result of the Merger, the Company issued a total of 5,450,000 shares of its unregistered common stock to the pre-merger shareholders of Gel-Del common stock. The issuance of these shares of common stock of PetVivo is unregistered in reliance upon an exemption from registration under Section 4(a)(2) of the Securities Act of 1933, as amended.

**Effective April 10, 2017**, the Stock Exchange Agreement dated November 21, 2014 between PetVivo and Gel-Del was terminated since that agreement became moot and superseded upon the effectiveness of the Merger.



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**On April 10 2017**, the Company completed the Merger with Gel-Del and in the process recognized that the Company realized a loss of \$14,081,031 due to the change in the valuation of Gel-Del capital stock received by the Company pursuant to the original Securities Exchange Agreement transaction dated November 24, 2014 and the valuation of the Gel-Del capital stock received by the Company's upon the completion of the Merger on April 10, 2017. The completion of the Merger required the transfer of all issued capital stock in Gel-Del to the Company in exchange for 5,450,000 shares of the Company's common stock. The closing market price per share of the Company on April 10, 2017 was \$0.40 for a total aggregate stock exchange amount of \$2,180,000 rather than the amount originally recorded for this securities exchange which was \$16,600,000. The Company has addressed this issue by recognizing an impairment of Goodwill in the amount of \$13,407,693 in the September 30, 2016 financial statements. The Company further recognized a realized loss on the sale of Gel-Del to PetVivo in the amount of \$14,081,031 and a reduction in Trademarks and Patents-Net in the amount of \$673,340.

**On June 26, 2017**, the management and Board of Directors determined that the past due compensation that was used to calculate settlement cash payments for four officers of the Company and which was subsequently converted to 2,100,128 restricted shares of common stock of the Company on March 8, 2017, was inconsistent with the accrued compensation amount recorded in the official accounting books of the Company. Therefore, the Board of Directors and four officers agreed that the cash settlements owed to each officer and corresponding number of shares issued pursuant to the Settlement Agreements be adjusted in view of the actual booked accrued compensation for the period ending December 31, 2016. The accrued compensation, settlement amounts and conversion shares granted for each of the four officers were adjusted as follows:

David Masters agreed to an adjusted cash settlement of \$30,750 for \$307,500 of his past due compensation and subsequently converted the adjusted cash settlement into 461,250 shares.

Randall Meyer agreed to an adjusted cash settlement of \$30,750 for \$307,500 of his past due compensation and subsequently converted the adjusted cash settlement into 461,250 shares.

John F. Dolan agreed to an adjusted cash settlement of \$33,068.50 for \$332,274 of his past due compensation and subsequently converted the adjusted cash settlement into 496,028 shares.

John Lai agreed to a cash settlement of \$29,979 for \$119,918 of his past due compensation and subsequently converted the adjusted cash settlement into 449,692 shares.

**Effective July 17, 2017**, the Board of Directors of the Company appointed Wesley C. Hayne as Chief Executive Officer (CEO) of PetVivo Holdings, Inc. to succeed John Lai who served as CEO of the Company since 2013. Concurrently, Mr. Lai was appointed President of the Company to succeed Dr. David B. Masters. The Board of Directors also approved and agreed to an Executive Employment Agreement ("Agreement") for Mr. Hayne with certain material terms as follows: (i) Mr. Hayne shall receive a base salary of \$8,000 monthly, of which \$2,500 is payable to him monthly and \$5,500 is earned but deferred until the Company receives capital funding in an amount of at least \$1,000,000. Upon receipt of such funding, Mr. Hayne shall be paid his deferred salary he has earned plus a monthly amount based on an annual rate of at least \$96,000; (ii) the initial term of employment is until May 31, 2019, with renewal for successive terms of one year each unless the parties cannot mutually agree to any extended term provisions; (iii) Mr. Hayne was granted 200,000 shares of restricted common stock of the Company as a signing bonus; (iv) the Agreement contains standard provisions for termination "for cause" upon the occurrence of certain events such as criminal conduct or material dishonesty toward the Company or material nonperformance of duties; (v) during his employment with the Company and for one year following his termination of employment for any reason, Mr. Hayne will not, anywhere in the world, directly or indirectly engage in any commercial activity in competition with the Company, and also he will not recruit or assist in the recruitment of any of the employees of the Company to leave the Company for employment by a business with which Mr. Hayne is associated or affiliated; and (vi) as an inducement for Mr. Hayne to accept the position of CEO of the Company and to continue serving the Company for his entire initial employment term, John Lai has assigned and conveyed 1,250,000 shares of Mr. Lai's common stock of the Company for Mr. Hayne - of these shares, 50,000 shares were acquired by Mr. Hayne upon commencement of his employment as CEO of PetVivo, and the balance of 1,200,000 shares are escrowed and will vest and be acquired by Mr. Hayne ratably over his initial employment term ending on May 31, 2019.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### GENERAL

We were incorporated as Pharmascan Corp. in the State of Nevada on March 31, 2009. On September 21, 2010, we filed a Certificate of Amendment to our Articles of Incorporation and changed our name to Technologies Scan Corp. On April 1, 2014, we filed a Certificate of Amendment to our Articles of Incorporation and changed our name to "PetVivo Holdings, Inc." (the "Name Change").

We filed appropriate documents with FINRA to effect the Name Change. On April 29, 2014, our Name Change from Technologies Scan Corp to "PetVivo Holdings, Inc." was declared effective by FINRA and our common stock's trading symbol was changed to "PETV". Our cusip number is 716817 200.

### SUBSIDIARIES

#### **PetVivo, Inc.**

On March 11, 2014, our Board of Directors authorized the execution of that certain securities exchange agreement dated March 11, 2014 (the "Securities Exchange Agreement") with PetVivo Inc., a Minnesota corporation ("PetVivo"), and the shareholders of PetVivo who hold of record the total issued and outstanding shares of common stock of PetVivo (the "PetVivo Shareholders"). In accordance with the terms and provisions of the Securities Exchange Agreement, we will acquire all of the issued and outstanding shares of stock of PetVivo from the PetVivo Shareholders, thus making PetVivo our wholly owned subsidiary, in exchange for the issuance to the PetVivo Shareholders of an aggregate 4,621,880 shares of our restricted common stock.

PetVivo was founded in 2013 by its current management, John Lai and John Dolan, and is based in suburban Minneapolis, Minnesota. PetVivo is a biomedical device company engaged in the business of acquiring/in-licensing and adapting human biomedical technology and products for commercial sale in the veterinary market to treat pets and other animals suffering from arthritis and other painful afflictions. PetVivo's initial product, which is now being commercialized, is a medical device featuring the injections of patented gel-like protein-based biomaterials into the afflicted body parts of pets and other animals suffering from osteoarthritis. PetVivo obtained the exclusive rights for commercialization of this product from Gel-Del for the treatment of pets and other animals.

#### **Gel-Del Technologies Inc.**

On November 21, 2014, we entered into a stock exchange agreement (the "Stock Exchange Agreement") with Gel-Del Technologies, Inc., a Minnesota corporation ("Gel-Del"). Effective April 10, 2017, the Stock Exchange Agreement was terminated based on consummation of merger between the Company and Gel-Del. Therefore, the Stock Exchange Agreement was deemed null and void and superseded by the merger agreement discussed below.

Gel-Del is a biomaterial and medical device development and manufacturing company with its offices and production facilities based in St. Paul, Minnesota, and was founded in 1999 by its chief executive officer, Dr. David B. Masters. Dr. Masters developed Gel-Del's proprietary biomaterials that simulate a body's cellular tissue and thus can be readily and effectively utilized to manufacture implantable therapeutic medical devices. The chief advantage of Gel-Del biomaterials is their enhanced biocompatibility with living tissues throughout the body. We are commercializing their technology in the veterinary field for the treatment of osteoarthritis. Gel-Del has also successfully completed a pivotal clinical trial using their novel thermoplastic biomaterial as a dermal filler for human cosmetic applications. Gel-Del's core competencies are developing and manufacturing medical devices containing its proprietary thermoplastic protein-based biomaterials that mimic the body's tissue to allow integration, tissue repair, and regeneration for long-term implantation. These biomaterials are produced using a patented and scalable self-assembly production process. The inherent thermoplastic properties of these biomaterials are then utilized to manufacture or coat implantable devices.

While working together relating to their licensing agreement, in early 2014 our management and the management of Gel-Del determined to combine the two companies into one business entity producing, marketing and selling medical products based on Gel-Del technology for both humans and animals.

## **License Agreement**

On August 2, 2013, we entered into that certain licensing agreement with Gel-Del (the "License Agreement"), pursuant to which Gel-Del intends to engage in the manufacture and supply of products derived from technology, including protein based biomaterials and devices which management believes will be beneficial for the veterinary treatment of animals having joint afflictions. We previously paid to Gel-Del an aggregate \$488,000. As of the date of this Quarterly Report, the License Agreement was cancelled based upon the execution and terms and provisions of the Stock Exchange Agreement.

## **AGREEMENT AND PLAN OF MERGER**

On March 20, 2017, we entered into an agreement and plan of merger with our wholly-owned subsidiary, PetVivo Holdings Newco Inc. ("Newco") and Gel-Del (the "Merger Agreement"). In accordance with the terms and provisions of the Merger Agreement, we effected a statutory merger transaction resulting in an exchange by the shareholders of Gel-Del on a pro rata basis of 100% of all outstanding Gel-Del capital stock in exchange for 5,450,000 shares of our restricted common stock, which represented approximately 30% of the total issued and outstanding shares of our common stock post-merger.

We and Gel-Del have made customary representations, warranties and covenants in the Merger Agreement, including conducting our respective businesses in the ordinary course until consummation of the merger, not to take or engage in certain material kinds of transactions prior to consummation of the merger, and obtaining all consents and approvals necessary to complete and consummate the merger. The Merger Agreement also includes certain termination rights, including us having the right to terminate the merger if Gel-Del shareholders did not approved the merger prior to April 15, 2017.

On April 10, 2017, the Merger Agreement was consummated and we completed the acquisition of the total issued and outstanding shares of common stock of Gel-Del from the Gel-Del shareholders. The acquisition was completed and consummated through a statutory merger between Gel-Del and NewCo, which resulted in Gel-Del being the surviving entity and becoming our wholly-owned subsidiary. The Merger Agreement became effective upon the filing with the Secretary of State of Minnesota on April 10, 2017. Upon the effectiveness of the Merger Agreement, each share of Gel-Del common stock issued and outstanding immediately prior to the consummation of the Merger Agreement was converted into the right to receive 0.798 common share of the Company. Gel-Del did not have any outstanding options, warrants or other derivative securities or rights convertible into securities.

In accordance with this merger transaction, we acquired all Gel-Del technology and related patents and other intellectual property (IP) and production techniques, as well as Gel-Del's modern and secure biomedical product manufacturing facilities being jointly constructed in Edina, Minnesota.

## **Reason For Merger Agreement**

Gel-Del is a biomaterial and medical device development and manufacturing company with its offices and production facilities based in St. Paul, Minnesota, and was founded in 1999 by its chief executive officer, Dr. David B. Masters. Dr. Masters developed Gel-Del's proprietary biomaterials that simulate a body's cellular tissue and thus can be readily and effectively utilized to manufacture implantable therapeutic medical devices. The chief advantage of Gel-Del biomaterials is their enhanced biocompatibility with living tissues throughout the body. We are commercializing their technology in the veterinary field for the treatment of osteoarthritis. Gel-Del Technologies has also successfully completed a pivotal clinical trial using their novel thermoplastic biomaterial as a dermal filler for human cosmetic applications. Gel-Del Technologies' core competencies are developing and manufacturing medical devices containing its proprietary thermoplastic protein-based biomaterials that mimic the body's tissue to allow integration, tissue repair, and regeneration for long-term implantation. These biomaterials are produced using a patented and scalable self-assembly production process. The inherent thermoplastic properties of these biomaterials are then utilized to manufacture or coat implantable devices.

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We were founded in 2013 by our current management, John Lai and John Dolan, and based in suburban Minneapolis, Minnesota. We are a biomedical device company, which has been primarily engaged in the business of adapting human biomedical technology for products to be introduced for commercial sale in the veterinary market to treat pets and other animals suffering from arthritis and other painful afflictions. Our initial product, now being commercialized, is a medical device featuring injections of patented gel-like biomaterials into the afflicted body parts of pets or other animals suffering from osteoarthritis. The technology and manufacturing capability of this product was developed by Gel-Del and licensed to us for use to treat dogs and other animals, but not for treatment of human afflictions. While working together relating to this license agreement, we and Gel-Del determined to combine our two companies through a stock exchange merger for the purpose of creating one combined entity utilizing Gel-Del technology to produce, market and sell medical products based on Gel-Del technology for both animals and humans. After lengthy negotiations during 2014, the parties have entered into a definitive agreement for this merger.

### **CURRENT BUSINESS OPERATIONS**

We are an emerging biomedical device company focused on the licensing and commercialization of innovative medical devices and therapeutics for pets, based in Minneapolis, Minnesota. We operate in the \$15 billion US veterinary care market that has grown at a CAGR of 6.4% over the past five years according to the American Pet Products Association. Despite the market size, veterinary clinics and hospitals have very few treatments and/or drugs for use in pets and other animals.

The role of pets in the family has greatly evolved in recent years. Many pet owners consider their pets an important member of the family. They are now willing to spend greater amounts of money on their pets to maintain their health and quality of life.

We intend to leverage investments already expended in the development of human therapeutics to commercialize treatments for pets in a capital and time efficient way. A key component of this strategy is the accelerated timeline to revenues for veterinary medical devices, which enter the market earlier than the more stringently regulated veterinary pharmaceuticals or human therapeutics.

The company is planning to aggressively launch its lead product Kush™ Canine in Q4 2017. Kush™ Canine is a veterinarian-administered joint injection for the treatment of osteoarthritis in dogs. The Kush Canine device is made from natural components that are lubricious and cushioning to perform like cartilage for the treatment of pain and inflammation associated with osteoarthritis.

We believe that Kush Canine is a superior treatment that safely improves joint function. The reparative Kush Canine particles are lubricious, cushioning and long lasting. The spongy protein-based particles in Kush Canine mimic the composition and protective function of cartilage (i.e., providing both a slippery cushion and healing scaffolding). The Kush Canine particles protect the joint as an artificial cartilage.

Using industry sources we estimate osteoarthritis afflicts 20 million owned dogs in the United States and the European Union, making canine osteoarthritis a \$2.3 billion market opportunity.

Osteoarthritis is a condition with degenerating cartilage, creating joint stiffness from mechanical stress resulting in inflammation and pain. The lameness caused by osteoarthritis worsens with time from the ongoing loss of protective cushion and lubricity (i.e., loss of slippery padding). There is no current treatment for osteoarthritis, only palliative pain therapy or joint replacement.

Non-steroidal anti-inflammatory drugs (NSAIDS) are used to alleviate the pain and inflammation, but long-term use has been shown to cause gastric problems. NSAIDS do not treat the cartilage degeneration issue to halt or slow the progression of the osteoarthritis condition.

We believe that our Kush Canine osteoarthritis treatment is far superior to current methodology of using NSAID's. NSAID's have many side effects, especially in canines, whereas the company's injected Kush Canine treatment has been found to elicit no adverse side effects. Remarkably, Kush treated dogs show an increase in activity even after they no longer are receiving pain drugs.

No special training is required for the administration of the Kush Canine devices. The treatment is injected into synovial joint space using standard intra-articular injection technique and multiple joints can be treated simultaneously. Kush Canine immediately treats the effects of osteoarthritis and no special post treatment care is required.

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Historically, drug sales represent up to 30% of revenues at a typical veterinary practice (Veterinary Practice News). Revenues and margins at veterinary practices are being eroded because online, big box and traditional pharmacies recently started filling veterinary prescriptions. Veterinary practices are looking for ways to replace the lost prescription revenues. Our treatments expand practice revenues & margins because they are veterinarian-administered. Our Kush Canine device is veterinarian-administered to expand practice revenues and margins. We believe that the increased revenues and margins provided by Kush Canine will accelerate its adoption rate and propel it forward as the standard of care for canine osteoarthritis.

Our product launch schedule includes at least two additional product releases in 2017 and 2018. Our Kush Equine device for the treatment of equine lameness related to or impacting synovial joints is scheduled for launch in Q4 2017. The Kush Equine product has similar features and benefits as our Kush Canine device. In addition to being a treatment for osteoarthritis, the joint cushioning and lubricity effects of our devices have shown an ability to treat equine lameness that is due to navicular disease (a problem associated with misalignment of joints and bones in the hoof and digits). We anticipate launching our Kush Digital Cushion (DC) device for the treatment of navicular disease in 2018.

Based on a variety of industry sources we estimate that 1 million owned horses in the United States and European Union suffer from lameness and/or navicular disease each year, making the equine lameness and navicular disease market an annual opportunity worth \$600 million.

Our current pipeline includes 17 therapeutic devices for both veterinary and human clinical applications. We anticipate growing our product pipeline through the acquisition or in-licensing of additional proprietary products from human medical device companies specifically for use in pets. In addition to commercializing our own products in strategic market sectors and in view of the Company's vast proprietary product pipeline, the Company anticipates establishing strategic out-licensing partnerships to provide secondary revenues.

We plan to commercialize our products in the United States through distribution relationships supported by regional and national distributors and complemented by the use of social media educating and informing the pet owners, and in Europe and rest of world through commercial partners.

Most veterinarians in the United States buy a majority of their equipment and supplies from one of six veterinary products distributors. Combined these six distributors deliver more than 85%, by revenue, of the products sold to companion animal veterinarians in the U.S. Our product distribution will leverage the existing supply chain and veterinary clinic and clinician relationships already established by these large distributors. We plan to support this distribution channel with regional sales representatives. Our representatives will support our distributors and the veterinary clinics and hospitals. We will also target pet owners with product education and treatment awareness campaigns utilizing a variety of social media tools. The unique nature and the anticipated benefits provided by our products are expected to generate significant consumer response.

Gel-Del Particles have been through a human trial and have been classified as a medical device. The FDA does not require submission of a 510(k) or formal pre-market approval for medical devices used in veterinary medicine. We anticipate initial commercial production and sales in 2016. We anticipate selling through existing veterinary distributors.

## **RESULTS OF OPERATIONS**

The following discussion should be read in conjunction with our unaudited financial statements and the related notes that appear elsewhere in this Quarterly Report. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to those discussed below and elsewhere in this Quarterly Report. Our reviewed financial statements are stated in United States Dollars and are prepared in accordance with United States Generally Accepted Accounting Principles.

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We are a development stage company and have not generated any significant revenue. We have incurred recurring losses since inception. Our financial statements have been prepared assuming that we will continue as a going concern and, accordingly, do not include adjustments relating to the recoverability and realization of assets and classification of liabilities that might be necessary should we be unable to continue in operation. We expect we will require additional capital to meet our long-term operating requirements. We expect to raise additional capital through, among other things, the sale of equity or debt securities.

	<b>For Six Month Period Ended Sept 30, 2016</b>	<b>For Six Month Period Ended Sept 30, 2015</b>
<b>Revenues</b>	\$ 4,916	75,000
<b>Total Operating Expenses</b>	15,219,848	1,272,079
<b>Total Other Expense</b>	(142,556)	(789,343)
<b>Net loss</b>	\$ (15,357,488)	(1,986,422)
<b>Net loss attributable to non-controlling interest</b>	\$ 547,702	175,556
<b>Net loss attributable to PetVivo</b>	\$ (14,809,786)	(1,810,866)

**For Six Month Period Ended September 30, 2016 Compared to Six Month Period Ended September 30, 2015**

**Total Revenues.** For the six-month periods ended September 30, 2016 and September 30, 2015, revenues decreased from \$75,000 to \$4,916. For the six-month periods ended September 30, 2016 and September 30, 2015, we did not generate any cost of sales. Revenues consist of Kush product sales to veterinary clinics.

**Operating Expenses.** Operating expenses for the six-month period ended September 30, 2016 were \$15,219,848 compared to \$1,272,079 for the six-month period ended September 30, 2015, an increase of \$13,947,769. For the six-month period ended September 30, 2016, we incurred: (i) research and development of \$75,043 (2015: \$104,943); and (ii) general and administrative of \$15,144,805 (2015: \$1,167,136). The major differences in general and administrative expenses were reductions in 2016 related to reductions in Goodwill and Trademarks and Patents-Net. General and administrative expenses generally include corporate overhead, financial and administrative contracted services, marketing, and consulting costs. Operating expenses increased during the six-month period ended September 30, 2016 compared to September 30, 2015 due to the increase in general and administrative costs of \$13,977,699, which was primarily related to decreases in Goodwill and Trademarks and Patents-Net. Our research and development also decreased by \$29,900.

We consummated the Merger Agreement with Gel-Del and in the process recognized that we realized a loss of \$14,081,031 due to the change in the valuation of Gel-Del capital stock received by us pursuant to the original Securities Exchange Agreement transaction dated November 24, 2014 and the valuation of the Gel-Del capital stock received by us upon the completion of the Merger Agreement on April 10, 2017. The completion of the Merger Agreement required the transfer of all issued capital stock in Gel-Del to us in exchange for 5,450,000 shares of our common stock. The closing market price per share of our common stock on April 10, 2017 was \$0.40 for a total aggregate stock exchange amount of \$2,180,000 rather than the amount originally recorded for the Stock Exchange Agreement, which was \$16,600,000. We addressed this issue by recognizing an impairment of Goodwill in the amount of \$13,407,693. We further recognized a realized loss on the sale of Gel-Del to PetVivo in the amount of \$14,081,031 and a reduction in Trademarks and Patents-Net in the amount of \$673,340.

Thus, our operating loss for the six-month period ended September 30, 2016 was (\$15,214,932) compared to an operating loss of (\$1,197,079) for the six-month period ended September 30, 2015, an increase of \$14,017,853.

**Other Income (Expenses).** Other expenses for the six-month period ended September 30, 2016 were \$142,556 compared to a loss of \$789,343 during the six-month period ended September 30, 2015. Other expenses consisted of: (i) gain on settlement of debt of \$24,460 (2015: \$154,644); (ii) change in fair value of derivatives of \$-0- (2015: (\$40,144)); (iii) interest expense of (\$167,016) (2015: (\$203,866)); and (iv) amortization of issue costs of -0- (2015: (\$780,245)).

**Net Loss.** Therefore, our net loss for the six-month period ended September 30, 2016 was (\$15,357,485) as compared to a net loss of (\$1,986,422) for the six-month period ended September 30, 2015. Based primarily on our decrease in operating expenses during the six-month period ended September 30, 2016, our net loss increased also based on the increase of other expenses primarily due to the reduction of Goodwill in the amount of \$13,407,693.

During the six-month period ended September 30, 2016, we further incurred a loss of \$547,702 (2015: \$175,556) relating to a loss attributable to non-controlling interest. Thus, our net loss attributable to PetVivo during the six-month period ended September 30, 2016 was (\$14,809,786) or (\$1.65) per share compared to net loss attributable to PetVivo during the six-month period ended September 30, 2015 of (\$1,810,866) or (\$0.23) per share. The weighted average number of shares outstanding during the six-month period ended September 30, 2016 was 8,958,410 compared to 7,791,872 for the six-month period ended September 30, 2015.

### **For Three Month Period Ended September 30, 2016 Compared to Three Month Period Ended September 30, 2015**

**Total Revenues.** For the three-month periods ended September 30, 2016 and September 30, 2015, revenues increased from \$-0- to \$2,907. For the three-month periods ended September 30, 2016 and September 30, 2015, we did not generate any cost of sales.

**Operating Expenses.** Operating expenses for the three-month period ended September 30, 2016 were \$14,743,086 compared to \$187,477 for the three-month period ended September 30, 2015, an increase of \$14,555,609. For the three-month period ended September 30, 2016, we incurred: (i) research and development of \$69,546 (2015: \$47,507); and (ii) general and administrative of \$14,673,540 (2015: \$139,970). The major differences in general and administrative expenses were reductions in 2016 for reductions related to reductions in Goodwill and Trademarks and Patents-Net. General and administrative expenses generally include corporate overhead, financial and administrative contracted services, marketing, and consulting costs. Operating expenses increased during the three-month period ended September 30, 2016 compared to September 30, 2015 due to the increase in general and administrative costs of \$14,533,570, which was primarily related to decreases in Goodwill and Trademarks and Patents-Net. Our research and development also decreased by \$22,039.

We consummated the Merger Agreement with Gel-Del and in the process recognized that we realized a loss of \$14,081,031 due to the change in the valuation of Gel-Del capital stock received by us pursuant to the original Securities Exchange Agreement transaction dated November 24, 2014 and the valuation of the Gel-Del capital stock received by us upon the completion of the Merger Agreement on April 10, 2017. The completion of the Merger Agreement required the transfer of all issued capital stock in Gel-Del to us in exchange for 5,450,000 shares of our common stock. The closing market price per share of our common stock on April 10, 2017 was \$0.40 for a total aggregate stock exchange amount of \$2,180,000 rather than the amount originally recorded for the Stock Exchange Agreement, which was \$16,600,000. We addressed this issue by recognizing an impairment of Goodwill in the amount of \$13,407,693. We further recognized a realized loss on the sale of Gel-Del to PetVivo in the amount of \$14,081,031 and a reduction in Trademarks and Patents-Net in the amount of \$673,340.

Thus, our operating loss for the three-month period ended September 30, 2016 was (\$14,740,179) compared to an operating loss of (\$187,477) for the three-month period ended September 30, 2015, an increase of \$14,552,702.



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**Other Income (Expenses).** Other expenses for the three-month period ended September 30, 2016 were (\$6,854) compared to other expenses of (\$365,584) during the three-month period ended September 30, 2015. Other expenses consisted of: (i) change in fair value of derivatives of \$-0- (2015: \$61,606); (ii) interest expense of (\$6,854) (2015: (\$101,416)); and (iii) amortization of issue costs of -0- (2015: (\$325,774)).

**Net Loss.** Therefore, our net loss for the three-month period ended September 30, 2016 was (\$14,747,033) as compared to a net loss of (\$533,061) for the three-month period ended September 30, 2015. Based primarily on our decrease in operating expenses during the three-month period ended September 30, 2016, our net loss increased also based on the increase of other expenses primarily due to the reduction of Goodwill in the amount of \$13,407,693.

During the three-month period ended September 30, 2016, we further incurred a loss of \$268,595 (2015: \$116,260) relating to a loss attributable to non-controlling interest. Thus, our net loss attributable to PetVivo during the three-month period ended September 30, 2016 was (\$14,478,438) or (\$1.60) per share compared to net loss attributable to PetVivo during the three-month period ended September 30, 2015 of (\$436,801) or (\$0.06) per share. The weighted average number of shares outstanding during the three-month period ended September 30, 2016 was 9,023,564 compared to 7,795,824 for the three-month period ended September 30, 2015.

## LIQUIDITY AND CAPITAL RESOURCES

### Six Month Period Ended September 30, 2016

As of September 30, 2016, our current assets were \$17,374 and our current liabilities were \$1,801,226, which resulted in a working capital deficit of \$1,783,852.

As of September 30, 2016, our current assets were comprised of: (i) \$5,515 in cash and cash equivalents; (ii) \$407 in accounts receivable; (iii) \$-0- in employee advance; and (iv) \$11,452 in prepaids. As of September 30, 2016, our total assets were \$2,198,003 comprised of: (i) current assets of \$17,374; (ii) fixed assets of \$629, which consisted of property and equipment of \$103,504 less accumulated depreciation of \$102,875; and (iii) other assets of \$2,180,000, which consisted of goodwill of \$-0- and trademark and patents – net of \$2,180,000. Our total assets decreased from fiscal year ended March 31, 2016 of \$14,491,441 predominantly due to a decrease in recognition of goodwill in the amount of \$13,407,693 and decrease in valuation of trademark and patents – net of \$1,065,662.

As of September 30, 2016, our current liabilities were comprised of: (i) \$1,455,395 in accounts payable and accrued expenses; (ii) \$196,933 in notes payable and accrued interest – related party; and (iii) \$148,898 in notes payable. As of fiscal year ended March 31, 2016, our total liabilities were \$1,478,906 consisting of current liabilities. Our current liabilities increased from fiscal year ended March 31, 2016 predominantly due to increase in: (i) accounts payable and accrued expenses of \$391,857; and (ii) a decrease of note payable and accrued interest to related party of \$69,537.

Stockholders' equity (deficit) increased from a deficit of (\$70,327) as at March 31, 2016 to a deficit of (\$14,336,386) at September 30, 2016.

**Cash Flows from Operating Activities.** We have not generated positive cash flows from operating activities due to a lack of a source of revenues. For the six-month period ended September 30, 2016, net cash flows used in operating activities was (\$80,378). Net cash flows used in operating activities during the six-month period ended September 30, 2016 consisted primarily of a net loss of (\$15,357,488), which was adjusted by \$232,501 in common stock issued for services, \$151,476 in stock issued for interest, \$419,982 in depreciation and amortization, 0 in amortization of debt issued costs, \$14,081,031 goodwill and patent impairment loss, and \$24,460 in forgiveness of debt. Net cash flows used in operating activities was further changed by a decrease in advances/receivables of (\$407), an increase in prepaid expenses of \$23,570, an increase in notes to related parties of \$3,563, and in accounts payable and accrued expenses of \$389,854.



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For the six-month period ended September 30, 2015, net cash flows used in operating activities was (\$395,461). Net cash flows used in operating activities during the six-month period ended September 30, 2015 consisted primarily of a net loss of (\$1,986,422), which was adjusted by \$203,886 in Interest Expense, \$60,350 in common stock issued for services, \$47,851 in depreciation and amortization, \$780,245 in amortization of debt issued costs, (\$40,143) in derivative (gain) loss adjustment, (\$154,644) in forgiveness of debt, and \$488,000 in license. Net cash flows used in operating activities was further changed by a decrease in prepaid expenses of \$183,461 and an increase in accounts payable and accrued expenses of \$21,955.

**Cash Flows from Financing Activities .** We have financed our operations primarily from debt or the issuance of equity instruments. For the six-month period ended September 30, 2016, net cash flows provided from financing activities was \$113,113. Net cash flows provided by financing activities consisted of: (i) \$99,750 in proceeds from issuance of stock, \$7,500 in proceeds from loans, and (ii) \$60,000 from cash received from common stock subscription, which was offset by repayments of (\$35,000) and (\$19,137) in repayment of loans. For the six-month period ended September 30, 2015, net cash flows provided from financing activities was \$357,350 consisting of \$37,100 in proceeds from stock and \$524,750 in proceeds from loans, which was offset by repayments of (\$204,500).

## **MATERIAL COMMITMENTS**

### **Accrued Salary**

We are indebted to related parties. At September 30, 2016, we are obligated for unpaid officer salaries and advances of \$535,192. This amount is included in accounts payable and accrued expenses.

### **Notes Payable**

As of September 30, 2016, we are obligated on the following notes:

1.	Third Party Individual	62,826
2.	Bank Credit Line *	66,387
3.	Bank Loan	19,685
	Total	<u>\$ 148,898</u>

\*As of September 7, 2017, Gel-Del Technologies, Inc. was delinquent in the monthly payments of the Bank Credit Line and a Bank Credit Card through the same banking institution. The Company is in discussions with the bank regarding assuming and/or restructuring the Bank Credit Line having an outstanding balance of \$50,000 and the Bank Credit Card having an outstanding balance of \$10,000; both were originally incurred by Gel-Del Technologies, Inc. There are no assurances that the Company can restructure this note on favorable terms, if at all.

### **Bank Credit Line**

We have a bank credit line available up to \$75,000. As of September 30, 2016, there was \$8,613 of unused credit. As mentioned above, as of September 7, 2017, the Company is in discussions with the bank regarding assuming and/or restructuring the Bank Credit Line, which was originally incurred by Gel-Del Technologies, Inc.

### **Interest Bearing Note**

We are indebted on a note in the principal amount of \$19,684 bearing interest at prime plus 5.5% to a bank with a monthly payment of \$2,786 expiring in January 2017. All assets of Gel-Del are pledged as collateral. On February 23, 2017, the Company paid this note in full and received a release of the collateral pledge in all assets of Gel-Del.

## **PURCHASE OF SIGNIFICANT EQUIPMENT**

We do not intend to purchase any significant equipment during the next twelve months.

## **OFF-BALANCE SHEET ARRANGEMENTS**

As of the date of this Quarterly Report, we do not have any off balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

## **GOING CONCERN**

The independent auditors' report accompanying our March 31, 2016 and March 31, 2015 financial statements contains an explanatory paragraph expressing substantial doubt about our ability to continue as a going concern. The financial statements have been prepared "assuming that we will continue as a going concern," which contemplates that we will realize our assets and satisfy our liabilities and commitments in the ordinary course of business. We have suffered recurring losses from operations, have a working capital deficit and are currently in default of the payment terms of certain note agreements. These factors raise substantial doubt about our ability to continue as a going concern.

## **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Market risk represents the risk of loss that may impact our financial position, results of operations or cash flows due to adverse change in foreign currency and interest rates.

### **Exchange Rate**

Our reporting currency is United States Dollars ("USD"). In the event we acquire any properties outside of the United States, the fluctuation of exchange rates may have positive or negative impacts on our results of operations.

### **Interest Rate**

Interest rates in the United States are generally stable. Any potential future loans will relate mainly to acquisition of properties and will be mainly short-term. However, our debt may be likely to rise in connection with expansion and if interest rates were to rise at the same time, this could have a significant impact on our operating and financing activities. We have not entered into derivative contracts either to hedge existing risks for speculative purposes.

## **ITEM 4. CONTROLS AND PROCEDURES**

### **DISCLOSURE CONTROLS AND PROCEDURES**

#### **Evaluation of disclosure controls and procedures.**

We maintain controls and procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management including our principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosures. Based upon their evaluation of those controls and procedures performed as of the end of the period covered by this report, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were not effective.

**Management's report on internal control over financial reporting.**

Our chief executive officer and our chief financial officer are responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) and 15d-15(f) promulgated under the Securities Exchange Act of 1934 as a process designed by, or under the supervision of, our principal executive and principal financial officers and effected by our Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of management and our directors; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, our internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our chief executive officer and our chief financial officer assessed the effectiveness of our internal control over financial reporting as of September 30, 2016. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO 2013") in *Internal Control — Integrated Framework*.

Based on our assessment, our chief executive officer and our chief financial officer believe that, as of September 30, 2016, our internal control over financial reporting is not effective based on those criteria, due to the following:

- Deficiencies in Segregation of Duties. Lack of proper segregation of functions, duties and responsibilities with respect to our cash and control over the disbursements related thereto due to our very limited staff, including our accounting personnel.
- Deficiencies in the staffing of our financial accounting department. The number of qualified accounting personnel with experience in public company SEC reporting and GAAP is limited. This weakness does not enable us to maintain adequate controls over our financial accounting and reporting processes regarding the accounting for non-routine and non-systematic transactions. There is a risk that a material misstatement of the financial statements could be caused, or at least not be detected in a timely manner, by this shortage of qualified resources.

In light of this conclusion and as part of the preparation of this report, we have applied compensating procedures and processes as necessary to ensure the reliability of our financial reporting. Accordingly, management believes, based on its knowledge, that (1) this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made not misleading with respect to the period covered by this report, and (2) the financial statements, and other financial information included in this report, fairly present in all material respects our financial condition, results of operations and cash flows for the years and periods then ended.

This report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to the rules of the SEC that permit us to provide only management's report in this report.

**Changes in internal control over financial reporting.**

There were no significant changes in our internal control over financial reporting during the first quarter of the year ended March 31, 2016 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**AUDIT COMMITTEE**

Our board of directors has not established an audit committee. The respective role of an audit committee has been conducted by our board of directors. We intend to establish an audit committee during the fiscal year 2017/2018. When established, the audit committee's primary function will be to provide advice with respect to our financial matters and to assist our board of directors in fulfilling its oversight responsibilities regarding finance, accounting, and legal compliance. The audit committee's primary duties and responsibilities will be to: (i) serve as an independent and objective party to monitor our financial reporting process and internal control system; (ii) review and appraise the audit efforts of our independent accountants; (iii) evaluate our quarterly financial performance as well as its compliance with laws and regulations; (iv) oversee management's establishment and enforcement of financial policies and business practices; and (v) provide an open avenue of communication among the independent accountants, management and our Board of Directors.

## PART II. OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

Management is not aware of any legal proceedings contemplated by any governmental authority or any other party involving our properties or us. As of the date of this Quarterly Report, no director, officer or affiliate is (i) a party adverse to us in any legal proceeding, or (ii) has an adverse interest to us in any legal proceedings. Management is not aware of any other legal proceedings pending or that have been threatened against our properties or us.

### ITEM 1A. RISK FACTORS

No report required

### ITEM 2. UNREGISTERED SALES OF SECURITIES AND USE OF PROCEEDS

#### Settlement Agreements

Effective March 31, 2016, we entered into six debt settlement agreements with creditors holding outstanding notes, which resulted in the Company converting all of the \$1,576,649 outstanding matured debt owed to the note holders by us into equity in the form of common stock of PetVivo. These debt conversions included all principal, accrued interest and any other expenses relating to these notes, including \$655,919 owed to Gemini Master Fund, Ltd., \$509,088 owed to St. George Investments LLC, \$154,500 owed to Carebourn Capital, L.P., \$125,892 owed to Jeanne Rudelius, \$78,750 owed to Scott Johnson, and \$52,500 owed to Union Capital LLC.

The foregoing conversions were all accomplished based on a conversion price of \$2.00 per common share, and accordingly our Board of Directors authorized the issuance of an aggregate of 788,325 shares of our common stock to be issued to the six note holders in complete satisfaction of all debt obligations held by them under their respective notes.

We regard these substantial and material debt-to-equity conversions to be a significant benefit to our current financial position and balance sheet, as well as to our future ability to finance the planned operations and projected commercial growth of our business.

Concurrent with its conversion of indebtedness to Gemini Master Fund, Ltd. ("Gemini"); Gemini also exercised a warrant held by Gemini incident to their note. This warrant exercise was a "cashless" transaction by Gemini, and resulted in our issuance to Gemini of an additional 97,317 shares of our common stock.

All of the foregoing securities issuances were unregistered and made by PetVivo as non-public transactions. The shares of common stock were issued to six United States residents in reliance on Section 4(a)(2) and Regulation D promulgated under the United States Securities Act of 1933, as amended (the "Securities Act"). The securities have not been registered under the Securities Act or under any state securities laws and may not be offered or sold without registration with the United States Securities and Exchange Commission or an applicable exemption from the registration requirements. The note holders each acknowledged that the securities to be issued have not been registered under the Securities Act, that they understood the economic risk of an investment in the securities, and that they had the opportunity to ask questions of and receive answers from our management concerning any and all matters related to acquisition of the securities.

The shares of common stock were physically issued in April 2016.

### **Settlement of Debt**

During the six-month period ended September 30, 2016, we issued a further 788,325 shares of restricted common stock at a per share price of \$1.99 to satisfy further debt of \$1,575,860. The shares were issued to six U.S. residents under Section 4(a)(2) and Regulation D promulgated under the Securities Act. The securities have not been registered under the Securities Act or under any state securities laws and may not be offered or sold without registration with the United States Securities and Exchange Commission or an applicable exemption from the registration requirements. The creditors each acknowledged that the securities to be issued have not been registered under the Securities Act, that they understood the economic risk of an investment in the securities, and that they had the opportunity to ask questions of and receive answers from our management concerning any and all matters related to acquisition of the securities.

### **Interest**

During the six-month period ended September 30, 2016, we issued a further 97,342 shares of restricted common stock at a per share price of \$1.55 in consideration for interest paid in the settlement of debt rendered valued at market of \$151,476. The shares were issued to one U.S. resident under Section 4(a)(2) and Regulation D promulgated under the Securities Act. The securities have not been registered under the Securities Act or under any state securities laws and may not be offered or sold without registration with the United States Securities and Exchange Commission or an applicable exemption from the registration requirements. The consultant acknowledged that the securities to be issued have not been registered under the Securities Act, that he understood the economic risk of an investment in the securities, and that he had the opportunity to ask questions of and receive answers from our management concerning any and all matters related to acquisition of the securities.

### **Services**

During the six-month period ended September 30, 2016, we issued a further 137,500 shares of restricted common stock at a per share price of \$1.69 in consideration for services rendered valued at market of \$232,501. The shares were issued to four U.S. residents under Section 4(a)(2) and Regulation D promulgated under the Securities Act. The securities have not been registered under the Securities Act or under any state securities laws and may not be offered or sold without registration with the United States Securities and Exchange Commission or an applicable exemption from the registration requirements. The consultants each acknowledged that the securities to be issued have not been registered under the Securities Act, that they understood the economic risk of an investment in the securities, and that they had the opportunity to ask questions of and receive answers from our management concerning any and all matters related to acquisition of the securities.

### **Subscription Agreement**

During the six-month period ended September 30, 2016, we issued a further 66,500 shares of restricted common stock at a per share price of \$1.50 for aggregate proceeds of \$99,750. The shares were issued to one U.S. resident under Section 4(a)(2) and Regulation D promulgated under the Securities Act. The securities have not been registered under the Securities Act or under any state securities laws and may not be offered or sold without registration with the United States Securities and Exchange Commission or an applicable exemption from the registration requirements. The investor acknowledged that the securities to be issued have not been registered under the Securities Act, that he understood the economic risk of an investment in the securities, and that he had the opportunity to ask questions of and receive answers from our management concerning any and all matters related to acquisition of the securities.

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**Merger Agreement**

Our Board of Directors authorized the execution of the Merger Agreement pursuant to which an aggregate of 5,540,000 shares of our restricted common stock were issued at a per share price of \$0.40. Therefore, on March 20, 2017, our Board of Directors authorized the issuance of 5,540,000 shares of common stock to the shareholders of Gel-Del. The shares were issued pursuant to an exemption from registration under Section 4(2) under the Securities Act of 1933, as amended. The shares were issued in private transaction to the shareholders of Gel-Del. The Gel-Del shareholders had the opportunity to ask questions of and receive answers from our management concerning any and all matters related to their respective acquisitions of our securities. The Gel-Del shareholders were aware that the shares of common stock offered had not been registered under the Securities Act or under any state securities laws and could not be re-offered or re-sold without registration with the SEC or without an applicable exemption from the registration requirements. The Gel-Del shareholders understood the economic risk of an investment in our securities.

As of the date of this Quarterly Report, the shares are being issued by our transfer agent .

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

No report required.

**ITEM 4. MINE SATEFY DISCLOSURES**

No report required.

**ITEM 5. OTHER INFORMATION**

No report required.

**ITEM 6. EXHIBITS**

The following exhibits are filed as part of this Quarterly Report.

<b>Exhibit No.</b>	<b>Description</b>
<a href="#">3.1</a>	<a href="#">Articles of Incorporation, incorporated by reference to Exhibit 3.1 of our Registration Statement on Form S-1 filed on April 18, 2011</a>
<a href="#">3.2</a>	<a href="#">Certificate of Amendment to Articles of Incorporation, incorporated by reference to Exhibit 3.1 of our Registration Statement on Form S-1 filed on April 18, 2011</a>
<a href="#">3.3</a>	<a href="#">Certificate of Amendment to Articles of Incorporation incorporated by reference to Exhibit 3.1 of Current Report on Form 8-K filed on March 10, 2014</a>
<a href="#">3.4</a>	<a href="#">Certificate of Amendment to Articles of Incorporation incorporated by reference to Exhibit 3.1 of Current Report on Form 8-K filed on April 7, 2014.</a>
<a href="#">3.3.1</a>	<a href="#">Bylaws, incorporated by reference to Exhibit 3.1 of our Registration Statement on Form S-1 filed on April 18, 2011</a>
<a href="#">10.1</a>	<a href="#">Letter of Intent between Technologies Scan Corp. and 6285431 Canada Inc. dated September 5, 2012 incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed with the Securities and Exchange Commission on September 11, 2012.</a>
<a href="#">10.2</a>	<a href="#">Rescission Agreement between Technologies Scan Corp. and 6285431 Canada Inc. dated April 12, 2013 incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed with the Securities and Exchange Commission on April 18, 2013.</a>
<a href="#">10.3</a>	<a href="#">Letter of Intent between Technologies Scan Corp. and Social Geek Media Inc. dated April 6, 2013 incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed with the Securities and Exchange Commission on May 6, 2013.</a>
<a href="#">10.4</a>	<a href="#">Memorandum of Amendment between Technologies Scan Corp. and Social Geek Media Inc. dated May 17, 2013 incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed with the Securities and Exchange Commission on May 21, 2013.</a>
<a href="#">10.5</a>	<a href="#">12% Convertible Debenture of \$100,000 between Technologies Scan Corp. and 6287182 Canada Inc. incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed with the Securities and Exchange Commission on August 16, 2013.</a>

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<a href="#">10.6</a>	<a href="#">12% Convertible Debenture of \$50,000 between Technologies Scan Corp. and Brevets Futek MSM Ltee. incorporated by reference to Exhibit 10.2 of the Current Report on Form 8-K filed with the Securities and Exchange Commission on August 16, 2013.</a>
<a href="#">10.7</a>	<a href="#">Rescission Agreement dated November 9, 2013 among Social Geek Meda Inc., Patrick Aube and Technologies Scan Corp. incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed with the Securities and Exchange Commission on November 13, 2013</a>
<a href="#">10.8</a>	<a href="#">Letter of Intent dated December 16, 2013 between FedTech Services Inc. and Technologies Scan Corp. incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed with the Securities and Exchange Commission on December 19, 2013</a>
<a href="#">10.9</a>	<a href="#">Term Sheet between Technologies Scan Corp. and PetVivo Inc. dated February 10, 2014 incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed with the Securities and Exchange Commission on February 13, 2014.</a>
<a href="#">10.10</a>	<a href="#">Settlement Agreement dated February 2, 2014 between Technologies Scan Corp. and Ghislaine St.-Hilaire incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed with the Securities and Exchange Commission on February 24, 2014.</a>
<a href="#">10.11</a>	<a href="#">Securities Exchange Agreement among Technologies Scan Corp., PetVivo Inc. and shareholders of PetVivo Inc. dated March 21, 2014 incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed with the Securities and Exchange Commission on March 13, 2014.</a>
<a href="#">10.12</a>	<a href="#">Convertible Promissory Note dated March 17, 2014 between Technologies Scan Corp. and 9165-5643 Quebec Inc incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed with the Securities and Exchange Commission on March 21, 2014.</a>
<a href="#">10.13</a>	<a href="#">Convertible Promissory Note dated March 17, 2014 between Technologies Scan Corp. and Elden Brochu incorporated by reference to Exhibit 10.2 of the Current Report on Form 8-K filed with the Securities and Exchange Commission on March 21, 2014.</a>
<a href="#">10.14</a>	<a href="#">Convertible Promissory Note dated March 17, 2014 between Technologies Scan Corp. and Gina Drouin incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed with the Securities and Exchange Commission on March 21, 2014.</a>
<a href="#">10.15</a>	<a href="#">Convertible Promissory Note dated March 17, 2014 between Technologies Scan Corp. and Christian Fontaine incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed with the Securities and Exchange Commission on March 21, 2014</a>
<a href="#">10.16</a>	<a href="#">Convertible Promissory Note dated March 17, 2014 between Technologies Scan Corp. and Ferme Semen Inc. incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed with the Securities and Exchange Commission on March 21, 2014</a>
<a href="#">10.17</a>	<a href="#">Term Sheet dated June 2, 2014 between Technologies Scan Corp. and Gel-Del Technologies Inc. incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed with the Securities and Exchange Commission on June 2, 2014.</a>
<a href="#">10.18</a>	<a href="#">Stock Purchase Agreement dated November 21, 2014 between PetVivo Holdings Inc. and Gel-Del Technologies Inc. incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed with the Securities and Exchange Commission on November 21, 2014.</a>
<a href="#">10.19</a>	<a href="#">Agreement and Plan of Merger dated March 20, 2017 among PetVivo Holdings, Inc., PetVivo Holdings NewCo, Inc., and Gel-Del Technologies Inc. incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed with the Securities and Exchange Commission on March 27, 2017.</a>
<a href="#">10.20</a>	<a href="#">Securities Purchase Agreement dated February 11, 2015 between PetVivo Holdings Inc. and Gemini Master Fund Ltd. *</a>
<a href="#">16.1</a>	<a href="#">Letter from KBL LLP dated May 24, 2013 incorporated by reference to Exhibit 16.1 of the Current Report on Form 8-K filed with the Securities and Exchange Commission on May 28, 2013.</a>
<a href="#">31.1</a>	<a href="#">Certification of Principal Executive Officer Required By Rule 13a-14(A) of the Securities Exchange Act of 1934, As Amended, As Adopted Pursuant To Section 302 of the Sarbanes-Oxley Act of 2002*</a>
<a href="#">31.2</a>	<a href="#">Certification of Principal Financial Officer Required By Rule 13a-14(A) of the Securities Exchange Act of 1934, As Amended, As Adopted Pursuant To Section 302 of the Sarbanes-Oxley Act of 2002*</a>
<a href="#">32.1</a>	<a href="#">Certification of Principal Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*</a>
<a href="#">32.2</a>	<a href="#">Certification of Principal Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*</a>
<a href="#">101.INS</a>	<a href="#">XBRL Instance Document**</a>
<a href="#">101.SCH</a>	<a href="#">XBRL Taxonomy Schema**</a>
<a href="#">101.CAL</a>	<a href="#">XBRL Taxonomy Calculation Linkbase**</a>
<a href="#">101.DEF</a>	<a href="#">XBRL Taxonomy Definition Linkbase**</a>
<a href="#">101.LEB</a>	<a href="#">XBRL Taxonomy Label Linkbase**</a>
<a href="#">101.PRE</a>	<a href="#">XBRL Taxonomy Presentation Linkbase**</a>

\* Filed herewith.



**PETVIVO HOLDINGS, INC.**

**SIGNATURES**

Pursuant to the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

September 18, 2017

By: /s/ John Lai  
John Lai  
Its: President, Director

September 18, 2017

By: /s/ John Dolan  
John Dolan  
Its: General Counsel, Secretary, Treasurer, Director

**SECURITIES PURCHASE AGREEMENT**

This Securities Purchase Agreement (this “Agreement”) is dated as of February 11, 2015, by and among PetVivo Holdings, Inc., a Nevada corporation (the “Company”) and the persons and entities listed on the schedule of purchasers attached hereto as Schedule I (each a “Purchaser” and, collectively, the “Purchasers”).

WHEREAS, subject to the terms and conditions set forth in this Agreement and pursuant to Section 4(2) of the Securities Act of 1933, as amended (the “Securities Act”), and Rule 506 promulgated thereunder, the Company desires to issue and sell to the Purchasers, and the Purchasers, severally and not jointly, desire to purchase from the Company, securities of the Company as more fully described in this Agreement.

NOW, THEREFORE, IN CONSIDERATION of the mutual covenants contained in this Agreement, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Company and the Purchasers agree as follows:

**ARTICLE I.  
DEFINITIONS**

1.1 Definitions. In addition to the terms defined elsewhere in this Agreement: (a) capitalized terms that are not otherwise defined herein have the meanings given to such terms in the Notes (as defined herein), and (b) the following terms have the meanings set forth in this Section 1.1:

“Acquiring Person” shall have the meaning ascribed to such term in Section 4.7.

“Action” shall have the meaning ascribed to such term in Section 3.1(j).

“Affiliate” means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person, as such terms are used in and construed under Rule 405 under the Securities Act.

“Board of Directors” means the board of directors of the Company.

“Business Day” means any day except any Saturday, any Sunday, any day which is a federal legal holiday in the United States or any day on which banking institutions in the State of New York are authorized or required by law or other governmental action to close.

“Closing” means the closing of a purchase and sale of the Securities pursuant to Section 2.1.

“Closing Date” means the Closing Date.

“Commission” means the United States Securities and Exchange Commission.

“ Common Stock ” means the common shares of the Company, par value \$0.001 per share, and any other class of securities into which such securities may hereafter be reclassified or changed.

“ Common Stock Equivalents ” means any securities of the Company or the Subsidiaries which would entitle the holder thereof to acquire at any time Common Stock, including, without limitation, any debt, preferred stock, right, option, warrant or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

“ Conversion Price ” shall have the meaning ascribed to such term in the Note.

“ Conversion Shares ” shall have the meaning ascribed to such term in the Note.

“ Note ” means the 0% OID Convertible Note due, subject to the terms therein, on the date six (6) months from the date of the Closing Date, issued by the Company to the Purchasers hereunder, in the form of Exhibit A attached hereto.

“ Evaluation Date ” shall have the meaning ascribed to such term in Section 3.1(r).

“ Exchange Act ” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“ Exempt Issuance ” means the issuance of (a) shares of Common Stock or options to employees, officers or directors of the Company pursuant to any stock or option plan duly adopted for such purpose, by a majority of the non-employee members of the Board of Directors or a majority of the members of a committee of non-employee directors established for such purpose, (b) securities upon the exercise or exchange of or conversion of any Securities issued hereunder and/or other securities exercisable or exchangeable for or convertible into shares of Common Stock issued and outstanding on the date of this Agreement, provided that such securities have not been amended since the date of this Agreement to increase the number of such securities or to decrease the exercise price, exchange price or conversion price of such securities, (c) securities issued pursuant to a merger, consolidation, acquisition or similar business combination approved by a majority of the disinterested directors of the Company, (d) securities issued pursuant to any equipment loan or leasing arrangement, real property leasing arrangement or debt financing from a bank or similar financial institution approved by a majority of the disinterested directors of the Company, (e) securities issued pursuant to collaboration agreements, development, distribution, marketing, technology or other similar agreements, licenses or strategic partnerships approved by a majority of the disinterested directors of the Company whose primary purpose is not capital raising, (f) securities issued in connection with a registered public offering or pursuant to an effective registration statement, (g) securities issued or issuable pursuant to any settlement approved by a majority of the disinterested directors of the Company, and (h) securities with respect to which the Majority Holders have waived their applicable anti-dilution rights.

“FCPA” means the Foreign Corrupt Practices Act of 1977, as amended.

“GAAP” shall have the meaning ascribed to such term in Section 3.1(h).

“Indebtedness” shall have the meaning ascribed to such term in Section 3.1(aa).

“Intellectual Property Rights” shall have the meaning ascribed to such term in Section 3.1(o).

“Legend Removal Date” shall have the meaning ascribed to such term in Section 4.1(c).

“Liens” means a lien, charge, pledge, security interest, encumbrance, right of first refusal, preemptive right or other restriction.

“Majority Holders” with respect to a particular class of securities shall mean, in the case of the Notes, the holders of a majority in outstanding aggregate principal amount thereof and in the case of the Warrants, the holders of Warrants representing a majority of the Underlying Shares.

“Material Adverse Effect” shall have the meaning assigned to such term in Section 3.1(b).

“Material Permits” shall have the meaning ascribed to such term in Section 3.1(m).

“Maximum Rate” shall have the meaning ascribed to such term in Section 5.17.

“Person” means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

“Proceeding” means an action, claim, suit, investigation or proceeding (including, without limitation, an informal investigation or partial proceeding, such as a deposition), whether commenced or threatened.

“Public Information Failure” shall have the meaning ascribed to such term in Section 4.3(b).

“Public Information Failure Payments” shall have the meaning ascribed to such term in Section 4.3(b).

“Purchase Price” means, as to the Closing, the aggregate amount to be paid for Notes and Warrants purchased hereunder as specified below the Purchasers’ names on the signature pages of this Agreement and next to the heading “Purchase Price,” in United States dollars and in immediately available funds or in the form of cancellation of existing cash repayment obligations of the Company to the respective Purchaser.

“ Purchaser Party ” shall have the meaning ascribed to such term in Section 4.10.

“ Required Approvals ” shall have the meaning ascribed to such term in Section 3.1(e).

“ Required Minimum ” means, as of any date, two times the maximum aggregate number of shares of Common Stock then issued or potentially issuable in the future pursuant to the Transaction Documents, including any Underlying Shares issuable upon exercise in full of all Warrants or conversion in full of all Notes (including Underlying Shares issuable as payment of interest on the Notes).

“ Rule 144 ” means Rule 144 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

“ Rule 424 ” means Rule 424 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended or interpreted from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same purpose and effect as such Rule.

“ SEC Reports ” shall have the meaning ascribed to such term in Section 3.1(h).

“ Securities ” means the Notes, the Warrants, the Warrant Shares and the Underlying Shares.

“ Securities Act ” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“ Short Sales ” means all “short sales” as defined in Rule 200 of Regulation SHO under the Exchange Act (but shall not be deemed to include the location and/or reservation of borrowable shares of Common Stock).

“ Subscription Amount ” means, as to the Closing, the aggregate principal amount of the Notes purchased hereunder as specified below the Purchasers’ names on the signature pages of this Agreement and next to the heading “Subscription Amount,” in United States dollars.

“ Subsidiary ” means any subsidiary of the Company as set forth on Schedule 3.1(a) and shall, where applicable, also include any direct or indirect subsidiary of the Company formed or acquired after the date hereof.

“ Trading Day ” means a day on which the principal Trading Market is open for trading.

“Trading Market” means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE MKT, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange, the OTC Bulletin Board or the OTC Markets (or any successors to any of the foregoing).

“Transaction Documents” means this Agreement, the Notes, the Warrants, all exhibits and schedules thereto and hereto and any other documents or agreements executed in connection with the transactions contemplated hereunder.

“Transfer Agent” means American Registrar & Transfer Company, the current transfer agent of the Company, with a mailing address of 342 East 900 South, Salt Lake City, UT 84111, and any successor transfer agent of the Company.

“Underlying Shares” means the shares of Common Stock issued and issuable upon conversion or redemption of the Notes and upon exercise of the Warrants.

“VWAP” means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if the OTC Bulletin Board is not a Trading Market, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the OTC Bulletin Board, (c) if the Common Stock is not then listed or quoted for trading on the OTC Bulletin Board and if prices for the Common Stock are then reported in the “Pink Sheets” published by Pink OTC Markets, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported, or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the Purchaser of a majority in interest of the Securities then outstanding and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

“Warrants” means, collectively, the Common Stock purchase warrants delivered to the Purchaser at all Closings held in accordance with Section 2.2(a) hereof, which Warrants shall be exercisable immediately and have a term of exercise equal to five years, in the form of Exhibit B attached hereto.

“Warrant Shares” means the shares of Common Stock issuable upon exercise of the Warrants.

**ARTICLE II.  
PURCHASE AND SALE**

2.1 Closing. (a) On February 11, 2015 (the “Closing Date”), upon the terms and subject to the conditions set forth herein, substantially concurrent with the execution and delivery of this Agreement by the parties hereto, the Company agrees to sell, and the Purchasers, severally and not jointly, agree to purchase, an aggregate of \$460,000 in principal amount of the Note. Purchasers shall deliver to the Company, via wire transfer or a certified check, immediately available funds equal to the Purchase Price applicable to such Closing as set forth on the signature pages hereto executed by the Purchasers, and the Company shall deliver to the Purchasers its Notes and Warrants, as determined pursuant to Section 2.2(a), and the Company and Purchasers shall deliver the other items set forth in Section 2.2 deliverable at a Closing. Upon satisfaction of the covenants and conditions set forth in Sections 2.2, 2.3(a) and 2.3(b), the Closing shall occur at such other location as the parties shall mutually agree.

(b) Deliveries.

(A) On or prior to the Closing Date pursuant to Section 2.1, the Company shall deliver or cause to be delivered to the Purchasers this Agreement duly executed by the Company. In addition, on or prior to the Closing Date held pursuant to Section 2.1, the Company shall deliver or cause to be delivered to each Purchaser the following:

(i) a Note with a principal amount equal to the relevant Subscription Amount, registered in the name of the respective Purchaser;

(ii) a Warrant registered in the name of the respective Purchaser to purchase the number of Warrant Shares, as specified below such Purchaser’s names on the respective signature page of this Agreement and next to the heading “Warrant Shares,” with an exercise price equal to \$3.50, subject to adjustment therein.

(B) On or prior to the Closing Date pursuant to Section 2.1, the Purchasers shall deliver or cause to be delivered to the Company this Agreement.

**ARTICLE III.  
REPRESENTATIONS AND WARRANTIES**

3.1 Representations and Warranties of the Company. Except as set forth in the Disclosure Schedules, which Disclosure Schedules shall be deemed a part hereof and shall qualify any representation or otherwise made herein to the extent of the disclosure contained in the corresponding section of the Disclosure Schedules, the Company hereby makes the following representations and warranties to the Purchasers:

(a) Subsidiaries. All of the direct and indirect subsidiaries of the Company are set forth on Schedule 3.1(a). The Company owns, directly or indirectly, all of the capital stock or other equity interests of each Subsidiary free and clear of any Liens, and all of the issued and outstanding shares of capital stock of each Subsidiary are validly issued and are fully paid, non-assessable and free of preemptive and similar rights to subscribe for or purchase securities. If the Company has no subsidiaries, all other references to the Subsidiaries or any of them in the Transaction Documents shall be disregarded.

(b) Organization and Qualification. The Company and each of the Subsidiaries is an entity duly incorporated or otherwise organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization, with the requisite power and authority to own and use its properties and assets and to carry on its business as currently conducted. Neither the Company nor any Subsidiary is in violation nor default of any of the provisions of its respective certificate or articles of incorporation, bylaws or other organizational or charter documents. Each of the Company and the Subsidiaries is duly qualified to conduct business and is in good standing as a foreign corporation or other entity in each jurisdiction in which the nature of the business conducted or property owned by it makes such qualification necessary, except where the failure to be so qualified or in good standing, as the case may be, could not have or reasonably be expected to result in: (i) a material adverse effect on the legality, validity or enforceability of any Transaction Document, (ii) a material adverse effect on the results of operations, assets, business, prospects or condition (financial or otherwise) of the Company and the Subsidiaries, taken as a whole, or (iii) a material adverse effect on the Company's ability to perform in any material respect on a timely basis its obligations under any Transaction Document (any of (i), (ii) or (iii), a "Material Adverse Effect") and no Proceeding has been instituted in any such jurisdiction revoking, limiting or curtailing or seeking to revoke, limit or curtail such power and authority or qualification.

(c) Authorization; Enforcement. The Company has the requisite corporate power and authority to enter into and to consummate the transactions contemplated by this Agreement and each of the other Transaction Documents and otherwise to carry out its obligations hereunder and thereunder. The execution and delivery of this Agreement and each of the other Transaction Documents by the Company and the consummation by it of the transactions contemplated hereby and thereby have been duly authorized by all necessary action on the part of the Company and no further action is required by the Company, the Board of Directors or the Company's shareholders in connection herewith or therewith other than in connection with the Required Approvals. This Agreement and each other Transaction Document to which it is a party has been (or upon delivery will have been) duly executed by the Company and, when delivered in accordance with the terms hereof and thereof, will constitute the valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except: (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies and (iii) insofar as indemnification and contribution provisions may be limited by applicable law.



(d) No Conflicts. The execution, delivery and performance by the Company of this Agreement and the other Transaction Documents to which it is a party, the issuance and sale of the Securities and the consummation by it of the transactions contemplated hereby and thereby do not and will not: (i) conflict with or violate any provision of the Company's or any Subsidiary's certificate or articles of incorporation, bylaws or other organizational or charter documents, (ii) conflict with, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, result in the creation of any Lien upon any of the properties or assets of the Company or any Subsidiary, or give to others any rights of termination, amendment, acceleration or cancellation (with or without notice, lapse of time or both) of, any agreement, credit facility, debt or other instrument (evidencing a Company or Subsidiary debt or otherwise) or other understanding to which the Company or any Subsidiary is a party or by which any property or asset of the Company or any Subsidiary is bound or affected, or (iii) subject to the Required Approvals, conflict with or result in a violation of any law, rule, regulation, order, judgment, injunction, decree or other restriction of any court or governmental authority to which the Company or a Subsidiary is subject (including federal and state securities laws and regulations), or by which any property or asset of the Company or a Subsidiary is bound or affected; except in the case of each of clauses (ii) and (iii), such as could not have or reasonably be expected to result in a Material Adverse Effect.

(e) Filings, Consents and Approvals. The Company is not required to obtain any consent, waiver, authorization or order of, give any notice to, or make any filing or registration with, any court or other federal, state, local or other governmental authority or other Person in connection with the execution, delivery and performance by the Company of the Transaction Documents, other than: (i) the filings required pursuant to Section 4.6 of this Agreement, (ii) the notice and/or application(s) to each applicable Trading Market for the issuance and sale of the Securities and the listing of the Conversion Shares and Warrant Shares for trading thereon in the time and manner required thereby, and (iii) the filing of Form D with the Commission and such filings as are required to be made under applicable state securities laws (collectively, the "Required Approvals").

(f) Issuance of the Securities. The Securities are duly authorized and, when issued and paid for in accordance with the applicable Transaction Documents, will be duly and validly issued, fully paid and nonassessable, free and clear of all Liens imposed by the Company other than restrictions on transfer provided for in the Transaction Documents. The Underlying Shares, when issued in accordance with the terms of the Transaction Documents, will be validly issued, fully paid and nonassessable, free and clear of all Liens imposed by the Company other than restrictions on transfer provided for in the Transaction Documents. The Company has reserved from its duly authorized share capital a number of shares of Common Stock for issuance of the Underlying Shares at least equal to the Required Minimum on the date hereof.

(g) Capitalization. The capitalization of the Company is as set forth on Schedule 3.1(g), which Schedule 3.1(g) shall also include the number of shares of Common Stock owned beneficially, and of record, by Affiliates of the Company as of the date hereof. The Company has not issued any capital stock since its most recently filed periodic report under the Exchange Act, other than pursuant to the exercise of employee stock options under the Company's stock option plans, the issuance of shares of Common Stock to employees pursuant to the Company's employee stock purchase plans, pursuant to the conversion and/or exercise of Common Stock Equivalents outstanding as of the date of the most recently filed periodic report under the Exchange Act and pursuant to agreements between the Company and key independent contractors for the performance of services that have or will benefit the Company. No Person has any right of first refusal, preemptive right, right of participation, or any similar right to participate in the transactions contemplated by the Transaction Documents. Except as a result of the purchase and sale of the Securities, there are no outstanding options, warrants, scrip rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities, rights or obligations convertible into or exercisable or exchangeable for, or giving any Person any right to subscribe for or acquire any shares of Common Stock, or contracts, commitments, understandings or arrangements by which the Company or any Subsidiary is or may become bound to issue additional shares of Common Stock or Common Stock Equivalents. The issuance and sale of the Securities will not obligate the Company to issue shares of Common Stock or other securities to any Person (other than the Purchaser) and will not result in a right of any holder of Company securities to adjust the exercise, conversion, exchange or reset price under any of such securities. All of the outstanding shares in the capital of the Company are duly authorized, validly issued, fully paid and nonassessable, have been issued in compliance with all federal and state securities laws, and none of such outstanding shares was issued in violation of any preemptive rights or similar rights to subscribe for or purchase securities. No further approval or authorization of any shareholder, the Board of Directors or others is required for the issuance and sale of the Securities. There are no shareholders agreements, voting agreements or other similar agreements with respect to the Company's share capital to which the Company is a party or, to the knowledge of the Company, between or among any of the Company's shareholders.

(h) SEC Reports; Financial Statements. The Company has filed all reports, schedules, forms, statements and other documents required to be filed by the Company under the Securities Act and the Exchange Act, including pursuant to Section 13(a) or 15(d) thereof, for the two years preceding the date hereof (or such shorter period as the Company was required by law or regulation to file such material) (the foregoing materials, including the exhibits thereto and documents incorporated by reference therein, being collectively referred to herein as the "SEC Reports") on a timely basis or has received a valid extension of such time of filing and has filed any such SEC Reports prior to the expiration of any such extension. As of their respective dates, the SEC Reports complied in all material respects with the requirements of the Securities Act and the Exchange Act, as applicable, and none of the SEC Reports, when filed, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The Company has never been an issuer subject to Rule 144(i) under the Securities Act. The financial statements of the Company included in the SEC Reports comply in all material respects with applicable accounting requirements and the rules and regulations of the Commission with respect thereto as in effect at the time of filing. Such financial statements have been prepared in accordance with United States generally accepted accounting principles applied on a consistent basis during the periods involved ("GAAP"), except as may be otherwise specified in such financial statements or the notes thereto and except that unaudited financial statements may not contain all footnotes required by GAAP, and fairly present in all material respects the financial position of the Company and its consolidated Subsidiaries as of and for the dates thereof and the results of operations and cash flows for the periods then ended, subject, in the case of unaudited statements, to normal, immaterial, year-end audit adjustments.

(i) Material Changes; Undisclosed Events, Liabilities or Developments. Except as disclosed on Schedule 3.1(i), since the date of the latest audited financial statements included within the SEC Reports, except as specifically disclosed in a subsequent SEC Report filed prior to the date hereof: (i) there has been no event, occurrence or development that has had or that could reasonably be expected to result in a Material Adverse Effect, (ii) the Company has not incurred any liabilities (contingent or otherwise) other than (A) trade payables and accrued expenses incurred in the ordinary course of business consistent with past practice and (B) liabilities not required to be reflected in the Company's financial statements pursuant to GAAP or disclosed in filings made with the Commission, (iii) the Company has not altered its method of accounting, (iv) the Company has not declared or made any dividend or distribution of cash or other property to its shareholders or purchased, redeemed or made any agreements to purchase or redeem any issued shares and (v) the Company has not issued any equity securities to any officer, director or Affiliate, except pursuant to existing Company stock option plans. The Company does not have pending before the Commission any request for confidential treatment of information. Except for the issuance of the Securities contemplated by this Agreement or as set forth on Schedule 3.1(i), no event, liability, fact, circumstance, occurrence or development has occurred or exists or is reasonably expected to occur or exist with respect to the Company or its Subsidiaries or their respective businesses, properties, operations, assets or financial condition, that would be required to be disclosed by the Company under applicable securities laws at the time this representation is made or deemed made that has not been publicly disclosed at least one (1) Trading Day prior to the date that this representation is made.

(j) Litigation. There is no action, suit, inquiry, notice of violation, proceeding or investigation pending or, to the knowledge of the Company, threatened against or affecting the Company, any Subsidiary or any of their respective properties before or by any court, arbitrator, governmental or administrative agency or regulatory authority (federal, state, county, local or foreign) (collectively, an "Action") which (i) adversely affects or challenges the legality, validity or enforceability of any of the Transaction Documents or the Securities or (ii) could, if there were an unfavorable decision, have or reasonably be expected to result in a Material Adverse Effect. Neither the Company nor any Subsidiary, nor any director or officer thereof, is or has been the subject of any Action involving a claim of violation of or liability under federal or state securities laws or a claim of breach of fiduciary duty. There has not been, and to the knowledge of the Company, there is not pending or contemplated, any investigation by the Commission involving the Company or any current or former director or officer of the Company. The Commission has not issued any stop order or other order suspending the effectiveness of any registration statement filed by the Company or any Subsidiary under the Exchange Act or the Securities Act.

(k) Labor Relations. No labor dispute exists or, to the knowledge of the Company, is imminent with respect to any of the employees of the Company, which could reasonably be expected to result in a Material Adverse Effect. To the knowledge of the Company, no executive officer of the Company or any Subsidiary, is, or is now expected to be, in violation of any material term of any employment contract, confidentiality, disclosure or proprietary information agreement or non-competition agreement, or any other contract or agreement or any restrictive covenant in favor of any third party, and the continued employment of each such executive officer does not subject the Company or any of its Subsidiaries to any liability with respect to any of the foregoing matters. The Company and its Subsidiaries are in compliance with all U.S. federal, state, local and foreign laws and regulations relating to employment and employment practices, terms and conditions of employment and wages and hours, except where the failure to be in compliance could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(l) Compliance. Except as set forth in the SEC Reports, neither the Company nor any Subsidiary: (i) is in default under or in violation of (and no event has occurred that has not been waived that, with notice or lapse of time or both, would result in a default by the Company or any Subsidiary under), nor has the Company or any Subsidiary received notice of a claim that it is in default under or that it is in violation of, any indenture, loan or credit agreement or any other agreement or instrument to which it is a party or by which it or any of its properties is bound (whether or not such default or violation has been waived), (ii) is in violation of any judgment, decree or order of any court, arbitrator or other governmental authority or (iii) is or has been in violation of any statute, rule, ordinance or regulation of any governmental authority, including without limitation all foreign, federal, state and local laws relating to taxes, environmental protection, occupational health and safety, product quality and safety and employment and labor matters, except in each case as could not have or reasonably be expected to result in a Material Adverse Effect.

(m) Regulatory Permits. The Company and the Subsidiaries possess all certificates, authorizations and permits issued by the appropriate federal, state, local or foreign regulatory authorities necessary to conduct their respective businesses as described in the SEC Reports, except where the failure to possess such permits could not reasonably be expected to result in a Material Adverse Effect (“Material Permits”), and neither the Company nor any Subsidiary has received any notice of proceedings relating to the revocation or modification of any Material Permit.

(n) Title to Assets. The Company and the Subsidiaries have good and marketable title in fee simple to all real property owned by them and good and marketable title in all personal property owned by them that is material to the business of the Company and the Subsidiaries, in each case free and clear of all Liens, except for (i) Liens as do not materially affect the value of such property and do not materially interfere with the use made and proposed to be made of such property by the Company and the Subsidiaries and (ii) Liens for the payment of federal, state or other taxes, for which appropriate reserves have been made therefor in accordance with GAAP and, the payment of which is neither delinquent nor subject to penalties. Any real property and facilities held under lease by the Company and the Subsidiaries are held by them under valid, subsisting and enforceable leases with which the Company and the Subsidiaries are in compliance.

(o) Intellectual Property. The Company and the Subsidiaries have, or have rights to use, all patents, patent applications, trademarks, trademark applications, service marks, trade names, trade secrets, inventions, copyrights, licenses and other intellectual property rights and similar rights as described in the SEC Reports as necessary or required for use in connection with their respective businesses and which the failure to so have could have a Material Adverse Effect (collectively, the “Intellectual Property Rights”). None of, and neither the Company nor any Subsidiary has received a notice (written or otherwise) that any of, the Intellectual Property Rights has expired, terminated or been abandoned, or is expected to expire or terminate or be abandoned, within two (2) years from the date of this Agreement. Neither the Company nor any Subsidiary has received, since the date of the latest audited financial statements included within the SEC Reports, a written notice of a claim or otherwise has any knowledge that the Intellectual Property Rights violate or infringe upon the rights of any Person, except as could not have or reasonably be expected to not have a Material Adverse Effect. To the knowledge of the Company, all such Intellectual Property Rights are enforceable and there is no existing infringement by another Person of any of the Intellectual Property Rights. The Company and its Subsidiaries have taken reasonable security measures to protect the secrecy, confidentiality and value of all of their intellectual properties, except where failure to do so could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(p) Transactions With Affiliates and Employees. Except as set forth in the SEC Reports, none of the officers or directors of the Company or any Subsidiary and, to the knowledge of the Company, none of the employees of the Company or any Subsidiary is presently a party to any transaction with the Company or any Subsidiary (other than for services as employees, officers and directors), including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from providing for the borrowing of money from or lending of money to, or otherwise requiring payments to or from any officer, director or such employee or, to the knowledge of the Company, any entity in which any officer, director, or any such employee has a substantial interest or is an officer, director, trustee, shareholder, stockholder, member or partner, in each case in excess of \$120,000 other than for: (i) payment of salary or consulting fees for services rendered, (ii) reimbursement for expenses incurred on behalf of the Company and (iii) other employee benefits, including stock option agreements under any stock option plan of the Company.

(q) Sarbanes-Oxley: Internal Accounting Controls. The Company and the Subsidiaries are in compliance with any and all applicable requirements of the Sarbanes-Oxley Act of 2002 that are effective as of the date hereof, and any and all applicable rules and regulations promulgated by the Commission thereunder that are effective as of the date hereof and as of the Closing Date. Except as described in the SEC Reports, the Company and the Subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurance that: (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability, (iii) access to assets is permitted only in accordance with management's general or specific authorization, and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. The Company and the Subsidiaries have established disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Company and the Subsidiaries and designed such disclosure controls and procedures to ensure that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms. The Company's certifying officers have evaluated the effectiveness of the disclosure controls and procedures of the Company and the Subsidiaries as of the end of the period covered by the most recently filed periodic report under the Exchange Act (such date, the "Evaluation Date"). The Company presented in its most recently filed periodic report under the Exchange Act the conclusions of the certifying officers about the effectiveness of the disclosure controls and procedures based on their evaluations as of the Evaluation Date. Since the Evaluation Date, there have been no changes in the internal control over financial reporting (as such term is defined in the Exchange Act) that have materially affected, or is reasonably likely to materially affect, the internal control over financial reporting of the Company and its Subsidiaries.

(r) Certain Fees. No brokerage or finder's fees or commissions are or will be payable by the Company or any Subsidiaries to any broker, financial advisor or consultant, finder, placement agent, investment banker, bank or other Person with respect to the transactions contemplated by the Transaction Documents with the exception of the fees or commissions paid to Moody Capital Solutions, Inc. The Purchasers shall have no obligation with respect to any fees or with respect to any claims made by or on behalf of other Persons for fees of a type contemplated in this Section that may be due in connection with the transactions contemplated by the Transaction Documents.

(s) Private Placement. Assuming the accuracy of the Purchasers' representations and warranties set forth in Section 3.2, no registration under the Securities Act is required for the offer and sale of the Securities by the Company to the Purchasers as contemplated hereby. The issuance and sale of the Securities hereunder does not contravene the rules and regulations of the Trading Market.

(t) Investment Company. The Company is not, and is not an Affiliate of, and immediately after receipt of payment for the Securities, will not be or be an Affiliate of, an "investment company" within the meaning of the Investment Company Act of 1940, as amended. The Company shall conduct its business in a manner so that it will not become an "investment company" subject to registration under the Investment Company Act of 1940, as amended.

(u) Registration Rights. Other than as disclosed in the SEC Reports, no Person has any right to cause the Company to effect the registration under the Securities Act of any securities of the Company or any Subsidiaries.

(v) Listing and Maintenance Requirements. The Common Stock is registered pursuant to Section 12(b) or 12(g) of the Exchange Act, and the Company has taken no action designed to, or which to its knowledge is likely to have the effect of, terminating the registration of the Common Stock under the Exchange Act nor has the Company received any notification that the Commission is contemplating terminating such registration. Except as set forth in the SEC Reports, the Company has not, in the 12 months preceding the date hereof, received notice from any Trading Market on which the Common Stock is or has been listed or quoted to the effect that the Company is not in compliance with the listing or maintenance requirements of such Trading Market. Except as set forth in the SEC Reports, the Company is, and has no reason to believe that it will not in the foreseeable future continue to be, in compliance with all such listing and maintenance requirements.

(w) Application of Takeover Protections. The Company and the Board of Directors have taken all necessary action, if any, in order to render inapplicable any control share acquisition, business combination, poison pill (including any distribution under a rights agreement) or other similar anti-takeover provision under the Company's certificate of incorporation (or similar charter documents) or the laws of its state of incorporation that is or could become applicable to the Purchasers as a result of the Purchasers and the Company fulfilling their obligations or exercising their rights under the Transaction Documents, including without limitation as a result of the Company's issuance of the Securities and the Purchasers' ownership of the Securities.

(x) Disclosure. Except with respect to the material terms and conditions of the transactions contemplated by the Transaction Documents, the Company confirms that neither it nor any other Person acting on its behalf has provided the Purchasers or their agents or counsel with any information that it believes constitutes or might constitute material, non-public information. The Company understands and confirms that the Purchasers will rely on the foregoing representation in effecting transactions in securities of the Company. All of the disclosure furnished by or on behalf of the Company to the Purchasers regarding the Company and its Subsidiaries, their respective businesses and the transactions contemplated hereby, including the Disclosure Schedules to this Agreement, is true and correct and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading. The press releases disseminated by the Company during the twelve months preceding the date of this Agreement taken as a whole do not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made and when made, not misleading. The Company acknowledges and agrees that the Purchasers make no, nor have made any, representations or warranties with respect to the transactions contemplated hereby other than those specifically set forth in Section 3.2 hereof.

(y) No Integrated Offering. Assuming the accuracy of the Purchasers' representations and warranties set forth in Section 3.2, neither the Company, nor any of its Affiliates, nor any Person acting on its or their behalf has, directly or indirectly, made any offers or sales of any security or solicited any offers to buy any security, under circumstances that would cause this offering of the Securities to be integrated with prior offerings by the Company for purposes of (i) the Securities Act which would require the registration of any such securities under the Securities Act, or (ii) any applicable shareholder approval provisions of any Trading Market on which any of the securities of the Company are listed or designated.

(z) Solvency. The Company does not intend to incur debts beyond its ability to pay such debts as they mature (taking into account the timing and amounts of cash to be payable on or in respect of its debt). Except as set forth in the SEC Reports, the Company has no knowledge of any facts or circumstances which lead it to believe that it will file for reorganization or liquidation under the bankruptcy or reorganization laws of any jurisdiction within one year from the Closing Date. Schedule 3.1(i) sets forth as of the date hereof all outstanding secured and unsecured Indebtedness of the Company or any Subsidiary, or for which the Company or any Subsidiary has commitments. For the purposes of this Agreement, "Indebtedness" means (x) any liabilities for borrowed money or amounts owed in excess of \$50,000 (other than trade accounts payable incurred in the ordinary course of business), (y) all guaranties, endorsements and other contingent obligations in respect of indebtedness of others, whether or not the same are or should be reflected in the Company's consolidated balance sheet (or the notes thereto), except guaranties by endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business; and (z) the present value of any lease payments in excess of \$50,000 due under leases required to be capitalized in accordance with GAAP. Except as set forth in the SEC Reports, neither the Company nor any Subsidiary is in default with respect to any Indebtedness.

(aa) Tax Status. Except for matters that would not, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect, the Company and its Subsidiaries each (i) has made or filed all United States federal, state and local income and all foreign income and franchise tax returns, reports and declarations required by any jurisdiction to which it is subject, (ii) has paid all taxes and other governmental assessments and charges that are material in amount, shown or determined to be due on such returns, reports and declarations and (iii) has set aside on its books provision reasonably adequate for the payment of all material taxes for periods subsequent to the periods to which such returns, reports or declarations apply. There are no unpaid taxes in any material amount claimed to be due by the taxing authority of any jurisdiction, and the officers of the Company or of any Subsidiary know of no basis for any such claim.



(bb) No General Solicitation. Neither the Company nor any person acting on behalf of the Company has offered or sold any of the Securities by any form of general solicitation or general advertising. The Company has offered the Securities for sale only to the Purchasers and certain other “accredited investors” within the meaning of Rule 501 under the Securities Act.

(cc) Foreign Corrupt Practices. Neither the Company nor any Subsidiary, nor to the knowledge of the Company or any Subsidiary, any agent or other person acting on behalf of the Company or any Subsidiary, has: (i) directly or indirectly, used any funds for unlawful contributions, gifts, entertainment or other unlawful expenses related to foreign or domestic political activity, (ii) made any unlawful payment to foreign or domestic government officials or employees or to any foreign or domestic political parties or campaigns from corporate funds, (iii) failed to disclose fully any contribution made by the Company or any Subsidiary (or made by any person acting on its behalf of which the Company is aware) which is in violation of law or (iv) violated in any material respect any provision of FCPA.

(dd) Accountants. The Company’s accounting firm is Corso and Company. To the knowledge and belief of the Company, such accounting firm: (i) is a registered public accounting firm as required by the Exchange Act and (ii) shall express its opinion with respect to the financial statements to be included in the Company’s Annual Report for the fiscal year ending December 31, 2013.

(ee) Seniority. Except as set forth on Schedule 3.1(ee) and in the SEC Reports, as of the Closing Date, no Indebtedness or other claim against the Company is senior to the Notes in right of payment, whether with respect to interest or upon liquidation or dissolution, or otherwise, other than indebtedness secured by purchase money security interests (which is senior only as to underlying assets covered thereby) and capital lease obligations (which is senior only as to the property covered thereby).

(ff) No Disagreements with Accountants and Lawyers. There are no disagreements of any kind presently existing, or reasonably anticipated by the Company to arise, between the Company and the accountants and lawyers formerly or presently employed by the Company and the Company is current with respect to any fees owed to its accountants and lawyers which could affect the Company’s ability to perform any of its obligations under any of the Transaction Documents.

(gg) Acknowledgment Regarding Purchasers' Purchase of Securities. The Company acknowledges and agrees that the Purchasers are acting solely in their capacity of an arm's length purchaser with respect to the Transaction Documents and the transactions contemplated thereby. The Company further acknowledges that the Purchasers are not acting as a financial advisor or fiduciary of the Company (or in any similar capacity) with respect to the Transaction Documents and the transactions contemplated thereby and any advice given by the Purchasers or any of its representatives or agents in connection with the Transaction Documents and the transactions contemplated thereby is merely incidental to the Purchasers' purchase of the Securities. Furthermore, the Company acknowledges that any authorization made by the Board of Directors to enter into the Transaction Documents and the transactions contemplated therein were taken by the requisite authority of disinterested directors under Delaware Law. The Company further represents to the Purchasers that the Company's decision to enter into this Agreement and the other Transaction Documents has been based solely on the independent evaluation of the transactions contemplated hereby by the Company and its representatives.

(hh) Acknowledgment Regarding Purchasers' Trading Activity. Anything in this Agreement or elsewhere herein to the contrary notwithstanding (except for Sections 3.2(f) and 4.15 hereof and any obligations Purchasers that are members of the Board of Directors may have resulting from such position), it is understood and acknowledged by the Company that: (i) the Purchasers have not been asked by the Company to agree, nor have the Purchasers agreed, to desist from purchasing or selling, long and/or short, securities of the Company, or "derivative" securities based on securities issued by the Company or to hold the Securities for any specified term, (ii) past or future open market or other transactions by the Purchasers, specifically including, without limitation, Short Sales or "derivative" transactions, before or after the closing of this or future private placement transactions, may negatively impact the market price of the Company's publicly-traded securities, (iii) the Purchasers, and any counter-parties in "derivative" transactions to which the Purchasers is a party, directly or indirectly, may presently have a "short" position in the Common Stock and (iv) the Purchasers shall not be deemed to have any affiliation with or control over any arm's length counter-party in any "derivative" transaction. The Company further understands and acknowledges that (y) the Purchaser may engage in hedging activities at various times during the period that the Securities are outstanding, including, without limitation, during the periods that the value of the Underlying Shares deliverable with respect to Securities are being determined, and (z) such hedging activities (if any) could reduce the value of the existing shareholders' equity interests in the Company at and after the time that the hedging activities are being conducted. The Company acknowledges that such aforementioned hedging activities do not constitute a breach of any of the Transaction Documents.

(ii) Regulation M Compliance. The Company has not, and to its knowledge no one acting on its behalf has, (i) taken, directly or indirectly, any action designed to cause or to result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of any of the Securities, (ii) sold, bid for, purchased, or paid any compensation for soliciting purchases of, any of the Securities, or (iii) paid or agreed to pay to any Person any compensation for soliciting another to purchase any other securities of the Company, other than, in the case of clauses (ii) and (iii), compensation paid to the Company's placement agent in connection with the placement of the Securities.

(jj) Stock Option Plans. Each stock option granted by the Company under the Company's stock option plan was granted (i) in accordance with the terms of the Company's stock option plan and (ii) with an exercise price at least equal to the fair market value of the Common Stock on the date such stock option would be considered granted under GAAP and applicable law. No stock option granted under the Company's stock option plan has been backdated. The Company has not knowingly granted, and there is no and has been no Company policy or practice to knowingly grant, stock options prior to, or otherwise knowingly coordinate the grant of stock options with, the release or other public announcement of material information regarding the Company or its Subsidiaries or their financial results or prospects.

(kk) Office of Foreign Assets Control. Neither the Company nor any Subsidiary nor, to the Company's knowledge, any director, officer, agent, employee or affiliate of the Company or any Subsidiary is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department ("OFAC").

(ll) U.S. Real Property Holding Corporation. The Company is not and has never been a U.S. real property holding corporation within the meaning of Section 897 of the Internal Revenue Code of 1986, as amended, and the Company shall so certify upon Purchaser's request.

(mm) Bank Holding Company Act. Neither the Company nor any of its Subsidiaries or Affiliates is subject to the Bank Holding Company Act of 1956, as amended (the "BHCA") and to regulation by the Board of Governors of the Federal Reserve System (the "Federal Reserve"). Neither the Company nor any of its Subsidiaries or Affiliates owns or controls, directly or indirectly, five percent (5%) or more of the outstanding shares of any class of voting securities or twenty-five percent or more of the total equity of a bank or any entity that is subject to the BHCA and to regulation by the Federal Reserve. Neither the Company nor any of its Subsidiaries or Affiliates exercises a controlling influence over the management or policies of a bank or any entity that is subject to the BHCA and to regulation by the Federal Reserve.

(nn) Money Laundering. The operations of the Company and its Subsidiaries are and have been conducted at all times in compliance with applicable financial record-keeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, applicable money laundering statutes and applicable rules and regulations thereunder (collectively, the "Money Laundering Laws"), and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any Subsidiary with respect to the Money Laundering Laws is pending or, to the knowledge of the Company or any Subsidiary, threatened.

3.2 Representations and Warranties of the Purchaser. The Purchasers, each individually for itself, himself or herself and not jointly, hereby represent and warrant as of the date hereof and as of the Closing Date to the Company as follows (unless as of a specific date therein):

(a) Organization; Authority. The Purchaser, if an entity, is an entity duly incorporated or formed, validly existing and in good standing under the laws of the jurisdiction of its incorporation or formation with full right, corporate, partnership, limited liability company or similar power and authority to enter into and to consummate the transactions contemplated by the Transaction Documents and otherwise to carry out its obligations hereunder and thereunder. The execution and delivery of the Transaction Documents and performance by the Purchasers of the transactions contemplated by the Transaction Documents have been duly authorized by all necessary corporate, partnership, limited liability company or similar action, as applicable, on the part of the Purchaser. Each Transaction Document to which it is a party has been duly executed by the Purchaser, and when delivered by the Purchaser in accordance with the terms hereof, will constitute the valid and legally binding obligation of the Purchaser, enforceable against it in accordance with its terms, except: (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies and (iii) insofar as indemnification and contribution provisions may be limited by applicable law.

(b) Own Account. The Purchaser understands that the Securities are "restricted securities" and have not been registered under the Securities Act or any applicable state securities law and is acquiring the Securities as principal for its own account and not with a view to or for distributing or reselling such Securities or any part thereof in violation of the Securities Act or any applicable state securities law, has no present intention of distributing any of such Securities in violation of the Securities Act or any applicable state securities law and has no direct or indirect arrangement or understandings with any other persons to distribute or regarding the distribution of such Securities in violation of the Securities Act or any applicable state securities law (this representation and warranty not limiting the Purchaser's right to sell the Securities pursuant to the Registration Statement or otherwise in compliance with applicable federal and state securities laws). The Purchaser is acquiring the Securities hereunder in the ordinary course of its business.

(c) Purchaser Status. At the time the Purchaser was offered the Securities, it was, and as of the date hereof it is, and on each date on which it exercises any Warrants or converts any Notes it will be either: (i) an "accredited investor" as defined in Rule 501(a)(1), (a)(2), (a)(3), (a)(7) or (a)(8) under the Securities Act or (ii) a "qualified institutional buyer" as defined in Rule 144A(a) under the Securities Act.

(d) Experience of the Purchaser. The Purchaser, either alone or together with its representatives, has such knowledge, sophistication and experience in business and financial matters so as to be capable of evaluating the merits and risks of the prospective investment in the Securities, and has so evaluated the merits and risks of such investment. The Purchaser is able to bear the economic risk of an investment in the Securities and, at the present time, is able to afford a complete loss of such investment.

(e) General Solicitation. The Purchaser is not purchasing the Securities as a result of any advertisement, article, notice or other communication regarding the Securities published in any newspaper, magazine or similar media or broadcast over television or radio or presented at any seminar or any other general solicitation or general advertisement.

(f) Certain Transactions and Confidentiality. Other than consummating the transactions contemplated hereunder, the Purchaser has not directly or indirectly, nor has any Person acting on behalf of or pursuant to any understanding with the Purchaser, executed any purchases or sales, including Short Sales, of the securities of the Company during the period commencing as of the time that the Purchaser first received a term sheet (written or oral) from the Company or any other Person representing the Company setting forth the material terms of the transactions contemplated hereunder and ending immediately prior to the execution hereof. Other than to other Persons party to this Agreement, the Purchaser has maintained the confidentiality of all disclosures made to it in connection with this transaction (including the existence and terms of this transaction). Notwithstanding the foregoing, for avoidance of doubt, nothing contained herein shall constitute a representation or warranty, or preclude any actions, with respect to the identification of the availability of, or securing of, available shares to borrow in order to effect Short Sales or similar transactions in the future.

The Company acknowledges and agrees that the representations contained in Section 3.2 shall not modify, amend or affect the Purchasers' right to rely on the Company's representations and warranties contained in this Agreement or any representations and warranties contained in any other Transaction Document or any other document or instrument executed and/or delivered in connection with this Agreement or the consummation of the transaction contemplated hereby.

#### **ARTICLE IV. OTHER AGREEMENTS OF THE PARTIES**

##### **4.1 Transfer Restrictions**

(a) The Securities may only be disposed of in compliance with state and federal securities laws. In connection with any transfer of Securities other than pursuant to an effective registration statement or Rule 144, to the Company or to an Affiliate of a Purchaser or in connection with a pledge as contemplated in Section 4.1(b), the Company may require the transferor thereof to provide to the Company an opinion of counsel selected by the transferor and reasonably acceptable to the Company, the form and substance of which opinion shall be reasonably satisfactory to the Company, to the effect that such transfer does not require registration of such transferred Securities under the Securities Act. As a condition of transfer, any such transferee shall agree in writing to be bound by the terms of this Agreement and shall have the rights and obligations of a Purchaser under this Agreement.

(b) The Purchasers agree to the imprinting, so long as is required by this Section 4.1, of a legend on any of the Securities substantially in the following form:

[NEITHER] THIS SECURITY [NOR THE SECURITIES INTO WHICH THIS SECURITY IS [EXERCISABLE] [CONVERTIBLE]] HAS [NOT] BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY. THIS SECURITY [AND THE SECURITIES ISSUABLE UPON [EXERCISE] [CONVERSION] OF THIS SECURITY] MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT WITH A REGISTERED BROKER-DEALER OR OTHER LOAN WITH A FINANCIAL INSTITUTION THAT IS AN "ACCREDITED INVESTOR" AS DEFINED IN RULE 501(a) UNDER THE SECURITIES ACT OR OTHER LOAN SECURED BY SUCH SECURITIES.

The Company acknowledges and agrees that the Purchasers may from time to time pledge pursuant to a bona fide margin agreement with a registered broker-dealer or grant a security interest in some or all of the Securities to a financial institution that is an "accredited investor" as defined in Rule 501(a) under the Securities Act and who agrees to be bound by the provisions of this Agreement and, if required under the terms of such arrangement, the Purchasers may transfer pledged or secured Securities to the pledgees or secured parties. Such a pledge or transfer would not be subject to approval of the Company and no legal opinion of legal counsel of the pledgee, secured party or pledgor shall be required in connection therewith. Further, no notice shall be required of such pledge. At the appropriate Purchasers' expense, the Company will execute and deliver such reasonable documentation as a pledgee or secured party of Securities may reasonably request in connection with a pledge or transfer of the Securities.

(c) Certificates evidencing the Underlying Shares shall not contain any legend (including the legend set forth in Section 4.1(b) hereof): (i) while a registration statement covering the resale of such security is effective under the Securities Act, (ii) following any sale of such Underlying Shares pursuant to Rule 144, (iii) if such Underlying Shares are eligible for sale under Rule 144, without the requirement for the Company to be in compliance with the current public information required under Rule 144 as to such Underlying Shares and without volume or manner-of-sale restrictions or (iv) if such legend is not required under applicable requirements of the Securities Act (including judicial interpretations and pronouncements issued by the staff of the Commission). The Company shall cause its counsel to issue a legal opinion to the Transfer Agent promptly if required by the Transfer Agent to effect the removal of the legend hereunder. If all or any portion of a Note is converted or Warrant is exercised at a time when there is an effective registration statement to cover the resale of the Underlying Shares, or if such Underlying Shares may be sold under Rule 144 without the requirement for the Company to be in compliance with the current public information required under Rule 144 as to such Underlying Shares and without volume or manner-of-sale restrictions or if such legend is not otherwise required under applicable requirements of the Securities Act (including judicial interpretations and pronouncements issued by the staff of the Commission) then such Underlying Shares shall be issued free of all legends. The Company agrees at such time as such legend is no longer required under this Section 4.1(c), it will, no later than three Trading Days following the delivery by a Purchaser to the Company or the Transfer Agent of a certificate representing Underlying Shares, as applicable, issued with a restrictive legend (such third Trading Day, the “Legend Removal Date”), deliver or cause to be delivered to such Purchaser a certificate representing such shares that is free from all restrictive and other legends. The Company may not make any notation on its records or give instructions to the Transfer Agent that enlarge the restrictions on transfer set forth in this Section 4. Certificates for Underlying Shares subject to legend removal hereunder shall be transmitted by the Transfer Agent to such Purchaser by crediting the account of such Purchaser’s prime broker with the Depository Trust Company System as directed by such Purchaser.

(d) In addition to the Purchasers’ other available remedies, the Company shall pay to a Purchaser, in cash, as partial liquidated damages and not as a penalty, for each \$1,000 of Underlying Shares (based on the VWAP of the Common Stock on the date such Securities are submitted to the Transfer Agent) delivered for removal of the restrictive legend and subject to Section 4.1(c), \$10 per Trading Day (increasing to \$20 per Trading Day five (5) Trading Days after such damages have begun to accrue) for each Trading Day after the Legend Removal Date until such certificate is delivered without a legend. Nothing herein shall limit the Purchasers’ right to pursue actual damages for the Company’s failure to deliver certificates representing any Securities as required by the Transaction Documents, and the Purchasers shall have the right to pursue all remedies available to it at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief.

(e) The Purchasers, severally and not jointly with the other Purchasers, agree with the Company that the Purchasers will sell any Securities pursuant to either the registration requirements of the Securities Act, including any applicable prospectus delivery requirements, or an exemption therefrom, and that if Securities are sold pursuant to a Registration Statement, they will be sold in compliance with the plan of distribution set forth therein, and acknowledges that the removal of the restrictive legend from certificates representing Securities as set forth in this Section 4.1 is predicated upon the Company’s reliance upon this understanding.

4.2 Acknowledgment of Dilution. The Company acknowledges that the issuance of the Securities may result in dilution of the outstanding shares of Common Stock, which dilution may be substantial under certain market conditions. The Company further acknowledges that its obligations under the Transaction Documents, including, without limitation, its obligation to issue the Underlying Shares pursuant to the Transaction Documents, are unconditional and absolute and not subject to any right of set off, counterclaim, delay or reduction, regardless of the effect of any such dilution or any claim the Company may have against any Purchaser and regardless of the dilutive effect that such issuance may have on the ownership of the other shareholders of the Company.

#### 4.3 Furnishing of Information; Public Information.

(a) Until the earliest of the time that (i) no Purchaser owns Securities or (ii) the Warrants have expired, the Company covenants to maintain the registration of the Common Stock under Section 12(b) or 12(g) of the Exchange Act and to timely file (or obtain extensions in respect thereof and file within the applicable grace period) all reports required to be filed by the Company after the date hereof pursuant to the Exchange Act even if the Company is not then subject to the reporting requirements of the Exchange Act.

(b) At any time during the period commencing from the six (6) month anniversary of the date hereof and ending at such time that all of the Securities may be sold without the requirement for the Company to be in compliance with Rule 144(c)(1) and otherwise without restriction or limitation pursuant to Rule 144, if the Company shall fail for any reason to satisfy the current public information requirement under Rule 144(c) (a “ Public Information Failure ”) then, in addition to the Purchasers’ other available remedies, the Company shall pay to a Purchaser, in cash, as partial liquidated damages and not as a penalty, by reason of any such delay in or reduction of its ability to sell the Securities, an amount in cash equal to two percent (2.0%) of the aggregate Subscription Amount of the Purchasers’ Securities on the day of a Public Information Failure and on every thirtieth (30<sup>th</sup>) day (pro-rated for periods totaling less than thirty days) thereafter until the earlier of (a) the date such Public Information Failure is cured and (b) such time that such public information is no longer required for the Purchaser to transfer the Underlying Shares pursuant to Rule 144. The payments to which a Purchaser shall be entitled pursuant to this Section 4.3(b) are referred to herein as “ Public Information Failure Payments. ” Public Information Failure Payments shall be paid on the earlier of (i) the last day of the calendar month during which such Public Information Failure Payments are incurred and (ii) the third (3<sup>rd</sup>) Business Day after the event or failure giving rise to the Public Information Failure Payments is cured. In the event the Company fails to make Public Information Failure Payments in a timely manner, such Public Information Failure Payments shall bear interest at the rate of 1.5% per month (prorated for partial months) until paid in full. Nothing herein shall limit the Purchasers’ right to pursue actual damages for the Public Information Failure, and the Purchaser shall have the right to pursue all remedies available to it at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief.

4.4 Integration. The Company shall not sell, offer for sale or solicit offers to buy or otherwise negotiate in respect of any security (as defined in Section 2 of the Securities Act) that would be integrated with the offer or sale of the Securities in a manner that would require the registration under the Securities Act of the sale of the Securities or that would be integrated with the offer or sale of the Securities for purposes of the rules and regulations of any Trading Market such that it would require shareholder approval prior to the closing of such other transaction unless shareholder approval is obtained before the closing of such subsequent transaction.



4.5 Conversion and Exercise Procedures. Each of the form of Notice of Exercise included in the Warrants and the form of Notice of Conversion included in the Notes set forth the totality of the procedures required of the Purchasers in order to exercise the Warrants or convert the Notes. Without limiting the preceding sentences, no ink-original Notice of Exercise or Notice of Conversion shall be required, nor shall any medallion guarantee (or other type of guarantee or notarization) of any Notice of Exercise or Notice of Conversion form be required in order to exercise the Warrants or convert the Note. No additional legal opinion, other information or instructions shall be required of the Purchaser to exercise their Warrants or convert their Notes. The Company shall honor exercises of the Warrants and conversions of the Notes and shall deliver Underlying Shares in accordance with the terms, conditions and time periods set forth in the Transaction Documents.

4.6 Securities Laws Disclosure; Publicity. The Company and the Purchasers shall consult with each other in issuing any press releases with respect to the transactions contemplated hereby, and neither the Company nor the Purchasers shall issue any such press release nor otherwise make any such public statement without the prior consent of the Company, with respect to any press release of the Purchasers, or without the prior consent of the Purchasers, with respect to any press release of the Company, which consent shall not unreasonably be withheld or delayed, except if such disclosure is required by law, in which case the disclosing party shall promptly provide the other party with prior notice of such public statement or communication. Notwithstanding the foregoing, the Company shall not publicly disclose the name of the Purchasers, or include the name of the Purchasers in any filing with the Commission or any regulatory agency or Trading Market, without the prior written consent of the Purchaser, except: (a) as required by federal securities law in connection with (i) any registration statement contemplated by the Company and (ii) the filing of final Transaction Documents with the Commission and (b) to the extent such disclosure is required by law or Trading Market regulations, in which case the Company shall provide the Purchasers with prior notice of such disclosure permitted under this clause (b).

4.7 Shareholder Rights Plan. No claim will be made or enforced by the Company or, with the consent of the Company, any other Person, that any Purchaser is an “Acquiring Person” under any control share acquisition, business combination, poison pill (including any distribution under a rights agreement) or similar anti-takeover plan or arrangement in effect or hereafter adopted by the Company, or that any Purchaser could be deemed to trigger the provisions of any such plan or arrangement, by virtue of receiving Securities under the Transaction Documents or under any other agreement between the Company and the Purchasers.

4.8 Non-Public Information. Except with respect to the material terms and conditions of the transactions contemplated by the Transaction Documents, the Company covenants and agrees that neither it, nor any other Person acting on its behalf, will provide any Purchaser or its agents or counsel with any information that the Company believes constitutes material non-public information, unless prior thereto the Purchasers shall have entered into a written agreement with the Company regarding the confidentiality and use of such information. The Company understands and confirms that the Purchasers shall be relying on the foregoing covenant in effecting transactions in securities of the Company.

4.9 Use of Proceeds. Except as set forth on Schedule 4.9 attached hereto, the Company shall use the net proceeds from the sale of the Securities hereunder for working capital purposes and shall not use such proceeds: (a) for the satisfaction of any portion of the Company's debt (other than payment of trade payables in the ordinary course of the Company's business and prior practices), (b) for the redemption of any Common Stock or Common Stock Equivalents, (c) for the settlement of any outstanding litigation or (d) in violation of FCPA or OFAC regulations.

4.10 Indemnification of Purchasers. Subject to the provisions of this Section 4.10, the Company will indemnify and hold the Purchasers and their respective directors, officers, shareholders, members, partners, employees and agents (and any other Persons with a functionally equivalent role of a Person holding such titles notwithstanding a lack of such title or any other title), each Person who controls a Purchaser (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), and the directors, officers, shareholders, agents, members, partners or employees (and any other Persons with a functionally equivalent role of a Person holding such titles notwithstanding a lack of such title or any other title) of such controlling persons, as applicable, (each, a "Purchaser Party") harmless from any and all losses, liabilities, obligations, claims, contingencies, damages, costs and expenses, including all judgments, amounts paid in settlements, court costs and reasonable attorneys' fees and costs of investigation that any the Purchaser Party may suffer or incur as a result of or relating to (a) any breach of any of the representations, warranties, covenants or agreements made by the Company in this Agreement or in the other Transaction Documents or (b) any action instituted against the Purchaser Parties in any capacity, or any of them or their respective Affiliates, by any shareholder of the Company who is not an Affiliate of the Purchaser Party, with respect to any of the transactions contemplated by the Transaction Documents (unless such action is based upon a breach of the Purchaser Party's representations, warranties or covenants under the Transaction Documents or any agreements or understandings the Purchaser Party may have with any such shareholder or any violations by such Purchaser Party of state or federal securities laws or any conduct by the Purchaser Party which constitutes fraud, gross negligence, willful misconduct or malfeasance). If any action shall be brought against any Purchaser Party in respect of which indemnity may be sought pursuant to this Agreement, the Purchaser Party shall promptly notify the Company in writing, and the Company shall have the right to assume the defense thereof with counsel of its own choosing reasonably acceptable to the Purchaser Party. Any Purchaser Party shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of the Purchaser Party except to the extent that (i) the employment thereof has been specifically authorized by the Company in writing, (ii) the Company has failed after a reasonable period of time to assume such defense and to employ counsel or (iii) in such action there is, in the reasonable opinion of counsel, a material conflict on any material issue between the position of the Company and the position of the Purchaser Party, in which case the Company shall be responsible for the reasonable fees and expenses of no more than one such separate counsel. The Company will not be liable to any Purchaser Party under this Agreement (y) for any settlement by a Purchaser Party effected without the Company's prior written consent, which shall not be unreasonably withheld or delayed; or (z) to the extent, but only to the extent that a loss, claim, damage or liability is attributable to any Purchaser Party's breach of any of the representations, warranties, covenants or agreements made by the Purchaser Party in this Agreement or in the other Transaction Documents. The indemnification required by this Section 4.10 shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills are received or are incurred. The indemnity agreements contained herein shall be in addition to any cause of action or similar right of any Purchaser Party against the Company or others and any liabilities the Company may be subject to pursuant to law.

#### 4.11 Reservation and Listing of Securities.

(a) The Company shall maintain a reserve from its duly authorized shares of Common Stock for issuance pursuant to the Transaction Documents in such amount as may then be required to fulfill its obligations in full under the Transaction Documents and shall confirm the adequacy of such reserve at least monthly.

(b) If, on any date, the number of authorized but unissued (and otherwise unreserved) shares of Common Stock is less than the Required Minimum on such date, then the Board of Directors shall use commercially reasonable efforts to amend the Company's certificate or articles of incorporation to increase the number of authorized but unissued shares of Common Stock to at least the Required Minimum at such time, as soon as possible and in any event not later than the 75th day after such date.

(c) The Company shall, if applicable: (i) in the time and manner required by the principal Trading Market, prepare and file with such Trading Market an additional shares listing application covering a number of shares of Common Stock at least equal to the Required Minimum on the date of such application, (ii) take all steps necessary to cause such shares of Common Stock to be approved for listing or quotation on such Trading Market as soon as possible thereafter, (iii) provide to the Purchaser evidence of such listing or quotation and (iv) maintain the listing or quotation of such Common Stock on any date at least equal to the Required Minimum on such date on such Trading Market or another Trading Market.

4.12 Certain Transactions and Confidentiality. Each Purchaser covenants that neither it, nor any Affiliate acting on its behalf or pursuant to any understanding with it will execute any purchases or sales, including Short Sales, of any of the Company's securities during the period commencing with the execution of this Agreement and ending at such time that the transactions contemplated by this Agreement are first publicly announced pursuant to the initial press release as described in Section 4.6. Each Purchaser covenants that until such time as the transactions contemplated by this Agreement are publicly disclosed by the Company pursuant to the initial press release as described in Section 4.6, such Purchaser will maintain the confidentiality of the existence and terms of this transaction and the information included in the Transaction Documents and the Disclosure Schedules. Notwithstanding the foregoing, and notwithstanding anything contained in this Agreement to the contrary, the Company expressly acknowledges and agrees that, other than any obligations Purchasers that are members of the Board of Directors may have resulting from such position, (i) each Purchaser makes no representation, warranty or covenant hereby that it will not engage in effecting transactions in any securities of the Company after the time that the transactions contemplated by this Agreement are first publicly announced pursuant to the initial press release as described in Section 4.6, (ii) each Purchaser shall not be restricted or prohibited from effecting any transactions in any securities of the Company in accordance with applicable securities laws from and after the time that the transactions contemplated by this Agreement are first publicly announced pursuant to the initial press release as described in Section 4.6 and (iii) each Purchaser shall not have any duty of confidentiality to the Company or its Subsidiaries after the issuance of the initial press release as described in Section 4.6.

4.13 Form D; Blue Sky Filings. The Company agrees to timely file a Form D with respect to the Securities as required under Regulation D and to provide a copy thereof, promptly upon request of the Purchasers. The Company shall take such action as the Company shall reasonably determine is necessary in order to obtain an exemption for, or to qualify the Securities for, sale to the Purchasers at the Closing under applicable securities or “Blue Sky” laws of the states of the United States, and shall provide evidence of such actions promptly upon request of the Purchasers.

4.14 Prohibition on Variable Rate Transactions, Secured Debt Transactions and Section 3(a)(10) Transactions. The Company agrees not to (i) enter into any financing transactions that contain a conversion price that changes daily or varies based on the current market price of the common stock (a “Variable Rate Transaction”) or (ii) incur any secured indebtedness other than the Indebtedness set forth in Schedule 3.1(i) of the Disclosure Schedules (a “Secured Debt Transaction”). The Company further agrees not to enter into any debt settlement agreements pursuant to Section 3(a)(10) of the Securities Act of 1933.

## **ARTICLE V. MISCELLANEOUS**

5.1 Termination. This Agreement may be terminated by the Purchasers, as to the Purchasers’ obligations hereunder only and without any effect whatsoever on the obligations between the Company and the other Purchaser, by written notice to the other parties, if the Closing under Section 2.1 has not been consummated on or before February 28, 2015; provided, however, that such termination will not affect the right of any party to sue for any breach by any other party (or parties).

5.2 Fees and Expenses. At the Closing under Section 2.1, the Company has agreed to reimburse Gemini Master Fund, Ltd. or its assigns (“Gemini”) the non-accountable sum of \$5,000. The Company shall pay all Transfer Agent fees (including, without limitation, any fees required for same-day processing of any instruction letter delivered by the Company and any conversion or exercise notice delivered by a Purchaser), stamp taxes and other taxes and duties levied in connection with the delivery of any Securities to the Purchasers.

5.3 Entire Agreement. The Transaction Documents, together with the exhibits and schedules thereto, contain the entire understanding of the parties with respect to the subject matter hereof and thereof and supersede all prior agreements and understandings, oral or written, with respect to such matters, which the parties acknowledge have been merged into such documents, exhibits and schedules.

5.4 Notices. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing and shall be deemed given and effective on the earliest of: (a) the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number set forth on the signature pages attached hereto at or prior to 5:30 p.m. (New York City time) on a Trading Day, (b) the next Trading Day after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number set forth on the signature pages attached hereto on a day that is not a Trading Day or later than 5:30 p.m. (New York City time) on any Trading Day, (c) the second (2<sup>nd</sup>) Trading Day following the date of mailing, if sent by U.S. nationally recognized overnight courier service or (d) upon actual receipt by the party to whom such notice is required to be given. The address for such notices and communications shall be as set forth on the signature pages attached hereto.

5.5 Amendments; Waivers. No provision of this Agreement may be waived, modified, supplemented or amended except in a written instrument signed, in the case of an amendment, by each of the Company, Gemini and the Purchasers (including if applicable, Gemini) holding a majority in outstanding principal of the then outstanding Notes or, in the case of a waiver, by the party against whom enforcement of any such waived provision is sought. No waiver of any default with respect to any provision, condition or requirement of this Agreement shall be deemed to be a continuing waiver in the future or a waiver of any subsequent default or a waiver of any other provision, condition or requirement hereof, nor shall any delay or omission of any party to exercise any right hereunder in any manner impair the exercise of any such right.

5.6 Headings. The headings herein are for convenience only, do not constitute a part of this Agreement and shall not be deemed to limit or affect any of the provisions hereof.

5.7 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their successors and permitted assigns. The Company may not assign this Agreement or any rights or obligations hereunder without the prior written consent of the Purchasers (other than by merger). The Purchasers may assign any or all of its rights under this Agreement to any Person to whom the Purchasers assigns or transfers any Securities, provided that such transferee agrees in writing to be bound, with respect to the transferred Securities, by the provisions of the Transaction Documents that apply to the "Purchaser."

5.8 No Third-Party Beneficiaries. This Agreement is intended for the benefit of the parties hereto and their respective successors and permitted assigns and is not for the benefit of, nor may any provision hereof be enforced by, any other Person, except as otherwise set forth in Section 4.10 and this Section 5.8.

5.9 Governing Law. All questions concerning the construction, validity, enforcement and interpretation of the Transaction Documents shall be governed by and construed and enforced in accordance with the internal laws of the State of New York, without regard to the principles of conflicts of law thereof. Each party agrees that all legal proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by this Agreement and any other Transaction Documents (whether brought against a party hereto or its respective affiliates, directors, officers, shareholders, partners, members, employees or agents) shall be commenced exclusively in the state and federal courts sitting in the City of New York. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the City of New York, Borough of Manhattan for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein (including with respect to the enforcement of any of the Transaction Documents), and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is improper or is an inconvenient venue for such proceeding. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law. If either party shall commence an action, suit or proceeding to enforce any provisions of the Transaction Documents, then, in addition to the obligations of the Company under Section 4.10, the prevailing party in such action, suit or proceeding shall be reimbursed by the other party for its reasonable attorneys' fees and other costs and expenses incurred with the investigation, preparation and prosecution of such action or proceeding.

5.10 Survival. The representations and warranties contained herein shall survive the Closing and the delivery of the Securities.

5.11 Execution. This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to each other party, it being understood that the parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".pdf" signature page were an original thereof.

5.12 Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their commercially reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

5.13 Rescission and Withdrawal Right. Notwithstanding anything to the contrary contained in (and without limiting any similar provisions of) any of the other Transaction Documents, whenever any Purchaser exercises a right, election, demand or option under a Transaction Document and the Company does not timely perform its related obligations within the periods therein provided, then such Purchaser may rescind or withdraw, in its sole discretion from time to time upon written notice to the Company, any relevant notice, demand or election in whole or in part without prejudice to its future actions and rights; provided, however, that in the case of a rescission of a conversion of a Note or exercise of a Warrant, the applicable Purchaser shall be required to return any shares of Common Stock subject to any such rescinded conversion or exercise notice concurrently with the return to such Purchaser of the aggregate exercise price paid to the Company for such shares and the restoration of such Purchaser's right to acquire such shares pursuant to the Purchaser's Warrant (including, issuance of a replacement warrant certificate evidencing such restored right).

5.14 Replacement of Securities. If any certificate or instrument evidencing any Securities is mutilated, lost, stolen or destroyed, the Company shall issue or cause to be issued in exchange and substitution for and upon cancellation thereof (in the case of mutilation), or in lieu of and substitution therefor, a new certificate or instrument, but only upon receipt of evidence reasonably satisfactory to the Company of such loss, theft or destruction. The applicant for a new certificate or instrument under such circumstances shall also pay any reasonable third-party costs (including customary indemnity) associated with the issuance of such replacement Securities.

5.15 Remedies. In addition to being entitled to exercise all rights provided herein or granted by law, including recovery of damages, each of the Purchasers and the Company will be entitled to specific performance under the Transaction Documents. The parties agree that monetary damages may not be adequate compensation for any loss incurred by reason of any breach of obligations contained in the Transaction Documents and hereby agree to waive and not to assert in any action for specific performance of any such obligation the defense that a remedy at law would be adequate.

5.16 Payment Set Aside. To the extent that the Company makes a payment or payments to any Purchaser pursuant to any Transaction Document or a Purchaser enforces or exercises its rights thereunder, and such payment or payments or the proceeds of such enforcement or exercise or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside, recovered from, disgorged by or are required to be refunded, repaid or otherwise restored to the Company, a trustee, receiver or any other Person under any law (including, without limitation, any bankruptcy law, state or federal law, common law or equitable cause of action), then to the extent of any such restoration the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such enforcement or setoff had not occurred.

5.17 Usury. To the extent it may lawfully do so, the Company hereby agrees not to insist upon or plead or in any manner whatsoever claim, and will resist any and all efforts to be compelled to take the benefit or advantage of, usury laws wherever enacted, now or at any time hereafter in force, in connection with any claim, action or proceeding that may be brought by any Purchaser in order to enforce any right or remedy under any Transaction Document. Notwithstanding any provision to the contrary contained in any Transaction Document, it is expressly agreed and provided that the total liability of the Company under the Transaction Documents for payments in the nature of interest shall not exceed the maximum lawful rate authorized under applicable law (the “Maximum Rate”), and, without limiting the foregoing, in no event shall any rate of interest or default interest, or both of them, when aggregated with any other sums in the nature of interest that the Company may be obligated to pay under the Transaction Documents exceed such Maximum Rate. It is agreed that if the maximum contract rate of interest allowed by law and applicable to the Transaction Documents is increased or decreased by statute or any official governmental action subsequent to the date hereof, the new maximum contract rate of interest allowed by law will be the Maximum Rate applicable to the Transaction Documents from the effective date thereof forward, unless such application is precluded by applicable law. If under any circumstances whatsoever, interest in excess of the Maximum Rate is paid by the Company to any Purchaser with respect to indebtedness evidenced by the Transaction Documents, such excess shall be applied by the Purchaser to the unpaid principal balance of any such indebtedness or be refunded to the Company, the manner of handling such excess to be at such Purchaser’s election.

5.18 Liquidated Damages. The Company’s obligations to pay any partial liquidated damages or other amounts owing under the Transaction Documents is a continuing obligation of the Company and shall not terminate until all unpaid partial liquidated damages and other amounts have been paid notwithstanding the fact that the instrument or security pursuant to which such partial liquidated damages or other amounts are due and payable shall have been canceled.

5.19 Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then such action may be taken or such right may be exercised on the next succeeding Business Day.

5.20 Construction. The parties agree that each of them and/or their respective counsel have reviewed and had an opportunity to revise the Transaction Documents and, therefore, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of the Transaction Documents or any amendments thereto. In addition, each and every reference to share prices and shares of Common Stock in any Transaction Document shall be subject to adjustment for reverse and forward stock splits, stock dividends, stock combinations and other similar transactions of the Common Stock that occur after the date of this Agreement.

5.21 **WAIVER OF JURY TRIAL**. **IN ANY ACTION, SUIT, OR PROCEEDING IN ANY JURISDICTION BROUGHT BY ANY PARTY AGAINST ANY OTHER PARTY, THE PARTIES EACH KNOWINGLY AND INTENTIONALLY, TO THE GREATEST EXTENT PERMITTED BY APPLICABLE LAW, HEREBY ABSOLUTELY, UNCONDITIONALLY, IRREVOCABLY AND EXPRESSLY WAIVES FOREVER TRIAL BY JURY.**

*(Signature Pages Follow)*



IN WITNESS WHEREOF, the parties hereto have caused this Securities Purchase Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

**PETVIVO HOLDINGS, INC.**

By: \_\_\_\_\_

Name:

Title:

Address for Notice:

IN WITNESS WHEREOF, the parties hereto have caused this Securities Purchase Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

Name of Purchaser: GEMINI MASTER FUND, LTD.

*Signature of Authorized Signatory of Purchaser* : \_\_\_\_\_

Name of Authorized Signatory: Steven W. Winters

Title of Authorized Signatory: President to the Investment Manager

Email Address of Authorized Signatory: Steve@GeminiStrategies.com

Facsimile Number of Authorized Signatory: \_\_\_\_\_

Address for Notice to Purchaser:

c/o Gemini Strategies LLC, Inc.  
619 South Vulcan Ave., Suite #203  
Encinitas, CA 92024

Subscription Amount: \$460,000

Purchase Price: \$400,000

Warrant Shares: 66,000

EIN Number: \_\_\_\_\_

**SCHEDULE I**

PURCHASERS

<b>Purchasers</b>	<b>Purchase Price</b>	<b>Principal Amount of Note</b>	<b>Warrant Shares</b>
Gemini Master Fund, Ltd. c/o Gemini Strategies LLC, Inc. 619 South Vulcan Ave., Suite #203 Encinitas, CA 92024	\$ 400,000	\$ 460,000	66,000
<b>Total</b>	<b>\$ 400,000</b>	<b>\$ 460,000</b>	<b>66,000</b>

**EXHIBIT A**

[FORM OF NOTE]

**EXHIBIT B**

[FORM OF WARRANT]

**Certification of Principal Executive Officer  
Required By Rule 13a-14(A) of the Securities Exchange Act of 1934, As Amended,  
As Adopted Pursuant To Section 302 of the Sarbanes-Oxley Act of 2002**

I, John Lai, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PetVivo Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 18, 2017

By: /s/ John Lai  
John Lai  
President, Director  
(Principal Executive Officer)

**Certification of Principal Financial Officer**  
**Required By Rule 13a-14(A) of the Securities Exchange Act of 1934, As Amended,**  
**As Adopted Pursuant To Section 302 of the Sarbanes-Oxley Act of 2002**

I, John F. Dolan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PetVivo Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 18, 2017

By: /s/ John F. Dolan

John F. Dolan  
General Counsel, Secretary, Treasurer, Director  
(Principal Financial and Accounting Officer)

**Certification of Principal Executive Officer  
Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of PetVivo Holdings, Inc., a Nevada corporation (the "Company"), on Form 10-Q for the quarter ended September 30, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), John Lai, President and Principal Executive Officer of the Company, certifies to the best of his knowledge, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company, and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: September 18, 2017

By: /s/ John Lai  
John Lai  
President, Director  
(Principal Executive Officer)



**Certification of Principal Financial Officer  
Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of PetVivo Holdings, Inc., a Nevada corporation (the "Company"), on Form 10-Q for the quarter ended September 30, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), John F. Dolan, General Counsel, Treasurer and Principal Financial Officer of the Company, certifies to the best of his knowledge, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company, and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: September 18, 2017

By: /s/ John F. Dolan

John F. Dolan  
General Counsel, Secretary, Treasurer, Director  
(Principal Financial Officer)