

Vimta Labs Limited

Registered Office
142, IDA Phase II, Cherlapally
Hyderabad-500 051, Telangana, India
T : +91 40 2726 4141
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VLL\SE\021\2022-23
Date: 30.05.2022

Listing Centre
BSE Limited
PJ Towers, Dalal Street
Mumbai: 400001
Scip Code : 524394

Asst. Vice President
National Stock Exchange of India Limited
"Exchange Plaza", Bandra
Kurla Complex, Bandra (E)
Mumbai – 400051
Symbol : VIMTALABS

Dear Sir/Madam,

Sub: Submission of Annual Report along with notice of Annual General Meeting (AGM) of the Company for the FY 2021-22.

Pursuant to regulation 34(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed copy of annual report of the Company for FY 2021-22, together with notice of 32nd AGM to be held on **Saturday, 25th June 2022 at 10:00 a.m.(IST)** through Video Conference (VC)/Other Audio Visual Means (OAVM) which is being circulated to the shareholders through electronic mode whose email IDs are registered with the Company/ Depositories.

The notice and Annual report is also available on the Company's website at

https://vimta.com/downloads/Annual_Report-2021-2022-Website.pdf

This is for your information and records.

Thanking you,

Yours faithfully,
for VIMTA LABS LIMITED


Sujani Vasireddi
Company Secretary



Encl. as above



Notice Calling

32nd Annual General Meeting

Scheduled to be held on Saturday, 25th June 2022



The newly commissioned EMI/EMC Chamber

Vimta Labs Limited
CIN : L24110TG1990PLC011977

Registered Office: Plot Nos. 141/2 & 142, IDA
Phase II, Cherlapally, Hyderabad - 500 051, India.
E-mail: shares@vimta.com Web: www.vimta.com



NOTICE

NOTICE is hereby given that the 32nd Annual General Meeting of the Members of Vimta Labs Limited will be held on Saturday, 25th June, 2022 at 10:00 a.m. IST through Video Conferencing (“VC”)/Other Audio Visual Means (“OAVM”) to transact the following businesses. The venue of the meeting shall be deemed to be the registered office of the company at Plot No. 141/2 & 142, IDA, Phase II, Cherlapally, Hyderabad, Telangana – 500051 India.

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt:

- the Standalone Audited Financial Statements of the Company for the financial year ended 31st March, 2022, together with the reports of the Board of Directors and the Auditors thereon; and
- the Consolidated Audited Financial Statements of the Company for the financial year ended 31st March, 2022, together with the report of the Auditors thereon.

2. To declare Dividend of ₹ 2/- per equity share for the financial Year ended 31.03.2022.

3. To appoint a Director in place of Dr. S P Vasireddi (DIN: 00242288) who retires by rotation and being eligible, offers himself for reappointment.

4. To re-appoint M/s Gattamaneni & Co., Chartered Accountants (Firm Reg. No. 009303S) as statutory auditors of the Company and to fix their remuneration.

To consider and if thought fit, to pass the following resolution, with or without modification(s), as an Ordinary Resolution:

“RESOLVED THAT pursuant to Sections 139, 142 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the recommendations of the Audit Committee and the Board of Directors of the Company, M/s Gattamaneni & Co., Chartered Accountants (Firm Reg. No. 009303S) be and are hereby re-appointed as the Statutory Auditors of the Company for a further term of five consecutive years, from the conclusion of the 32nd Annual General Meeting until the conclusion of the 37th Annual General Meeting to be held in the year 2027 on such remuneration in addition to the reimbursement of the actual out of pocket expenses incurred for the audit of the company and GST as applicable, as may be decided by the Board of Directors in consultation with the Statutory Auditors of the Company.”

SPECIAL BUSINESS:

5. Ratification of remuneration of cost auditors for financial year ending 31st March, 2023.

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 148 of the Companies Act, 2013 read with Rule 14 (a) (ii) of Companies (Audit and Auditors) Rules, 2014 including any statutory modification(s) or re-enactment(s) thereof for the time being in force, the approval accorded by the Board of Directors for payment of a remuneration of ₹ 50,000/- (Rupees fifty thousand only) plus GST, if any to M/s Lavanya & Associates, Cost Accountants, Hyderabad (Firm Regn. No. 101257), Cost Auditors of the Company for conduct of the Audit of cost records of the company for the Financial Year ending 31st March, 2023 be and is hereby ratified.”

6. Approval for Re-appointment of Ms. Y Prameela Rani (DIN: 03270909) as an Independent Director of the Company.

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other relevant provisions of the Companies Act, 2013, rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), read with Schedule IV of the Act, Articles of Association of the Company and pursuant to provisions of Regulation 25 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and subject to such other approvals, if any, as may be required and based on the recommendations of Nomination and Remuneration Committee and the Board of Directors, the consent and approval of the Members of the Company be and is hereby accorded to reappoint Ms. Y Prameela Rani (DIN: 03270909) as an independent director, not liable to retire by rotation for the second and final term of five years commencing from 1st December 2022 to 30th November 2027.

RESOLVED FURTHER THAT the Board of Directors and Company Secretary be and are hereby severally authorized to do all acts, deeds, matters and things as may be deemed necessary and/or expedient in connection therewith or incidental thereto, to give effect to the aforesaid Resolution.”

7. Approval for payment of remuneration to Ms. Harita Vasireddi (DIN: 00242512) Managing Director of the Company.

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with Schedule V thereto (including any amendment(s), statutory modification(s) or re-enactment(s) thereof for the time being in force), Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, and pursuant to provisions of Regulation 17(6)(e) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and subject to such other approvals, if any, as may be required and based on the recommendations of Nomination and Remuneration Committee and Board of Directors of the Company, the consent and approval of the Members of the Company be and is hereby accorded for the payment of remuneration to Ms. Harita Vasireddi (DIN: 00242512), Managing Director of the Company, in terms of the special resolution passed by postal ballot on 21st March, 2020 for the remainder of her tenure of 2 (two) years w.e.f. 14th July, 2022.

RESOLVED FURTHER THAT in case of inadequacy of profits, the remuneration i.e. salary and perquisites (except performance variable remuneration by way of % on net profits) as approved by the members at the 29th and 32nd AGMs, be paid as minimum remuneration to the Managing Director for the rest of her tenure of 2 (two) years w.e.f. 14th July, 2022.

RESOLVED FURTHER THAT the Board of Directors and Company Secretary be and are hereby severally authorized to do all acts, deeds, matters and things as may be deemed necessary and/or expedient in connection therewith or incidental thereto, to give effect to the aforesaid Resolution.”

8. Approval for revision of payment of remuneration to Mr. Satya Sreenivas Neerukonda (DIN: 00269814) Executive Director of the Company.

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with Schedule V thereto (including any amendment(s), statutory modification(s) or re-enactment(s) thereof for the

time being in force), Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, and pursuant to provisions of Regulation 17(6)(e) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and subject to such other approvals, if any, as may be required and based on the recommendations of Nomination and Remuneration Committee and Board of Directors of the Company, the consent and approval of the Members of the Company be and is hereby accorded to the revision in the remuneration (Salary Consolidated) to ₹ 10,00,000/- (Rupees ten lakhs only) per month to Mr. Satya Sreenivas Neerukonda (DIN: 00269814), Executive Director of the Company for the remainder tenure of 2 (two) years w.e.f. 14th July, 2022, as per the terms of his appointment and perquisites approved by the Members at the 29th Annual General Meeting (AGM) held on 27th July, 2019 and through Postal Ballot on 21st March, 2020.

RESOLVED FURTHER THAT in case of inadequacy of profits, the remuneration i.e. salary as approved by the members at the 32nd AGM and perquisites (except performance variable remuneration by way of % on net profits), as approved by the members at the 29th AGM be paid as minimum remuneration to the Executive Director for the rest of his tenure of 2 (two) years w.e.f. 14th July, 2022.

RESOLVED FURTHER THAT the Board of Directors and Company Secretary be and are hereby severally authorized to do all acts, deeds, matters and things as may be deemed necessary and/or expedient in connection therewith or incidental thereto, to give effect to the aforesaid Resolution.”

By Order of the Board
For Vimta Labs Limited

Place: Hyderabad
Date: 12th May, 2022

Sujani Vasireddi
Company Secretary

NOTES:

1. In view of the prevailing COVID-19 pandemic situation across the country, the Ministry of Corporate Affairs (MCA) vide General Circular No. 14/2020 dated 08.04.2020, General Circular No. 17/2020 dated 13.04.2020, General Circular No. 22/2020 dated 15.06.2020, General Circular No. 33/2020 dated 28.09.2020, General Circular No. 39/2020 dated 31.12.2020, General Circular No. 10/2021 dated 23.06.2021, General Circular No. 20/2021 dated 08.12.2021 and General Circular No. 3/2022 dated 05.05.2022, (collectively referred to as “MCA Circulars”) it



- has been decided to permit holding of AGM through Video Conferencing (VC) or Other Audio Visual Means (OAVM) for the calendar year 2022. As such, in compliance with the provisions of the Companies Act, 2013 (“Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and MCA Circulars, the AGM of the Company is being held through VC / OAVM.
2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the MCA Circulars, the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (‘CDSL’) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as voting during the AGM will be provided by CDSL.
 3. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of Special Business is annexed hereto and forms part of the Notice.
 4. The Register of Members and Share Transfer Books of the Company will remain closed from **19th June 2022 (Sunday) to 25th June 2022 (Saturday) (both days inclusive)** for the Annual General Meeting.
 5. The relevant details, pursuant to Regulations 26(4) and 36(3) of the SEBI Listing Regulations and Secretarial Standards on General Meetings issued by the Institute of Company Secretaries of India, in respect of Director seeking re- appointment at this AGM is annexed hereto.
 6. The Company has appointed Mr. D. Hanumanta Raju, or failing him, Ms. Shaik Razia, partners, M/s D Hanumanta Raju & Co, Company Secretaries, Hyderabad, as the Scrutinizers to the e-voting process and evoting at the AGM in a fair and transparent manner and they have communicated their willingness to be appointed and will be available for the same purpose.
 7. Pursuant to the provisions of the Companies Act 2013, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a member of the company. Since this AGM is being held pursuant to the MCA circulars through VC/OAVM, the requirement of physical Attendance of members has been dispensed with. Accordingly, in terms of the MCA circulars and the Stock Exchange Board of India (SEBI) circular, the facility for appointment of Proxies by the members will not be available for this AGM and hence the proxy form, attendance Slip and route map of the AGM venue are not annexed to this notice.
 8. As per Regulation 40 of the Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialised form with effect from 1st April, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, Members holding shares in physical form are requested to consider converting their holdings to dematerialised form. Members can contact the Company’s Registrar and Transfer Agent, CIL Securities Limited (RTA) at rta@cilsecurities.com for assistance in this regard.
 9. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held by them in electronic form and to CIL Securities in case the shares are held by them in physical form.
 10. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
 11. Members are requested to note that the dividend remaining unclaimed for a continuous period of seven years from the date of transfer to the Company’s Unpaid Dividend Account shall be transferred to the Investor Education and Protection Fund (IEPF). In addition, all equity shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred by the Company to demat account of the IEPF authority within a period of thirty days of such equity shares becoming due to be transferred to the IEPF. In the event of transfer of equity shares and the unclaimed dividends to IEPF, Members are entitled to claim the same from IEPF authority by submitting an online application in the prescribed Form IEPF-5 available on the website www.iepf.gov.in and sending a physical copy of the same duly signed to the Company along with the requisite documents enumerated in Form IEPF-5. Members can file only one consolidated claim in a financial year as per the IEPF rules.
 12. In compliance with the aforesaid MCA Circulars and SEBI Circular No. SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated 13th May 2022. Notice of the AGM along with the Annual Report 2021-22 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2021-22 will also be available on the Company’s website, websites of the Stock Exchanges i.e., Bombay Stock Exchange Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively.

13. Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on or before 22nd June 2022 through email to shares@vimta.com. The same will be replied by the Company suitably.
14. The Statutory Registers and the documents pertaining to the items of business to be transacted at the AGM are available for inspection in electronic mode. The members may write an e-mail to shares@vimta.com and the Company shall respond suitably.
15. The dividend will be paid to all the shareholders whose names were appearing in the register of members as on **18th June 2022**, being the record date fixed for this purpose.
16. Shareholders may note that the Income Tax Act, 1961 (Act), as amended by the Finance Act 2021, mandates that dividends paid or distributed by Company after April 01, 2021 for ₹ 5,000/- or more shall be taxable in the hands of shareholders and the Company is required to deduct tax at source (TDS) from dividend paid to shareholders in accordance with the provisions of the Act.

The prescribed rates of TDS for various categories and the procedure for declarations are as follows:

i) Resident Shareholder:

Particulars	TDS Rate
With PAN	10% or as may be notified by the Government of India
Without/Invalid PAN	20% or as may be notified by the Government of India
Submission of declaration in Form 15G or Form 15H	NIL

For the above purpose, the shareholders are requested to update their PAN with the Company/ RTA (in case of shares held in physical mode) and depository participants (in case of shares held in demat mode) to get the benefit of Lower TDS rate and to enable the Company to provide the TDS Certificates to the shareholders.

ii) Non-Resident Shareholder:

TDS Rate @ 20% plus applicable surcharge and Cess (OR) applicable Tax Treaty Rate under the Double Tax Avoidance Treaty (DTAA) between India and their country of residence (whichever is lower), subject to the fulfilment of the following requirements:

The Non-resident shareholders are requested to provide the following documents to avail the tax treaty benefits by sending an email to rta@cilsecurtites.com with subject line: (unit- VIMTA LABS LIMITED) on or before 19th June 2022;

- Declaration for “No Permanent Establishment” in India;
 - Beneficial Ownership Declaration;
 - Tax Residency Certificate (TRC) for FY 2022-23;
 - Form 10F and
 - Copy of Indian PAN (if available).
17. The Meeting shall be deemed to be held at the registered office of the Company at Plot No.141/2 & 142. IDA, Phase-II Cherlapally, Hyderabad, Telangana -500051.

Instructions for e-voting and joining the AGM are as follows:

18. INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM:

- (i) As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs General Circular No. 14/2020 dated 08.04.2020, General Circular No. 17/2020 dated 13.04.2020, General Circular No. 22/2020 dated 15.06.2020, General Circular No. 33/2020 dated 28.09.2020, General Circular No. 39/2020 dated 31.12.2020, General Circular No. 10/2021 dated 23.06.2021, General Circular No. 20/2021 dated 08.12.2021 and General Circular No. 3/2022 dated 05.05.2022. The forthcoming AGM/EGM will thus be held through through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM/EGM through VC/OAVM.
- (ii) Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and aforesaid MCA Circulars the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM/EGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting’s agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the EGM/AGM will be provided by CDSL.
- (iii) The Members can join the EGM/AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the EGM/AGM through VC/OAVM will be made available upto 1000



members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the EGM/AGM without restriction on account of first come first served basis.

- (iv) The attendance of the Members attending the AGM/EGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
- (v) Pursuant to aforesaid circulars the facility to appoint proxy to attend and cast vote for the members is not available for this AGM/EGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM/EGM through VC/OAVM and cast their votes through e-voting.
- (vi) In line with aforesaid circular, the Notice calling the AGM/EGM has been uploaded on the website of the Company at www.vimta.com. The Notice can also be accessed from the websites of the Stock Exchanges i.e., BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively. The AGM/EGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM/EGM) i.e., www.evotingindia.com.
- (vii) The AGM/EGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with aforesaid Circulars.
- (viii) In continuation of the aforesaid Circulars and after due examination, it has been decided to allow companies whose AGMs were due to be held in the year 2022, or become due in the year 2022, to conduct their AGMs on or before 31.12.2022.

19. THE INSTRUCTIONS OF SHAREHOLDERS FOR E-VOTING AND JOINING VIRTUAL MEETINGS ARE AS UNDER:

- (i) The voting period begins on **22nd June 2022; 09:00 A.M. and ends on 24th June 2022; at 05:00 P.M.** During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date **18th June 2022** may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to **all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants**. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

- (iv) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

- (v) Pursuant to above said SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode CDSL/NSDL is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	<ol style="list-style-type: none"> Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e., CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page or click on https://evoting.cdslindia.com/Evoting/EvotingLogin. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	<ol style="list-style-type: none"> If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsd.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsd.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsd.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.



Type of shareholders	Login Method
Individual Shareholders (holding securities in demat mode) login through their Depository Participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e., CDSL and NSDL is given below:

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 22-23058542-43.
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30.

(vi) Login method for e-Voting and joining virtual meetings for Physical shareholders and shareholders other than individual holding in Demat form.

- 1) The shareholders should log on to the e-voting website www.evotingindia.com.
- 2) Click on “Shareholders” module.
- 3) Now enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

- 4) Next enter the Image Verification as displayed and Click on Login.
- 5) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
- 6) If you are a first-time user follow the steps given below:

	For Physical shareholders and other than individual shareholders holding shares in Demat.
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders). <ul style="list-style-type: none"> • Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> • If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field.

- (vii) After entering these details appropriately, click on “SUBMIT” tab.
- (viii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xi) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

- (xii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiii) After selecting the resolution, you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xiv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xvi) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvii) Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the “Corporates” module.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xviii) Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; shares@vimta.com, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.
- 20. INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM/EGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:**
- i. The procedure for attending meeting & e-Voting on the day of the AGM/ EGM is same as the instructions mentioned above for e-voting.
 - ii. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.
 - iii. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting.
 - iv. Only those shareholders, who are present in the AGM/EGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the EGM/AGM.
 - v. If any Votes are cast by the shareholders through the e-voting available during the EGM/AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
 - vi. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
 - vii. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
 - viii. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
 - ix. Shareholders who would like to express their views/ ask questions during the meeting may register themselves as a speaker by sending their request in advance **between 20th June 2022 (09:00 a.m.) to 22nd June 2022 (05:00 p.m.)** mentioning their name, demat account number/folio number, email id, mobile number at (company email id). The shareholders who do not wish to speak during the AGM but have queries may send their queries in **between 20th June 2022 (09:00 a.m.) to 22nd June 2022 (05:00 p.m.)**



mentioning their name, demat account number/folio number, email id, mobile number at (company email id). These queries will be replied to by the company suitably by email.

- x. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

21. PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/ MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/ DEPOSITORIES.

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to **Company/RTA email id: shares@vimta.com/ rta@cilsecurities.com**
2. For Demat shareholders -, Please update your email id & mobile no. with your respective Depository Participant (DP).
3. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 022-23058542/43.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

A. Item No.4. To re-appoint M/s Gattamaneni & Co., Chartered Accountants (Firm Reg. No. 009303S) as statutory auditors of the Company and to fix their remuneration.

M/s Gattamaneni & Co., Chartered Accountants, were appointed as Statutory Auditors of the Company at the 27th Annual General Meeting ('AGM') held on 27th September 2017 for a period of 5 years, up to the conclusion of 32nd AGM. M/s Gattamaneni & Co., are eligible for re-appointment for a further period of 5 years. M/s Gattamaneni & Co., have given their consent for their

re-appointment as Statutory Auditors of the Company and has issued certificate confirming that their re-appointment, if made, will be within the limits prescribed under the provisions of Section 139 of the Companies Act, 2013 ('the Act') and the rules made thereunder. M/s Gattamaneni & Co., have confirmed that they are eligible for the proposed appointment under the Act, the Chartered Accountants Act, 1949 and the rules or regulations made thereunder. As confirmed to Audit Committee and stated in their report on financial statements, the Auditors have reported their independence from the Company and its subsidiary according to the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') and the ethical requirements relevant to audit. Based on the recommendations of the Audit Committee and the Board of Directors, it is hereby proposed to re-appoint M/s Gattamaneni & Co., Chartered Accountants, having registration No. 009303S, as the Statutory Auditors of the Company for the second and final term of five consecutive years, who shall hold office from the conclusion of the 32nd AGM till the conclusion of the 37th AGM of the Company. The Board of Directors have approved a remuneration of ₹ 1.60 million for conducting the audit for the financial year 2021-22, excluding applicable taxes and reimbursement of out-of-pocket expenses on actuals. The remuneration proposed to be paid to the Statutory Auditors during their second and final term would be in line with the existing remuneration and shall be commensurate with the services to be rendered by them during the said tenure. The Board of Directors in consultation with the Audit Committee may alter and vary the terms and conditions of appointment, including remuneration, in such manner and to such extent as may be mutually agreed with the Statutory Auditors.

M/s Gattamaneni & Co., Chartered Accountants, is a multi-disciplinary Audit Firm catering to various clients in diverse sectors registered with the ICAI. The firm holds the 'Peer Review' certificate as issued by 'ICAI'.

None of the Directors are in anyway concerned or interested in the resolution set out at item No.4 of the Notice.

The Board recommends the Ordinary Resolution as set out under item No. 4 of the Notice for approval of the members.

B. Item No.5: Ratification of remuneration of cost auditors for financial year ended with 31st March 2023.

The Company is maintaining the cost records in pursuance of Section 148(1) and getting audited by a Cost Auditor in pursuance of Section 148(2) of the Companies Act, 2013 read with Rules made thereunder.

Based on the recommendations of the Audit Committee, at their meeting held on 11th May, the Board of Directors at their meeting on 12th May 2022 have approved the reappointment of M/s Lavanya & Associates, Cost Accountants, Hyderabad (Firm Regn. No. 101257), to carry out cost audit of the cost records of the Company for the financial year ending 31st March, 2023 at a remuneration of ₹ 50,000/- (Rupees fifty thousand only).

In pursuance of Rule 14 (a) (ii) of the Companies (Audit and Auditors) Rules, 2014 the remuneration so fixed by the Board of Directors needs ratification by the members of the Company. Accordingly, the said resolution is put up for ratification.

None of the Directors are in anyway concerned or interested in the resolution set out at item No.5 of the Notice.

The Board recommends the Ordinary Resolution as set out under item No. 5 of the Notice for approval of the members.

C. Item No. 6: Approval for Re-appointment of Ms. Y Prameela Rani (DIN: 03270909) as an Independent Director of the Company.

In accordance with Section 149(10) and (11) of the Companies Act, 2013 ('the Act'), an Independent Director shall hold office for a term up to five years on the Board of the Company, but shall be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such re-appointment in the Boards' Report. Ms. Y. Prameela Rani (DIN: 03270909) was appointed as an additional and independent director of the Company with effect from 1st December 2017, pursuant to Section 161 of the Companies Act, 2013.

Based on her skills, experience, knowledge and performance evaluation and recommendation of the Nomination and Remuneration Committee at its meeting held on 12th May 2022, the Board, in line with the Company's policy on Director's appointment and remuneration has proposed the re-appointment of Ms. Y Prameela Rani as an Independent Director for a second and final term of five years w.e.f 1st December 2022 up to 30th November 2027.

The Company has received a notice in writing pursuant to Section 160 of the Act, from a Member signifying intention to propose the candidature of Ms. Y Prameela Rani (DIN: 03270909) as an Independent Director, to be re-appointed under the provisions of Section 149(10) of the Act.

The Company has received requisite consent/declarations for appointment of Ms. Y Prameela Rani as an Independent Director as required under the Act and rules made thereunder.

In the opinion of the Board and based on the Board's evaluation, Ms. Y Prameela Rani fulfils the conditions specified in the SEBI LODR Regulations, the Act and the Rules framed thereunder for her re-appointment as an Independent Director from the Company.

A copy of the draft letter for the re-appointment of Ms. Y Prameela Rani as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the Members at the Registered Office of the Company during normal business hours on all working days except Saturdays and Sundays up to the date of ensuing AGM.

The Board considers that her continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Ms. Y Prameela Rani as an Independent Director, the Board recommends the resolution set forth in Item No. 6 relating to the re-appointment of Ms. Y Prameela Rani as an Independent Director of the Company, who shall be not liable to retire by rotation, by way of Special Resolution.

A brief profile and other information as required under Regulation 36 of SEBI Listing Regulations and Secretarial Standard-2 issued by ICSI is provided as Annexure to this Notice.

Except Ms. Y Prameela Rani, no other director(s) and Key Managerial Personnel(s) or their relatives, is in any way, concerned or interested, financially or otherwise, in this resolution.

The Board recommends the Special Resolution as set out under item No. 6 of the Notice for approval of the members.

D. Item No.7: Approval for payment of remuneration to Ms. Harita Vasireddi (DIN: 00242512) Managing Director of the Company.

In terms of provisions of Regulation 17(6) (e) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 any remuneration payable to the Executive Directors who are promoters or members of the promoter group in excess of ₹ 5 Crore or 2.5% of the net profits to one such Director or 5% of net profits in aggregate to all such directors will require approval of the members of the Company by way of a Special Resolution.

Approval of members of the Company is required by way of a special resolution under Section II of Schedule V to the Companies Act, 2013 as the profits may not be adequate to pay remuneration under the provisions of section 197 of the Companies Act, 2013. Further, the terms of her remuneration as approved by the Members at the 29th



Annual General Meeting (AGM) held on 27th July 2019 and through postal ballot on 21st March 2020 for a period of three years w.e.f 14th July 2019 shall remain unchanged.

However, in case the Company's profits are inadequate, remuneration by way of salary, perquisites and allowances (excluding performance variable remuneration) as stated in the resolution approved by the Members at the 29th AGM shall be paid as minimum remuneration under the provisions of Section II of Schedule V to the Companies Act, 2013, as amended from time to time to the Managing Director for the rest of her tenure of 2 (two) years w.e.f. 14th July, 2022.

The Board approved the above proposal at their meeting held on 12th May 2022 after considering the valuable contributions of Ms. Harita Vasireddi in the growth of the Company and remuneration commensurate for the similar positions in the companies of the like size. Accordingly, it was proposed to seek approval of the members in the form of Special Resolution as required under the Listing Regulations and Companies Act.

Ms. Harita Vasireddi, Managing Director holds 1,67,964 equity shares in the company.

Except Ms. Harita Vasireddi, Managing Director and Dr S P Vasireddi, Non- Executive Chairman being father of Ms. Harita Vasireddi, none of the other Directors/ Key Managerial Personnel are in anyway concerned or interested.

Statement of Information pursuant to Schedule V, Section – II of the Companies Act, 2013 is attached herewith as Annexure - 1.

The Board recommends the Special Resolution as set out under item No. 7 of the Notice for approval of the members.

E. Item No.8: Approval for revision of payment of remuneration to Mr. Satya Sreenivas Neerukonda (DIN: 00269814) Executive Director of the Company.

In terms of provisions of Regulation 17(6) (e) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 any remuneration payable to the Executive Directors who are promoters or members of the promoter group in excess of ₹ 5 Crore or 2.5% of the net profits to one such Director or 5% of net profits in aggregate to all such directors will require approval of the members of the Company by way of a Special Resolution.

Approval of Members of the Company is required by way of a special resolution under Section II of Schedule V to the Companies Act, 2013 as the profits may not be adequate to pay remuneration under the provisions of section 197 of the Companies Act, 2013. Mr. Satya Sreenivas Neerukonda

(DIN: 00269814) Executive Directors of the Company was appointed at the 29th Annual General Meeting held on 27th July 2019 for a Salary (Consolidated): 8,00,000/- (rupees eight lakhs only) per month. The Board at their meeting held on 12th May 2022 considered the valuable contributions of Mr. Satya Sreenivas Neerukonda in the growth of the Company and proposed to increase Salary (Consolidated): 10,00,000/- (rupees ten lakhs only) per month and the remuneration commensurate for the similar positions in the companies of the like size. Accordingly, it is proposed to seek approval of the members in the form of Special Resolution as required under the Listing Regulations and Companies Act.

Further, the terms of his appointment and perquisites as approved by the Members at the 29th Annual General Meeting (AGM) held on 27th July, 2019 and through postal ballot on 21st March 2020 for a period of three years w.e.f 14th July 2019 shall remain unchanged.

However, in case the Company's profits are inadequate, remuneration by way of salary, as stated in the resolution approved by the Members at the 32nd AGM and perquisites and allowances (excluding performance variable remuneration) as approved by the members at the 29th AGM shall be paid as minimum remuneration under the provisions of Section II of Schedule V to the Companies Act, 2013, as amended from time to time to the Executive Director for the rest of his tenure of 2 (two) years w.e.f. 14th July, 2022.

Mr. Satya Sreenivas Neerukonda, Executive Director does not hold any shares in the Company.

Except Mr. Satya Sreenivas Neerukonda, Executive Director and Ms. Sujani Vasireddi, Company Secretary and Key Managerial Personnel being wife of Mr. Satya Sreenivas Neerukonda none of the other Directors/Key Managerial Personnel are in anyway concerned or interested in the special business set out at item No. 8.

Statement of Information pursuant to Schedule V, Section – II of the Companies Act, 2013 is attached herewith as Annexure - 1.

The Board recommends the Special Resolution as set out under item No. 8 of the Notice for approval of the members.

By Order of the Board
For Vimta Labs Limited

Place: Hyderabad
Date: 12th May, 2022

Sujani Vasireddi
Company Secretary

ANNEXURE TO THE NOTICE FOR AGM

Details of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting to be held on 25th June 2022 under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per SS-2 issued by ICSI.

Particulars	Item No. 3 of Notice	Item No. 6 of Notice
Name	Dr. S P Vasireddi	Y Prameela Rani
DIN	00242288	03270909
Date of first Appointment	16.11.1990	01.12.2017
Designation	Non-Executive Director & Chairman	Independent Director
Date of Birth	01.07.1948	01.08.1953
Qualification	Ph.D.	B.Sc. MBA
Expertise in specific functional Areas	Ph.D. with over 44 years of experience. From the inception, he is one of the Promoter Director of the company and has been its Chairman & Managing Director up to 15.07.2013. Subsequently, he was designated as Executive Chairman up to 30.06.2018 and further designated as Non-Executive Chairman. He is a member on the Governing Boards of several scientific bodies.	An Experienced professional with a successful career in banking sector over 41 years with key areas of expertise which includes credit, foreign exchange, Business development and Management.
Terms and conditions of appointment and details of last salary drawn	Retiring by rotation, being eligible offers himself for reappointment. Last drawn salary – Not Applicable.	Not liable to retire by rotation. Last drawn salary – Not Applicable.
Number of meetings of the Board attended During the year	5	5
Disclosure of relationship between directors inter-se	Harita Vasireddi – Managing Director is daughter.	Nil
Shareholding as on 31.03.2022	3598525	Nil
Directorships	Nil	Avanti Frozen Foods Private Limited Maximus ARC Limited
Board (Listed entities)		Nil
Committees (Listed entities)		Nil

By Order of the Board
For Vimta Labs Limited

Place: Hyderabad
Date: 12th May, 2022

Sujani Vasireddi
Company Secretary



Annexure - 1

STATEMENT OF INFORMATION PURSUANT TO SCHEDULE V, SECTION- II OF THE COMPANIES ACT, 2013

I. General Information:

- Nature of the Industry:** Professional, Scientific and Technical Activities.
- Date or expected date of commencement of commercial production:** Vimta Labs Limited was commenced in the year 1990.
- In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:** Not Applicable.
- Financial Performance based on given indicators:**

Particulars for the Financial Year ended 31 st March 2022	₹ in Millions
Net Sales and Other Income	2774.34
Operating Profit (Before Interest, Depreciation and Tax) (PBIDT)	800.02
Profit Before Depreciation & Tax (PBDT)	785.06
Profit Before Tax (PBT)	553.48
Profit After Tax (PAT)	410.58

- Foreign investments or collaborations, if any:** Not applicable.

II. Information about the Appointees:

1. Background Details

a. Ms. Harita Vasireddi

Managing Director

Age: 47

Nationality: Indian

Education: MBA Operations, Boston College, Boston, USA; B.Pharm, Mysore University, India

Professional experience: 24 years of extensive experience in Laboratory Operations Management, with track record of growth and profitability. Core competencies include management & leadership, driving organizational adaptability and development, quality management systems, and risk management. Earlier positions:

- Director-Quality, Vimta Labs Ltd.
- Director-Projects, Vimta Labs Ltd.
- Operations Manager, Vimta-Rostest Pvt. Ltd.

b. Mr. Satya Sreenivas Neerukonda

Executive Director

Age: 46

Nationality: Indian

Education: MBA in Management Information Systems, University of Oklahoma, USA; B.Pharm, Nagpur University, India.

Professional experience: 22 years. An accomplished business development leader with proven track record of driving revenues by penetrating and building new markets and ensuring sustainable revenue growth. His core competencies include strategic planning and execution, new service opportunities development, communication and relationship building, competitive intelligence, and fostering strong team relations to deliver goal oriented performance. Earlier positions:

- Sr VP & Global Head Business Development, Vimta Labs Ltd.
- Whole-time Director, Vimta Specialities Ltd.
- Quality Assurance Engineer, Impac Medical Systems, Mountain View, CA, USA

2. Past Remuneration:

During the Financial Year ended 31st March 2022, Ms. Harita Vasireddi, Managing Director was paid total managerial remuneration of ₹ 17.59 million and Mr. Neerukonda Satya Sreenivas, Executive Director was paid total managerial remuneration of ₹ 14.64 million. (Including PF and Commission).

3. Job Profile and their suitability:

a. Ms. Harita Vasireddi:

As Managing Director, Harita Vasireddi provides strategic direction for growth and is responsible for overall Company's operations. In 1998 Harita joined as Vimta's Operations Manager for its Joint Venture (Vimta-Rostest) with GOSSTANDART, Russia, and was integral to the success of the Joint Venture where she was successful in managing a multi-site testing and inspection operation, while engaging with several key customers in India and Russia. She later moved to the parent Company Vimta Labs Limited in 2002, as Director-Projects where she held multiple project specific lead roles of Key Account Manager for the company's Pharma services vertical. As a Key Account Manager, she was responsible for relationship building and account management for several primary overseas customers.

She later changed roles as Director-Quality and played a pivotal role in leading the company's initiation and adoption of GMPs (Good

Manufacturing Practices), and built a successful international regulatory track record for the company. Vimta's successful regulatory track record has been key to the growth of its Pharma services in India and overseas. Advancing into the role of Managing Director in 2013, her versatile steward leadership has since led Vimta team to grow the company significantly in terms of revenue, profits, and customer and employee satisfaction. Very recently, under her leadership, Vimta won the prestigious 25 years contract with Food Safety and Standards Authority of India (FSSAI) to setup and manage the National Food Lab at JNPT, Navi Mumbai. In taking the company towards Vimta's vision to be an integrated, quality driven, customer sensitive, Contract Research and Testing organization, that is the most comprehensive of its kind, company diversified into Electronics and Electrical testing late last year. Harita has a proven track record of strategic change management and steers the Company to take strong and sturdy steps forward, through meticulously building new capabilities and robust internal systems for growth, while continuously improving on the intrinsically resilient Vimta business model to weather any challenging business environments.

b. Mr. Satya Sreenivas Neerukonda:

As a global sales and business development professional with more than 22 years of rich experience in multiple markets and industries, he is responsible for development and implementation of strategic plans that meet business goals and objectives. He works closely with all business unit heads to develop service models that convey a customized approach to all business pursuits. Responsibilities include, overseeing the entire sales cycle right from enquiry sourcing & management to receivables management. He also plays a key role in identifying right prospects; building partnerships and managing a KOL (Key Opinion Leader) network. He spends a good amount of time attending and representing Vimta at all key industry meetings and conferences. He is closely associated with the marketing team in brand building and other corporate marketing activities.

4. Remuneration Proposed:

Considering the valuable contributions of Mr. Satya Sreenivas Neerukonda in the growth of the Company it is proposed to increase Salary (Consolidated): 10,00,000/- (rupees ten lakhs only) per month and

the remuneration commensurate for the similar positions.

There is no change in the terms of appointment and remuneration of the above mentioned Managerial Personnel as was approved by the Members at the 29th Annual General Meeting held on 27th July 2019. The approval is sought as per the provisions of Section 196, 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with Schedule V and regulation 17(6) (e) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

5. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin):

Considering the contributions of Ms. Harita Vasireddi and Mr. Satya Sreenivas Neerukonda and the progress made by the Company under their leadership and guidance, and further, considering the responsibilities they shoulder and also the executive remuneration in the industry, the Nomination and Remuneration Committee recommend and Board approves the remunerations.

6. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:

Ms. Harita Vasireddi, Managing Director belongs to promoter group. Mr. Satya Sreenivas Neerukonda, Executive Director and Ms. Sujani Vasireddi as Company Secretary and a Key Managerial Personnel and a member of promoter group is wife of Mr. Satya Sreenivas Neerukonda.

III. OTHER INFORMATION:

1. Reasons for inadequacy of profits:

Company profits, although currently inadequate under said proposal, show strong growth YoY from FY2021 to FY2022. Expansions into new geographic locations and strategic service additions have been undertaken for company's future growth. These operational and CAPEX investments impact the profit in FY22. However, the return on strategic investments are expected to be more than adequately compensate for remuneration of directors under inadequacy of profits.

2. DISCLOSURES:

The disclosures envisaged to be furnished under this head have been disclosed in the Corporate Governance Report forming part of the Directors' Report for the FY 2021-22 and as such, the company is in compliance of the said provision, hence, the said details are not being included herein.



Vimta Labs Limited

CIN : L24110TG1990PLC011977

Registered Office: Plot Nos. 141/2 & 142, IDA

Phase II, Cherlapally, Hyderabad - 500 051, India.

E-mail : shares@vimta.com Web : www.vimta.com

32nd Annual Report 2021 – 22



The newly commissioned EMI/EMC Chamber



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CORPORATE INFORMATION

Board of Directors

Dr. Sivalinga Prasad Vasireddi
Chairman (Non-Executive)
DIN: 00242288

Ms. Prameela Rani Yalamanchili
Independent Director
DIN: 03270909

Ms. Harita Vasireddi
Managing Director
DIN: 00242512

Mr. Purnachandra Rao Gutta
Independent Director
DIN: 00876934

Mr. Harriman Vungal
Executive Director – Operations
DIN: 00242621

Mr. Sanjay Dave
Independent Director
DIN: 08450232

Mr. Satya Sreenivas Neerukonda
Executive Director
DIN: 00269814

Dr. Yadagiri R Pendri
Independent Director
DIN: 01966100

Key Managerial Personnel

Ms. Sujani Vasireddi
Company Secretary & Compliance Officer

Mr. D.R. Narahai Naidu
Chief Financial Officer

Auditors

Statutory Auditors
Gattamaneni & Co.
(Firm Reg. No 009303S)
Chartered Accountants, Hyderabad

Secretarial Auditors
D Hanumanta Raju & Co.
Company Secretaries,
Hyderabad

Cost Auditors
Lavanya & Associates,
(Firm Reg. No. 101257)
Cost Accountants, Hyderabad

Internal Auditors

Chaitanya V & Associates,
Chartered Accountants, Hyderabad

Bankers / Financial Institutions

Axis Bank Limited.
HDFC Bank Limited.
CISCO Systems Capital (India)
Private Limited.

Registrar & Share Transfer Agent

CIL Securities Limited
214, Raghava Ratna Towers
Chirag Ali Lane, Abids
Hyderabad -500001

Registered Office

Vimta Labs Limited
141/2 & 142, IDA, Phase-II, Cherlapally,
Hyderabad, Telangana – 500051

Life Sciences Facility

#5, MN Science & Technology Park,
Genome Valley, Shamirpet,
Hyderabad, Telangana - 500101

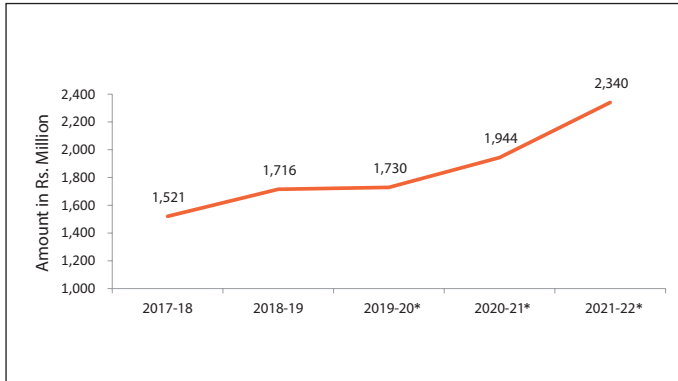
Wholly Owned Subsidiary

Emtac Laboratories Private Limited
(EMTAC)
Plot No. 11/6, Road No.9 IDA,
Nacharam, Hyderabad
Telangana - 500076

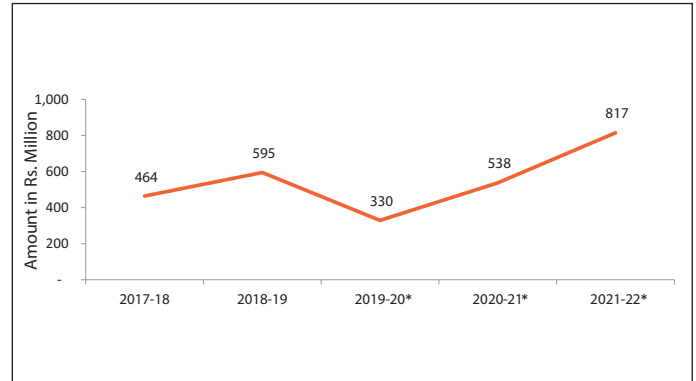


GROUP AT A GLANCE

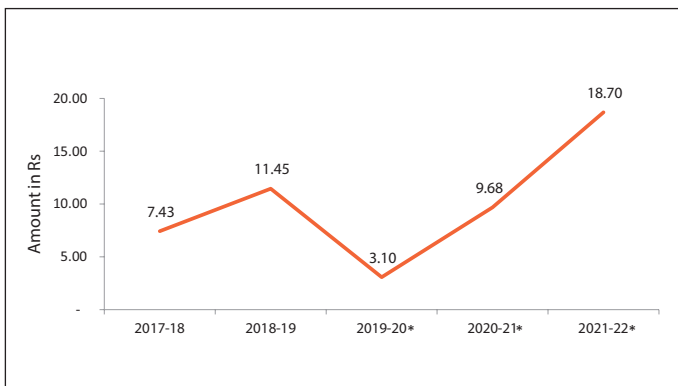
Net Worth



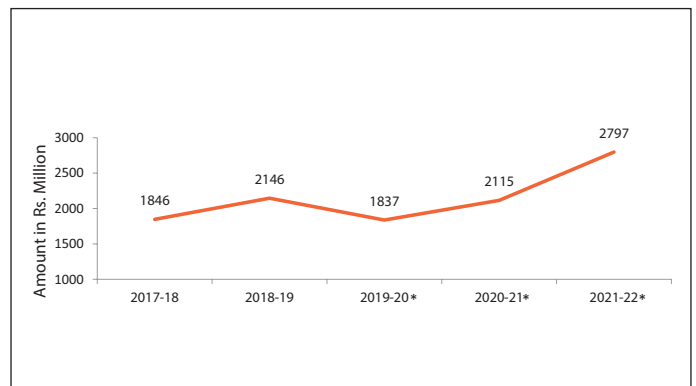
EBITDA



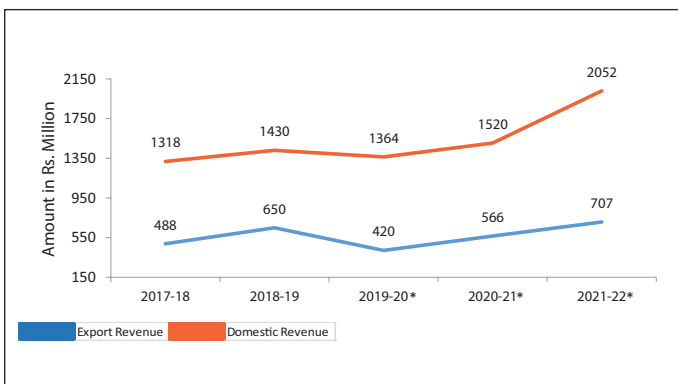
Basic EPS



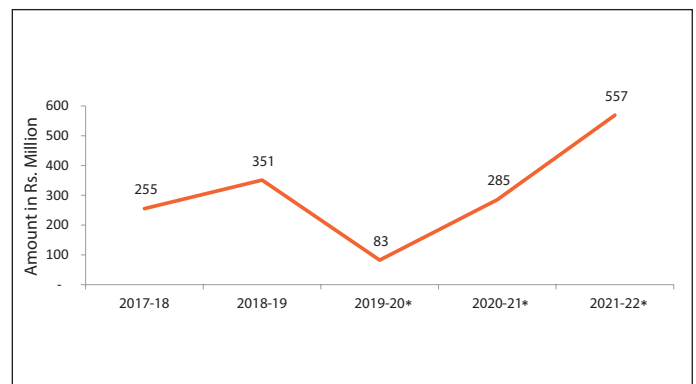
Total Income



Domestic Vs Export Revenue



PBT



*Note: Consolidated Figures since FY 2019-20 include Emtac Laboratories Pvt Ltd., which was acquired in March 2020.

BOARD'S REPORT

Dear Members,

Your Directors hereby present the 32nd Annual Report together with the Standalone & Consolidated Audited Financial Statements for the year ended 31st March 2022.

1. COMPANY'S PERFORMANCE

During the year under review, your company recorded a consolidated total income of ₹ 2,797.28 million as compared to ₹ 2,115.08 million in the previous year and standalone total income of ₹ 2,774.34 million as compared to ₹ 2,098.61 million in the previous year. There is a

significant growth of 32.3% and 32.2% at consolidated and standalone levels respectively, as compared with those of the previous year.

The EBIDTA of 28.8% and 28.8% at consolidated and standalone level respectively, for FY 2022 grew significantly well when compared to 25% and 25%, of the previous year. Your Company's strong performance for the year was driven by healthy growth across its contract research and testing services. Your Company continues to strengthen its projects pipeline in both domestic as well as global markets.

2. FINANCIAL SUMMARY

The Financial performance of your Company for the year ended 31st March 2022 is summarized below.

(₹ in Millions)

Sl. No.	Particulars	Year Ended March 31, 2022		Year Ended March 31, 2021	
		Standalone	Consolidated	Standalone	Consolidated
I	Total Income	2,774.34	2,797.28	2,098.61	2,115.08
	i) Expenses other than Finance costs and Depreciation	1,962.08	1,979.92	1,563.60	1,577.22
	ii) Finance costs	14.96	14.98	21.67	21.68
	iii) Depreciation	231.58	233.29	229.37	230.78
II	Total Expenses (i+ii+iii)	2,208.62	2,228.19	1,814.64	1,829.68
	PBT (I-II) - Before Exceptional Item	565.72	569.09	283.97	285.40
	Less: Exceptional Item	(12.24)	(12.24)	-	-
III	PBT - After Exceptional Item	553.48	556.85	283.97	285.40
IV	Tax expense	142.90	143.55	71.37	71.35
V	PAT (III-IV)	410.58	413.30	212.60	214.05
	Other comprehensive (loss) / income	(2.03)	(2.03)	1.00	1.00
VI	Total Comprehensive income for the year (V+VI)	408.55	411.27	213.60	215.05

3. MANAGEMENT DISCUSSION AND ANALYSIS

Company Overview

OUR BUSINESS

Vimta Labs Ltd., established in 1984, is India's most comprehensive contract research and testing organization, providing wide range of services to pharmaceutical, biopharmaceutical, food, consumer goods, electronic, electrical, agrochemical, healthcare, medical device and many other industries. Broadly, these services include:

- Drug discovery, development and drug life cycle management support services in the areas of preclinical research (GLP and non-GLP), clinical research, central lab, and cGMP as well as non-GMP analytical services for pharmaceutical and biopharmaceutical companies;
- Preclinical research and testing services for medical device companies.

- Contract research and testing for Agro-science companies.
- Food testing and analytical development services to support manufacturers, processors, farmers, retailers, traders, exporters, regulators (viz. FSSAI, BIS, APEDA, EIC, etal.).
 - VIMTA's Life Science Food Lab is a National Referral Lab for testing of Water, Alcoholic & Non-Alcoholic Beverages.
 - VIMTA serves FSSAI to manage the National Food Laboratory at Navi Mumbai, under PPP model. The contract was awarded to VIMTA in 2021 with a term of 25 years.
- Clinical diagnostics services to patients, clinicians, hospitals.
- Environmental regulatory services such as impact assessments and post project monitoring, to various industries such as power, infrastructure, cement, oil & gas, mining etc.



- EMI/EMC testing for electronic and electrical products.

OUR VISION

To be seen as an Indian organization with a global perspective that has created an integrated, quality driven, customer sensitive Contract Research and Testing service platform, that's the most comprehensive of its kind across the globe.

OUR CORE VALUES

- Integrity of service through honesty, responsibility and an uncompromising commitment to Quality and Customer service.
- Respect for all our team members, partners, customers, suppliers and all other people our business interacts with.

OUR CORE STRATEGIES

Accelerating growth, growing shareholder value and being future ready are our top priorities. We remain focused on our vision and in detail knit our key strategies to realise the vision with the objective of continually building and growing a comprehensive integrated service organization that will flourish, and not only benefit the shareholders of the company but benefit all stakeholders such as employees, customers, vendors, and society at large. Our core strategies are as below:

Innovation & technology: We continuously invest in developing new capabilities and adopt cutting edge technologies to create new services to deliver comprehensive testing, development, discovery and laboratory services to the customers, supported by robust IT solutions to accelerate processes, gain efficiencies and deliver great customer experience. A digital transformation strategy is under implementation to accelerate our processes to increase organizational agility and move towards environmentally sustainable business practices.

Quality & Compliance: Quality is vital for us! This is the foundation of our business and remains the core of our processes. Quality principles and continuous improvement towards best practices are integrated into all our activities.

Knowledge: Our team is our strength. We continue to focus on attracting and retaining quality talent through a culture of trust and performance. The diverse education, skills and experience of our team is harnessed for operational excellence and to deliver trusted results and cross functionally scientific and reliable data. People training and development is central to our knowledge building and knowledge management practices.

Reach: We aim to continuously expand the geographic reach of our services to acquire more markets and new customers.

OUR SERVICES

I Pharmaceutical and Biopharmaceutical industry services

From product discovery/development to release and post approval/marketing, we offer the following integrated services to pharmaceutical, biopharmaceutical and vaccines industry.

- Preclinical / early development
- IND / 505 (b)(2) enabling
- Invitro studies (IVPT, IVRT, IVBE studies)
- Clinical research and development
- Bioanalytical
- Analytical
- Central lab

The services are in accordance with Good Laboratory Practices (GLP), Good Clinical Practices (GCP) and current Good Manufacturing Practices (cGMP) requirements, as applicable.

Lab location

Hyderabad

Accreditations & Approvals

- Drug Controller General (India) - DCGI
- GLP by National GLP Compliance and Monitoring Authority (NGCMA)
- AAALAC
- Committee for Purpose of Control and Supervision of Experiments on Animals (CPCSEA)
- Accredited by National Accreditation Board for Testing and Calibration Laboratories for ISO 17025 & ISO 15189
- College of American Pathologists (CAP)
- Pre-approved by WHO for Good Practices for Pharmaceutical Quality Control Laboratories (GPPQCL)
- State Drug Control Administration (DCA)

II Food & Agri Testing

- Extensive quality (purity and nutrition analysis) and safety testing expertise in all food, water, beverages - categories including specialty services such as GMO testing, Dioxins & Furans, Trace Heavy Metals, Label Claims, Radioactive isotopes, Vitamins and Minerals, Packaging and Stability testing.
- Methods development and validation.

Lab Locations:

- | | |
|-----------------|-------------|
| • Hyderabad | • Bangalore |
| • Pune | • Ahmedabad |
| • Mumbai | • Noida |
| • Visakhapatnam | • Nellore |

Accreditations & Approvals

- ISO 17025 by National Accreditation Board for Testing and Calibration Laboratories
- Food Safety and Standard Authority of India (FSSAI)
- Recognized as National Reference Laboratory (NRL) for Water and Beverages testing

- Bureau of Indian Standards (BIS)
- Export Inspection Council (EIC)
- Agriculture Products Exports and Development Authority (APEDA)
- European Commission
- AGMARK
- Tea Board

National Food Laboratory (NFL), JNPT, Mumbai

Vimta has won the prestigious contract to “Setup, Operate and Transfer” National Food Laboratory (NFL), on a Public Private Partnership (PPP) mode, at Jawaharlal Nehru Port Trust (JNPT), Navi Mumbai, Maharashtra. The NFL caters to testing food imports samples.

The Laboratory has completed its first phase of NABL accreditation to ISO 17025 and commenced operations in Q4 FY22. Second phase of accreditation is expected to be complete by Q2 FY23 and Lab will then have the competency and capability for testing quality and safety parameters in all food products as per Food Safety and Standards Regulations (FSSRs).

The Company will operate and maintain the facilities for 25 years, and the Agreement may be extended beyond this period by FSSAI, per mutually agreed terms and conditions. After expiry of the Agreement, Company shall transfer the laboratory to FSSAI in running condition with all project assets on as is where is basis.

III Clinical Diagnostics

- Patient care services through wide range of test panels in Hematology, Serology, Cytogenetics, Microbiology, Molecular Biology, Histopathology/ Cytopathology, Biochemistry

Lab locations

- Hyderabad
- Kolkata
- Bhubaneswar
- Vijayawada
- Chennai
- Company owned Patient Service Centers in Hyderabad and Varanasi.
- Delhi
- Varanasi
- Visakhapatnam
- Tirupati

Accreditations & Approvals

- ISO 15189 by National Accreditation Board for Testing and Calibration Laboratories
- College of American Pathologists (CAP)

IV Environment testing

Wide ranging services encompassing entire gamut of environment management and monitoring services. Emphasis is on technical expertise, quality and delivery. Environment essentially being a multi-disciplinary science,

the range of services offered are also comprehensive and cater to the varied needs of industry, pollution control agencies and regulatory authorities, in a larger pursuit of a green globe.

Lab Location and branch offices

- Hyderabad
- Noida
- Coimbatore
- Kolkata

Accreditations & Approvals

- Recognized by Ministry of Environment, Forest & Climate Change (MoEF & CC)
- ISO-18001 certified and Accredited by NABET-QCI for carrying out EIA and EMP studies
- Laboratory is ISO 17025 accredited by NABL (National Accreditation Board for Testing and Calibration Laboratories)

V EMI/EMC testing

Regulatory compliance and due diligence require that electronic devices undergo EMI/EMC testing. The most common applications for EMI/EMC testing are for defence/ aerospace devices & components, consumer good, medical devices, industrial devices, wireless and telecom products. EMI/EMC testing is a critical step in bringing a new product into market.

Lab Location

Hyderabad

Accreditations & Approvals

- NABL (National Accreditation Board for Testing and Calibration Laboratories) Accredited as per ISO 17025

Emtac Laboratories Ltd.

Emtac is a wholly owned subsidiary of Vimta offering the following services, which complement the EMI/EMC testing services at Vimta.

- Product safety testing for IEC/EN, BIS, TEC, BEE standards
- Product Environmental Testing
- Physical Security Product testing as per BIS and EN standards
- Product Certification Services

Lab Location

Hyderabad

Accreditations & Approvals

- NABL (National Accreditation Board for Testing and Calibration Laboratories) Accredited as per ISO 17025
- NABCB (The National Accreditation Board for Certification Bodies) Accredited for Product Certification as per ISO/IEC 17065
- BIS approved



- TEC (Telecommunication Engineering Center, GOI) recognized

OUR TEAM & INFRASTRUCTURE

Vimta is India's largest laboratory equipped with latest technologies and IT infrastructure. Headquartered in Hyderabad, Vimta has a network of 16 laboratories, 06 Clinical Diagnostics patient services centers in India. With a highly diverse, multi-disciplinary team of ~1300 people including scientific, technical and management professionals, our Company's expertise and high standards of quality systems have enabled us to partner with global market leaders, as well as small, medium and virtual companies, across industries.

OUR INVESTMENTS

During its 38 years of journey, VIMTA has always adapted to market trends and economic environments through strategic investments. Its multi-basket services are continuously leveraged to stay resilient and pursue long term strategic objectives for growth. All investments, long term and short term, are strategically made to support our vision and business objectives. Our company firmly believes, that it is on a strong growth path and has made the right investments over the years.

The growth being attained calls for expansion of capacities and facilities in the near future. Company's life sciences facility in Genome Valley, Hyderabad will be augmented by adding a new laboratory building by year 2024. The investments proposed are a strong reflection of our Company's position in the marketplace and increasing demand for its services.

Impact of Covid-19 Pandemic

The company could have registered a higher growth in revenues and profits during the year under review but for COVID-19 pandemic which had particularly impacted the operations during the second quarter. Business development plans related to overseas travels continued to be rolled back. Environmental studies, Clinical Diagnostics, subjects' availability for bioavailability/bioequivalence studies and animal imports for preclinical studies were adversely impacted for a short period. The launch of EMI/EMC services was significantly delayed and commercial operations could be started only in March 2022, due to supply chain challenges.

INDUSTRY STRUCTURE AND DEVELOPMENTS

Services, Opportunities and Threats

Life Sciences Research & Testing

The Life Sciences industry has several branches such as pharmaceuticals, biotechnology, nutraceuticals, neuroscience, cell biology, biophysics, medical devices, environmental sciences, and many others. Businesses and institutions involved in discovery, research & development, manufacturing, supply chain, training, testing etc., all fall under the umbrella of life sciences industry. Industry is characterized by continuous developments, breakthroughs and innovations dedicated

to protecting human, animal and natural life. A lot of these innovations, developments and product life cycle managements are happening through collaborations between various stakeholders and complimentary knowledge-holders. Recent example of such collaborations could be seen in the various vaccines that were expeditiously developed for Covid-19 and manufactured collaboratively to vaccinate the world population. Vimta too contributed in Covid-19 vaccine development through testing and that translated into a higher interest from its customers for its preclinical and analytical services in this area. During the pandemic, the demand for contract research and testing services continued to grow, as this is a segment that serves the life sciences industry which is constantly involved in bringing innovations to address the challenges human lives face in an era where health and sustenance risks only increase not only for human but also for, animal and plant life.

The global medicines market is expected to grow at 3–6% CAGR through 2025, reaching about \$1.6 trillion in total market size in 2025. In developed countries, the adoption of new treatments, offset by patent lifecycles and competition from generics and biosimilars, are expected to continue as the main factors influencing medicine spending and growth. Immunology, oncology and neurology represent the largest aggregate contributors to growth in the next five years, predominantly from a continued flow of new medicines, which will propel growth of opportunities for contract research and testing organizations.

As shared in the previous annual report, the global drug discovery and development services market size is projected to reach USD 21.4 billion by 2025 from USD 11.1 billion in 2020, at a CAGR of 14.0% during the forecast period. The drug discovery services market is segmented into small-molecule drugs and biologic drugs where small molecule drugs account for the largest market share as small-molecule drugs are simple, well-defined, and easy to characterize.

With the growing R&D expenditure in the areas of pharmaceutical & biopharmaceutical industry there is an increase in demand for outsourcing strategic steps of the drug discovery and development process. Key drivers for outsourcings being the time and cost advantage that CROs offer. Even a small saving in time can yield substantial cost savings. CROs help eliminate discovery/development bottlenecks, provide immediate access to domain critical experience, advanced technologies and, therefore help reduce product development cycles and time-to-market.

The global preclinical CRO market size continues to grow strongly with a CAGR of 8.1% from 2021 to 2028 and is expected to reach USD 8.4 billion by 2028. The market is expected to witness lucrative growth over the forecast period due to increasing R&D expenditure and increasing volume of new drugs entering the preclinical phase.

The global bioanalytical testing services market size was valued at USD 3.3 billion in 2020 and is expected to expand at

a compound annual growth rate (CAGR) of 8.6% from 2021 to 2028. The Asia Pacific market is estimated to grow at the highest CAGR during the forecast period, primarily due to the presence of a large patient population (especially in China and India), increasing investments in R&D, and growth in the outsourcing of drug discovery services to Asian CROs. Regions such as India and China still remain popular locations for pharmaceutical outsourcing, offering capable services at a lower cost.

The global pharmaceutical analytical testing outsourcing market size is expected to reach USD 8 billion by 2023 and USD 12.4 billion by 2028 registering a CAGR of 8% plus. Increasing pipelines for biological candidates along with rising demand for additional analytical details on drugs as well as process development by regulatory agencies are boosting the market growth. Biologics safety testing market was valued at USD 3.4 billion in 2021 and is projected to reach USD 6.2 billion by 2026, growing at a CAGR of 12.4% from 2021 to 2026.

The large number of R&D activities initiated in discovery of new vaccines is anticipated to increase the demand for analytical testing services. Stringent regulatory requirements have already created significant demands for Extractable & Leachable studies, Genotoxic impurities, Physical characterization (polymorphism studies) for different types of doses formulations & Elementals Impurities. New guidance for drugs life cycle management emphasizes on revalidation of existing methods.

All the above trends indicate growth opportunities for CROs globally. CRO industry is also benefitting from downsizing in pharmaceutical companies and proliferation of smaller drug makers, including the ones that use the 505 (b)(2) pathway to create new therapies from existing drugs. 505 (b)(2) drug development pathway offers multiple advantages to small drug makers by having the potential to lower risk due to previous drug approval; faster development and lower cost due to fewer studies needed; and potential to qualify for 3-7 years of market exclusivity.

VIMTA through its integrated drug development and discovery services is well positioned to take advantage of these trends and has track record of conducting several IND enabling and 505(b)(2) programs for customers from India, Europe and US markets. VIMTA is very focused on business development efforts in overseas markets and has been able to add new customer's year on year for large projects. VIMTA has grown well in preclinical and analytical services during the year, and expected to continue doing well.

Food & Agri Testing

Food industry is a growing and resilient industry with recurring consistent demand for food safety and quality testing. The global Food Testing Market was estimated to be USD 19.5 billion in 2021 and USD 20 billion in 2022 and expected to grow at an estimated CAGR of 8.5% in the next 10 years. To meet the growing food demand due to growing world population, by 2050 the food production has to grow by 70% according to the

Food and Agriculture Organization (FAO) of the United Nations Organization. Such huge need for growth in production will also increase the food safety controls further and global trade, driving up the food testing volumes. Other trends that will continue to increase the food and agri testing market size are rising demand for convenience and packaged food products; advancement in rapid testing technologies leading to rise in demand for faster testing turnaround times; growing concern on foodborne outbreaks and illnesses; rising demand for organic food; and heightened consumer awareness and preference for safety and quality food which drive manufacturers to assess the safety parameters of their food products to sustain their product brands in the market. These trends will vitally impact regulations and make them more stringent in the future, creating more food testing demand.

In India, according to a report by Food Safety and Standards Authority of India (FSSAI), the percentage of food adulterated has increased from 12.8% in 2011-12 to 28% in 2018-19. Covid-19 pandemic has brought people's focus on their wellbeing. Consumers have become more aware about the products they consume and their nutritional value. Through social media, concerns linked to food, such as various pollutants, food allergies, food intolerance, toxin-associated physiological responses, and the impact of processed and stored food on the body are widely circulated. The changing consumer awareness will positively influence the food testing market of India. Pathogen and contaminants sub segments are estimated to be the fastest growing test segments in food safety testing market. Similarly, meat, poultry and especially seafood is estimated to have a high local and global demand, given the nutritional values of seafood, which will increase the demand for testing of these foods. The dairy segment is India's largest segment as well as the fastest-growing segment in the global market. Being the world's biggest producer of milk, rigorous testing is required before any dairy products are exported or even consumed in India.

Vimta is the most renowned food testing laboratory in India with a network of 8 laboratories across India. The laboratory network enables us to gain more access to the domestic markets and leverage our pan India presence to grow the business within the food industry. Vimta continuously invests in cutting edge technologies to enable itself to test a broader range of contaminants, gaining market leadership to support such testing needs.

Clinical Diagnostics

The healthcare industry is evolving and growing at a fast pace in India and significant changes are taking place in the whole healthcare ecosystem. Covid-19 pandemic put the healthcare system under great focus of government, industry and people. Particularly in clinical testing, the key trends include growing population and its susceptibility to various diseases, growing disposable incomes in urban population, large investments by new entrants, expansion of geographic



reach into towns and villages by existing and new players, consolidation, medical innovation, price transparency and erosion, increasing consumerization where people are taking more direct decisions on their healthcare needs. The Covid-19 pandemic has heightened the focus on individual health and consumers increasingly are making their own testing choices and demanding convenience such as service at their door step and digital experience. Telemedicine usage has grown and consumers consciously reach out to high quality service providers who can also provide a superior digital experience that enhances ease of testing.

These trends bring both opportunities and risks. Indian clinical diagnostics market is estimated to grow at an impressive ~12% CAGR over the next 5 years. Close to 75% of the clinical testing market is urban, while close to 70% of population is rural. These trends and ratios offer several opportunities for future growth of the industry.

Vimta enjoys a strong quality brand in the country and offers both routine and specialized diagnostic services. During the year, the company has made a beginning into the B2C market with opening of six patient service centres (5 in Hyderabad and 1 in Varanasi) and also added two regional reference labs in Delhi and Kolkata. These services will continue to be a focus in the short to midterm for driving higher growth through network expansion.

Environmental Testing and Consultancy

India's Environmental Testing Market is expected to grow at a robust CAGR of 9.9% by 2026 to reach USD 391.3 million. Increasing health concerns due to contaminants present in air, water soil is expected to augment current regulations, driving mandatory deployment of environmental test equipment. Water sampling and testing is analysed to grow at highest rate during the forecast period owing to high water pollution in the country. Sectors with major growth potential are Environmental Consultancy Services, Environmental Monitoring & Testing Services & Continuous Emission Monitoring System Implementation.

Regulations drive the demand for Environmental testing and impact assessment services. To tackle air pollution, National Clean Air Programme (NCAP) was launched in early 2019. It set a target of reducing key air pollutants by 20-30 percent by 2024, with 2017 as the base year. The Solid Waste (Management & Handling) Rules, 2016 contain revised standards for composition of compost, treatment of leachates, emissions from incineration, and criteria for waste treatment facilities and landfills.

Vimta is the first gazette notified EPA laboratory (1987) in India and is highly reputed for its technical expertise, quality and integrity. The division specializes in conduct of EIA studies and offshore monitoring surveys. The long term prospects in these services look bright.

Electrical & Electronics Testing

There is an increased proliferation of electronics-based products across majority of verticals due to trends such as digitization, AI, smart homes, smart vehicles, and connected devices for Internet of Things (IoT). All electrical and electronic devices generate some form of unwanted interference/radiation that is unavoidable and increasingly these devices are used in close proximity of each other. Hence, many-a-times it is a critical requirement to check compatibility of electronic products for unintentional electromagnetic interference (EMI) that can adversely affect the efficient functioning of the device. To ensure quality of the product per its electromagnetic compatibility (EMC), regulatory bodies across the globe have enforced rules and directions, that are constantly evolving, on designing and manufacturing such products. Hence, it is mandatory that manufacturers demonstrate through EMC testing, the product compliance to regulations and standards through certification before market entry. Such EMI/EMC testing is either done in-house by large manufacturers or outsourced to testing services companies to test and confirm a product's compliance to regulations.

Rising demand for cell phones, computer systems, electronic appliances in automobiles, investments in indigenizing military equipment and increasing deployment of 5G cellular networks are contributing to the elevated manufacturing of electronics which will further increase EMC testing volumes. Based on end-use, the EMC testing market is segmented into consumer appliances and electronics, automotive, IT and telecommunications, defence and aerospace, industrial, and others. Globally, the consumer appliances and electronics segment led the market with a share of 26% in 2020. Further, the same segment is expected to hold 23.5% market share by 2028.

The purchasing power per capita and positive outlook toward the uptake of electronic devices are generating more demand for EMC testing across the world. Further, the emergence of smart electronics devices with the integration of multiple processors, sensors, and other components is accelerating the need for EMC testing, thereby boosting the market's growth. Technology is playing a crucial role in developing electronics with a smaller size and low power demand. Hence, globally the EMC testing market is expected to witness new and lucrative growth opportunities in coming years. Content Source (Insight Partners).

The EMC testing market size is estimated to reach USD 3 billion by 2028 from USD 2 billion in 2021 to grow at a CAGR of ~5.4%. Globally, the 5G infrastructure market was valued at USD 3.4 billion in 2020, and is expected to reach USD 53 billion by 2026, registering a CAGR of 53%, during the forecast period. The Indian government has set the defense production target at USD 25 billion by 2025, including USD 5 billion by exports. Consumer Electronics Market size valued at USD 1 trillion in 2019 and is estimated to grow at a CAGR of over 7% between 2020 and 2026 to USD 1.5 trillion.

Domestically, the evolving domain specific Indian Regulations and R&D growth, are the key revenue drivers for the testing and certification laboratories. India's mandatory as well as voluntary product performance testing and labelling standards, and secondly the Government incentives and initiatives such as Make in India, Start-up India, NPE 2019, and, FAME, along with other enabling policies make an attractive market for technology firms to set up their R&D centres in India. As such India is a vast market for such industries and has become a key contributor in global R&D sector. Global R&D centres partner with startups & SMEs to tap into their knowledge, and also save time and cost. This ecosystem provides ample opportunities for testing laboratories to support in product development and testing for EMI/EMC, Safety and Environmental tests.

Vimta, through its acquisition of EMTAC Laboratories Pvt Ltd., offer product safety and environmental testing services and with the addition of the EMI/EMC testing capabilities, the company now has a strong foothold in the electronics testing space.

Risks & Concerns

The Risk Management Committee duly constituted by the Board had formulated a Risk Management Policy for dealing with different kinds of risks attributable to the operations of the Company. Risk Management Policy of the Company outlines different kinds of risks and risk mitigating measures to be adopted by the Board. The Company has adequate internal control systems and procedures to combat risks. The Risk Management procedure will be reviewed periodically by the Audit Committee and the Board.

Risks are inherent to any business. They are managed by your Company through a risk management process of risk identification and risk mitigation, through risk reduction strategies & plans and continuous monitoring of the effectiveness of the risk mitigation measures to control them.

Your company continues to strive to stay ahead on the competition curve through creation of new service opportunities, operational excellence and its uncompromising commitment to quality, regulatory compliance and customer service. However, there may be certain factors that are beyond Vimta's control that could adversely impact business. A few of such factors are, change in regulations and regulatory environment; downturn in economies that our business operates in; steep drop in service prices from competition; increase in prices of input material; changes in laws such as tax laws etc. External risks include foreign exchange risks; interest rate risks; risks from terrorism etc, which management currently doesn't foresee to be material.

Other risks and mitigations

Quality related risks: Poor performance in regulatory audits and accreditation body audits could adversely impact Vimta's business. Maintaining quality and compliance is part of every

activity in the organization. Your company's management leads the quality culture, understanding very well that this is critical for business success and survival. However, unforeseen poor or inadequate performance by employees could lead to regulatory risks. There are adequate built in controls and checks to mitigate this risk. Nevertheless, these risks cannot be completely ruled out.

Financial risks: Vimta makes continuous investments in capacity expansion, market reach and new business streams. These investments are based on good business judgement through market study, backed by strong planning and risk mitigation measures. However, time factors and market dynamics could delay results and/or create risks in obtaining returns on such investment. Other financial risks include, bad debts from customers for various reasons; and liquidity risks as a result of any poor cash flows that could further lead to non-servicing of loans. Your company has dedicated groups for customer relations management and credit control. There are adequate checks to identify risky customer accounts and control business with them to minimize risks. Nevertheless, these risks cannot be completely ruled out.

Data risks: As a third party provider of services, we often get into various service agreements, with customers including requirements on data confidentiality, data security and IP protection. Given the large scale of human resources involved in our organization, and the inherent vulnerability of IT solutions deployed, we may be at risk as a result of unintentional violations of customer contracts and agreements, which could further lead to significant legal risks for the business. This is mitigated through strong physical security and electronic security systems; trainings to employees, business continuity processes such as electronic data disaster recovery systems; confidentiality oaths from employees; well-propagated whistle blower policies etc. Nevertheless, these risks cannot be completely ruled out.

Pandemic risks: The impact of Covid-19 pandemic on the demand for Company's services across the industries and geographies cannot be predicted with certainty. However, it is expected that our diversified services, with many of them falling under essential services will continue enabling company's resilience. Management continues to closely watch the developments and service demands, and swiftly takes actions to scale operations, appropriately. Despite the proactive steps initiated, the increasing numbers of Covid-19 infection across the country could temporarily impact team productivities and revenues.

Other risks include: Critical equipment breakdowns, power breakouts, short supply of any input material or consumable, fire and natural calamities. These are handled through a robust business continuity plan where adequate backups are created and tested from time to time for their effectiveness.

It is possible that the above risk analysis does not cover all



risks exhaustively. But being an experienced organization, the mitigation measures are in-built into the organization, its strategy and processes, which have so far helped the organization go through, and grow through, various phases of business and the market situations. It will be management's continuous endeavour to develop strategies that would help the organization de-risk its business & grow with opportunities.

Discussion on financial performance with respect to operations

Key Financial Ratios

In accordance with SEBI (Listing Obligations and Disclosure Requirements), Regulations as amended in 2018, hereunder given are the details of significant changes (changes of 25% or more as compared to the immediately previous financial year) in key sector specific financial ratio.

The key financial ratios as under:

Ratio	Financial Year 2021-22	Financial Year 2020-21
Debtors Turnover Ratio (in days)	98.66	113.74
Inventory Turnover Ratio (in days)	20.99	27.52
Interest Coverage Ratio	46.20	14.16
Current Ratio	2.60	2.05
Debt Equity Ratio	0.30	0.41
Operating Profit Margin	20.38	14.18
Net Profit Margin	14.77%	10.11%
Price Earning Ratio	16.85	16.67
Return on Capital Employed	24.72%	17.56%

Ratio where there has been a significant change from financial year 2020-21 to financial year 2021-22 are as follows

Current Ratio: Current ratio improved with the repayment of short term borrowings and the investments made in fixed deposits of the available surplus cash balance.

Debt Equity Ratio: Debt-equity ratio improvement aided by the repayment of the short term borrowings to meet the operational requirements and increase in shareholders' equity value.

Interest coverage ratio: is calculated considering the Earnings before Interest and Tax (EBIT) divided by the Interest Expenses. The Interest Coverage Ratio (ICR) is used to determine how well a group can pay the interest expenses on its outstanding debts. It also indicates how many times the group can pay its interest compared to its operating profit. A higher Interest coverage ratio indicates less chance of default by the group.

The Interest coverage ratio has substantially increased from 14.16 times to 46.20 times due to increase in EBIT and decrease in interest expense during the current fiscal year.

Operating Profit Margin: reflects the operating profit of the group (excluding other income) generated as a percentage of Total Revenue from operations. By tracking increases and decreases in its operating profit margin, operational performance of the group can be measured in absolute terms.

The increase in operating profit is mainly owing to economies of scale arising from the increase in revenue for financial year 2021-22 by 32.09% over financial year 2020-21.

Net Profit Margin: Net profit for the year came in higher boosted by the higher operating revenues.

Return on Capital Employed: Ratio improvement aided by higher earnings before interest, tax driven by higher operating revenues and decrease in borrowings.

Material developments in human resources / industrial relations, including number of people employed

With the growth in business, we also grew our human resource strength by 16% and as on 31st March 2022, group had 1286 employees. Group's focus is on increasing productivity of manpower and engaging them well for achieving greater connect to business goals and objectives. Group has increased reliance on technology to drive these initiatives.

Cautionary Statement

Certain Statements made in the Management Discussion are forward looking and actual factors that come into play and the consequent results, may vary/differ materially from those expressed or implied.

4. DIVIDEND

Your Directors have recommended a dividend of ₹ 2/- per equity share of ₹ 2/- each, for 2021-22 fiscal.

5. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION & PROTECTION FUND (IEPF)

Members may please note that as per the provisions of Sections 124 & 125 of the Companies Act, 2013, read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, dividends that remain unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account shall be transferred to the Investor Education & Protection Fund.

The details of the unclaimed dividends and the due dates on which those are liable to be transferred to the Investor Education & Protection Fund are given below:

Year of Dividend – Final	No. of Shareholders who have not claimed	Unclaimed Amount (₹)	Date of Declaration	Date of transfer to unpaid account	Last date of transfer to IEPF
2014-15	763	359013.00	21.08.2015	26.09.2015	25.09.2022
2015-16	829	431470.00	02.09.2016	08.10.2016	08.10.2023
2016-17	Dividend Not Declared				
2017-18	636	359062.00	25.08.2018	30.09.2018	29.09.2025
2018-19	514	331316.00	27.07.2019	01.09.2019	31.08.2026
2019-20	Dividend Not Declared				
2020-21	2327	646696.00	05.07.2021	10.08.2021	09.08.2028

6. TRANSFER TO RESERVES

No amount is proposed to be transferred to reserves of the Company.

7. CORPORATE GOVERNANCE REPORT

In compliance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate report on corporate governance along with a certificate from a practicing Company Secretary on its compliance is attached herewith, which forms an integral part of this Annual Report.

8. ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, (as amended), a copy of the Annual Return of the Company will be uploaded on the website of the Company, which can be accessed with weblink https://vimta.com/downloads/MGT_7-Annual_Return.pdf.

9. CORPORATE SOCIAL RESPONSIBILITY

The Company as part of its Corporate Social Responsibility (CSR) initiative, undertook and supported many projects, including promoting health care including preventive health care, eradicating hunger, poverty and malnutrition promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects, and animal welfare wherein it rescues and rehabilitates sick and needy animals.

During the year under review, the Company has spent a total sum of ₹ 48,24,299/- on the CSR activities as approved by the CSR Committee. Disclosures as per Rule 8 of Companies (Corporate Social Responsibility Policy) Rules, 2014 is enclosed as **Annexure I** to this report.

10. MEETINGS

During the year under review, five Meetings of the Board and Audit Committee were convened and held, the details of which are given in the Corporate Governance Report, which forms part of this report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

11. SHARE CAPITAL

The Authorised Share Capital is ₹ 7,00,00,000 (Rupees Seven Crore only) and Paid up Equity Share Capital is ₹ 4,42,15,620 (Rupees Four Crore Forty-Two Lakh Fifteen Thousand Six Hundred and Twenty Only) divided in to 22,107,810 equity shares of ₹ 2/- each. During the year under review, there was no change in capital structure of the Company. Disclosure under Section 67(3)(c) of the Act in respect of voting rights not exercised directly by the employees of the Company is not applicable.

12. ISSUE OF SHARES

During the year under review, the Company has not:

- Issued any shares with differential voting rights pursuant to provisions of Rule 4 of the Companies (Share Capital and Debenture) Rules, 2014; and
- Issued any sweat equity shares to any of its employees, pursuant to the provisions of Rule 8 of the Companies (Share Capital and Debenture) Rules, 2014;

13. FINANCING THE PURCHASE OF SHARES OF THE COMPANY

During the year under review, the Company has not given any loan, guarantee or security, or any financial assistance to the employees of the Company for the purpose of purchase or subscription for any shares of the Company pursuant to Section 67(2) of the Act.

14. EMPLOYEE STOCK OPTION PLAN

The members of the Company, at their 31st Annual General Meeting held on 5th July 2021, had granted approval for



“Vimta Labs Employee Stock Option Plan 2021” and grant of stock options to the Eligible Employees of the Company under the scheme. The Company has obtained In-principle approval from Stock Exchanges for Vimta Labs Employee Stock Plan 2021 for issue of 663,234 Options. Out of which Nomination and Remuneration Committee at its meeting held on 19th September 2021 granted 507,769 Options in Tranche 1 out of the Total Grant of 663,234 Options. And, Vesting period is for one year from date of grant i.e., 19th September 2021. During the year under review, no options were vested.

The disclosures pursuant to Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 is enclosed as **Annexure II** to this report together with a certificate obtained from the Secretarial Auditors confirming compliance with the Companies Act, 2013 and the SEBI (SBEB) Regulations, is enclosed as **Annexure III** to this report.

15. CHANGE IN NATURE OF BUSINESS

There has been no change in the nature of business of the Company during the year under review.

16. PARTICULARS OF DEPOSITS

During the year under review, your Company has not accepted any deposit pursuant to the provisions of Sections 73 and 76 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 and that the company has not raised any deposits in contravention of the requirements of the Chapter V of the Companies Act.

17. SUBSIDIARIES

EMTAC, established in 2014, has become a wholly owned subsidiary (WOS) of Vimta Labs Ltd in March 2020. Its principal business is testing and certification. It provides safety/performance testing services for electrical, electronic, and mechanical products and is also a physical security product (bank safes/lockers, ATMs, home use lockers, fire wall doors etc.) certification company.

The WOS is located at Hyderabad, India. Its laboratory division is accredited to ISO 17025 by National Accreditation Board for Testing and Calibration Laboratories (NABL) and the certification division is accredited to ISO 17065 by NABCB (National Accreditation Board for Certification Bodies). It is also a Bureau of Indian Standards (BIS) approved and Telecommunication Engineering Center (TEC) designated laboratory. Its vision is to be one of the world's most respected product testing and certification laboratory, recognized for its technical competence, quality, integrity and customer partnership.

Emtac is India's First Laboratory to be awarded NABL accreditation for Physical Security Products and also the

first Laboratory in Telangana state to be accredited by NABL for safety testing of IT Products (viz., mobile phones, CCTV cameras, laptop components, cash registers, set top boxes, adapters etc.), UPS, LED lights, Electric Fans, Power banks, etc. It is the only lab recognized by BIS for testing of table fans. It has a very strong technical team, which has made India's first ATM testing standard.

Emtac was strategically acquired by Vimta to compliment Vimta's entry into electronic and electrical testing space. While Vimta offers EMI/EMC testing for consumer durables, defence, avionics, automotive, IT, wireless, telecom, medical and other industrial equipment and components, Emtac complements the EMI/EMC tests with safety and Environmental testing along with certification services to offer comprehensively packaged testing and certification services.

Emtac recorded revenues with a growth of 56 % in the financial year 2021-22 at ₹ 25.44 million. Profit before tax for the financial year 2021-22 stands at ₹ 3.35 million compared to ₹ 1.44 million in the previous year.

The statement containing the salient features of the financial statement of the wholly owned subsidiaries as per sub-section (3) of Section 129 of the Companies Act, 2013 in Form AOC-1 is annexed as **Annexure IV** to this report.

18. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

The company has not extended guarantees, given securities or made investments pursuant to the provisions of Section 186 during the year under review. However, the company has given a loan/ICD of ₹ 48,33,011/- to its WOS during the year under review which is used by the said WOS for the purpose of its principal business activities. The details of such loans are given in **Annexure V** to this report

19. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in **Annexure- VI** to this Report.

If any Member is interested in obtaining information pursuant to Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, such Member may write to the Company Secretary at the Registered Office in this regard.

20. AUDITORS

a) Report

During the year under review, the Company's auditors have not made any qualification, reservation or adverse remark

or disclaimer in their Report on the financial statements of the Company and there was no instance of fraud reported by the auditors under section 143(12) of the Companies Act, 2013.

b) Statutory Auditors

Pursuant to the provisions of sections 139,142 and other applicable provisions of the Act read with the rules made thereunder, M/s Gattamaneni & Co., Chartered Accountants (Firm Reg. No. 009303S) were appointed Statutory Auditors of the Company for a period of five consecutive years at the 27th Annual General Meeting (AGM) held on 27th September 2017 on a remuneration mutually agreed upon by the Board of Directors and the Auditors. They hold office until the conclusion of the forthcoming AGM to be held in the calendar year 2022. The auditors have confirmed that they hold valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India and further confirmed their eligibility for reappointment for a further term of five years.

The Board of Directors at its meeting held on 12th May 2022, on the recommendation of the Audit Committee, approved the re-appointment of M/s Gattamaneni & Co., Chartered Accountants (Firm Reg. No. 009303S) as Statutory Auditors for a period of five consecutive years from the conclusion of the ensuing 32nd Annual General Meeting until the conclusion of the 37th Annual General Meeting of the Company to be held in the year 2027 subject to approval of members.

c) Internal Auditors

Pursuant to the provisions of section 138 of the Act and based on the recommendations of Audit Committee, the Board of Directors at their meeting held on 12th May 2022, have reappointed M/s Chaitanya V & Associates, Chartered Accountants as Internal Auditors of the Company for the financial year 2022-2023. M/s Chaitanya V & Associates, Chartered Accountants have confirmed their willingness to be reappointed as the Internal Auditors of the Company. Further, the Audit Committee in consultation with Internal Auditors, formulated the scope, functioning periodicity and methodology for conducting the Internal Audit.

d) Cost Auditors

Pursuant to the provisions of section 148 of the Act read with the Companies (Audit and Auditors) Rules 2014, and based on the recommendations of Audit Committee, Board of Directors at their meeting held on 12th May 2022 reappointed M/s Lavanya & Associates Cost Accountants (Firm Registration No. 101257) as Cost Auditors of the Company for the financial year 2022-2023. A resolution seeking ratification of remuneration payable to the Cost

Auditors to conduct cost audit for the financial year 2022-23 has been included in the notice convening 32nd AGM of the Company. The necessary consent letter and certificate of eligibility was received from the cost auditors confirming their eligibility to be re-appointed as the Cost Auditors of the Company.

e) Maintenance of cost records

The Company is maintaining the cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013.

f) Secretarial Auditors

Pursuant to the provisions of section 204 of the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and based on the recommendations of the Audit Committee, the Board of Directors at their meeting held on 12th May 2022 reappointed M/s D Hanumanta Raju & Co., Practicing Company Secretaries as Secretarial Auditors for the financial year 2022-23. The consent letter and certificate of eligibility was received from M/s D Hanumanta Raju & Co., confirming their eligibility for the appointment.

The Secretarial Audit Report for the financial year 2021-22 in the prescribed form MR-3 is enclosed to this Report as **Annexure VII**.

g) Annual Secretarial Compliance Report

Secretarial Compliance Report for the financial year ended March 31, 2022 on compliance of all applicable SEBI Regulations and circulars/ guidelines issued thereunder, was obtained from M/s D Hanumanta Raju & Co., Practicing Company Secretaries and submitted to both the stock exchanges.

21. AUDIT COMMITTEE

The Board has constituted the Audit Committee as per the provisions of Section 177 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The composition, attendance, powers and role of the Audit Committee are included in Corporate Governance Report. All the recommendations made by the Audit Committee were accepted by the Board of Directors.

22. COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS

During the year under review, the Company has complied with the Secretarial Standards issued by the Institute of Company Secretaries of India as applicable to Board Meetings and Annual General Meetings.

23. POSTAL BALLOT

During the year under review, no postal ballot resolutions were passed.



24. DIRECTORS' RESPONSIBILITY STATEMENT

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, the work performed by the Internal, Statutory and Secretarial Auditors and the reviews performed by the Management and the relevant Board Committees, including the Audit Committee, the Board believes that the Company's internal financial controls were adequate and effective during the year ended 31st March 2022.

Accordingly, pursuant to section 134(5) of the Act, based on the above and the representations received from the Operating Management, the Board of Directors, to the best of their knowledge and ability state that:

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed, along with proper explanation relating to material departures, if any;
- ii) They had selected such accounting policies as mentioned in the notes to the financial statements applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March 2022 and of the profit of the Company for year ended on that date;
- iii) They had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) They had prepared the annual accounts on a going concern basis;
- v) They had laid down proper internal financial controls to be followed by the Company and that such internal financial controls were adequate and were operating effectively; and
- vi) They had devised proper systems to ensure compliance with the provisions of all applicable laws that such systems were adequate and operating effectively.

25. DIRECTORS AND KEY MANGERIAL PERSONNEL

The Board of Directors of the Company has an optimum combination of Executive, Non-Executive and Independent Directors.

a) Directors retiring by rotation

As per the provisions of the Companies Act and the Articles of Association of the Company, Dr. S.P. Vasireddi, Non-Executive Director & Chairman, retires

by rotation and being eligible, offers himself for re-appointment. The proposal for re-appointment of Dr. S.P. Vasireddi is being placed at the AGM along with the necessary details.

b) Changes in Directorship / Committee Position

During the year under review, there was no change in the designation/ terms of Directorship.

Currently, the Board has four committees: The Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee and Corporate Social Responsibility Committee. The composition of the committees is given below.

Audit Committee	Position
Mr. G Purnachandra Rao	Chairman
Ms. Y Prameela Rani	Member
Mr. Sanjay Dave	Member

Nomination and Remuneration Committee	Position
Mr. Sanjay Dave	Chairman
Mr. G Purnachandra Rao	Member
Ms. Y Prameela Rani	Member

Stakeholders Relationship Committee	Position
Ms. Y Prameela Rani	Chairperson
Mr. G Purnachandra Rao	Member
Mr. Sanjay Dave	Member

Corporate Social Responsibility Committee	Position
Ms. Harita Vasireddi	Chairperson
Mr. Harriman Vungal	Member
Mr. Sanjay Dave	Member

c) Disclosure by Directors

None of the Directors of your Company are disqualified as per the provisions of Section 164(2) of the Companies Act, 2013. Your Directors have made necessary disclosures to this effect as required under Companies Act, 2013. Further, the Company has obtained Certificate pursuant to Regulation 34(3) and Schedule of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 from M/s D Hanumanta Raju & Co., Practicing Company Secretaries, Secretarial Auditors and attached the same to this report.

d) Reappointment of Independent Director Ms. Y. Prameela Rani (DIN: 03270909)

Ms. Y Prameela Rani was appointed as an Independent Director for the first term of five years effective 1st December 2017 and will complete her term on 30th November 2022. Based on the recommendation of the nomination and remuneration committee and after taking into account her contributions to the Board and Committees during the first term of five years and considering her professionalism, experience and expertise in finance, risk oversight, and strong decision making skills, the Board, at its meeting held on 12th May 2022, approved the proposal for seeking reappointment of Ms. Y Prameela Rani as an independent director of the Company, for a second/final term of five consecutive years with effect from 1st December 2022 to 30th November 2027 and accordingly the said proposal is included in the AGM notice for seeking approval of its members.

e) Payment of remuneration to Ms. Harita Vasireddi (DIN: 00242512) Managing Director of the Company.

Ms. Harita Vasireddi was reappointed as Managing Director at the 29th Annual General Meeting (AGM) held on 27th July 2019 for five years and for payment of remuneration. Subsequently, the terms of remuneration were modified by passing a special resolution through postal ballot dated 20th March, 2020 whereby certain terms of remuneration were approved even in case of company's profits being inadequate, for a period of three years with effect from 14th July, 2019. Since the terms of payment of remuneration is going to expire on 13th July, 2022, the Board at its meeting held on 12th May, 2022, upon recommendations of the nomination and remuneration committee, approved continuation of existing terms of remuneration to Ms. Harita Vasireddi, Managing Director of the Company subject to approval of members at the ensuing Annual General Meeting for the remainder period of two years i.e., upto 13th July, 2024 for the approval of members.

f) Revision of payment of remuneration to Mr. Satya Sreenivas Neerukonda (DIN: 00269814) Executive Director of the Company.

Mr. Satya Sreenivas Neerukonda was reappointed as Executive Director at the 29th Annual General Meeting (AGM) held on 27th July 2019 for five years and for payment of remuneration. Subsequently, the terms of remuneration were modified by passing a special resolution through postal ballot dated 20th March, 2020 whereby certain terms of remuneration were approved even in case of company's profits being

inadequate, for a period of three years with effect from 14th July, 2019. The Board, upon recommendation by the Nomination and Remuneration committee and after considering his valuable contributions to the growth of the company and with a view to remunerate him commensurate with industry standards proposes to increase his consolidated salary from ₹ 8,00,000/- to ₹ 10,00,000/- per month for the remainder tenure of 2 years with effect from 14th July, 2022. The revised consolidated salary along with the benefits and perquisites that were already approved by way of a special resolution through postal ballot dated 20th March 2020 is also proposed to be paid as minimum remuneration in case of inadequacy of profits during the remainder tenure of 2 years. Accordingly, a special resolution is proposed to be moved in the ensuing AGM for the approval of the members.

g) Changes in the Key Managerial Personnel

Ms. Harita Vasireddi, Managing Director, Mr. Harriman Vungal, Executive Director – Operations, Mr. Satya Sreenivas Neerukonda, Executive Director, Mr. D.R. Narahai Naidu, Chief Financial Officer and Ms. Sujani Vasireddi, Company Secretary are Key Managerial Personnel of the Company within the meaning of Section(s) 2(51), and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. There has been no change in the Key Managerial Personnel during the financial year under review.

h) Declaration by Independent Directors

As per the requirement of section 149(7) of the Act, all the Independent Directors of the Company have submitted their respective declarations that they fulfil the criteria of independence under Section 149 of the Act, read with Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

26. REMUNERATION POLICY

Based on the recommendation of Nomination & Remuneration Committee, the Board of Directors approved and adopted a Policy for selection, appointment and remuneration of Directors, Key Managerial Personnel and other employees of the Company as required under Section 178(3) of the Act.

The Nomination and Remuneration Policy is set out as **Annexure – VIII**, and the same can be accessed with weblink [https://vimta.com/downloads/Nomination & RemunerationPolicy.pdf](https://vimta.com/downloads/Nomination%20&%20RemunerationPolicy.pdf)

The Board of Directors at its meeting held on 12th May 2022, on the recommendation of Nomination Remuneration Committee, adopted the Board Diversity Policy and the same is set out as **Annexure – VIII** which can be accessed at the website of the Company.



27. HUMAN RESOURCES

Your Company considers its Human Resources as the key to achieve its objectives. Keeping this in view, your Company takes utmost care to attract and retain quality employees. The employees are sufficiently empowered and such work environment propels them to achieve higher levels of performance. The unflinching commitment of the employees is the driving force behind the Company's vision. Your Company appreciates the spirit of its dedicated employees.

28. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All the contracts/ arrangements/ transactions entered by the Company during the year under review with related parties were in the ordinary course of business and at arm's length basis. The particulars of such contracts or arrangements with related parties, pursuant to the provisions of section 134(3)(h) and Rule 8 of the Companies (Accounts) Rules, 2014, in the prescribed form AOC-2 is enclosed as **Annexure - IX**

The policy on materiality of related party transactions and also on dealing with the related party transactions as approved by the Audit Committee and the Board of Directors at its meeting held on 12th May 2022 is uploaded on the website of the Company, which can be accessed with weblink http://www.vimta.com/downloads/Related_Party_Transaction_Policy.pdf

All the related party transactions are placed before the Audit Committee and also before the Board for their respective approval. Omnibus approval of the Audit Committee is obtained as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the transactions which can be foreseen and are repetitive in nature. The Company has developed a Policy on Related Party Transactions including the latest amendments thereof for the purpose of identification and monitoring of such transactions.

29. CONSIDERATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014, is enclosed as **Annexure - X** to this report.

30. RISK MANGEMENT

Your Company continues to have an effective Risk Management process in place. The management and the Board continuously oversees the risk management process including identification, impact assessment and mitigation plans. The details of risks perceived by the Management are reported in the Management Discussion and Analysis Report.

31. ANNUAL EVALUATION OF BOARD PERFORMANCE AND PERFORMANCE OF ITS COMMITTEES AND OF DIRECTORS

Pursuant to the provisions of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the annual performance evaluation of its own, that of its committees and individual directors.

A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance aspects.

The exercise carried out to evaluate the performance of individual Directors included parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors who also reviewed the performance of the Secretarial Department. The Directors expressed their satisfaction with the evaluation process.

32. CODE OF CONDUCT FOR BOARD OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

The Company has in place a comprehensive Code of Conduct (the Code), pursuant to Regulation 17(5) of Listing Regulations, applicable to all the senior management personnel and directors including independent directors to such extent as may be applicable to them depending on their roles and responsibilities. The Code covers duties of Independent Directors and also gives guidance needed for ethical conduct of business and compliance of law. Further, a policy on obligation of directors and senior management personnel for disclosure of committee positions and commercial transactions pursuant to Regulation 26(2) (5) and (6) of Listing Regulation is in place. All the Directors and senior management confirmed the compliance to the code of conduct. Declaration on compliance with Code of Conduct is annexed as **Annexure - XI** to the Corporate Governance Report.

33. PREVENTION OF INSIDER TRADING

Pursuant to SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018, the Company has adopted the Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Designated Persons and their Immediate Relatives along with Code of Fair Disclosures.

34. POLICY ON PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT AT WORK PLACE

The Company has adopted a policy on Prevention, Prohibition and Redressal of Sexual Harassment at Work Place. The company formed a Committee to attend to any complaint of sexual harassment. During the financial year ended 31st March 2022, the Company has not received any complaint from any employee pertaining to any sexual harassment.

35. VIGIL MECHANISM/ WHISTLE BLOWER POLICY

The Company has a Whistle Blower Policy framed to deal with instance of fraud and mismanagement, if any in the Company. The Policy provides for adequate safeguards against victimization of employees who avail the mechanism and also provides for direct access to the Chairman of the Audit Committee. The details of the Policy are explained in the Corporate Governance Report and also posted on the website of the Company, which can be accessed with weblink http://www.vimta.com/downloads/WHISTLE_BLOWER_POLICYof_VIMTA_LABS_LIMITED.pdf

36. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has appropriate internal control systems for business processes, efficiency in its operations, and compliance with all the applicable laws and regulations. Regular internal checks and audits ensure that the responsibilities are being effectively executed. In-depth review of internal controls, accounting procedures and policies of Company is conducted. Your Company has adopted adequate internal control and audit system commensurate with its size and nature of business. Internal financial control with reference to financial statement is adhered.

Internal audit is carried on a quarterly basis. Internal auditors work with all levels of management and the report is placed before the audit committee. The audit committee after reviewing the findings and suggestions directs the respective departments through Board to implement the same.

37. CASH FLOW STATEMENT

In due compliance of the listing agreement and in accordance with the requirements prescribed by SEBI, the cash flow statement is prepared and is appended to this Annual Report.

38. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

No material changes have occurred subsequent to the end of the financial year of the Company to which the financial statements relate and till the date of the report, that will have an impact on the financial position of the Company.

39. PARTICULARS OF SIGNIFICANT/MATERIAL ORDERS PASSED, IF ANY

During the year under review, there were no significant and / or material orders passed by any Regulator/ Court/ Tribunal which could impact the going concern status of the Company and its operations in future.

40. GREEN INITIATIVE IN CORPORATE GOVERNANCE

The Ministry of Corporate Affairs (MCA) has taken a green initiative in Corporate Governance by allowing paperless compliances by the Companies and permitted the service of Annual Reports and documents to the shareholders through electronic mode subject to certain conditions. Members who have not yet registered their email addresses are requested to register the same with their Depositories in case the shares are held by them in electronic form and with Company's Registrars and Transfer Agents, CIL Securities Limited, in case the shares are held by them in physical form.

41. ACKNOWLEDGEMENTS

The Directors record their deep appreciation for the contributions made by the employees at all levels, for their sincerity, hard work, solidarity and dedicated support to the Company during the year. The Directors also wish to place on record their gratitude to shareholders, customers, vendors, consultants, bankers and all other stakeholders for their continued support to the Company.

Date: 12th May 2022
Place: Hyderabad

For and on behalf of the Board,
Dr. Sivalinga Prasad Vasireddi
Non-Executive Director & Chairman
(DIN: 00242288)



Annexure - I

Report on Corporate Social Responsibility as per Rule 8 of Companies (Corporate Social Responsibility Policy) Rules, 2014

1. Brief outline on CSR Policy of the Company:

Vimta believes that CSR plays an important role in an organization's existence and sustained growth. In line with this, Vimta would be carrying out CSR activities to build a better, sustainable way of life for the weaker sections of society. CSR programmes, projects and activities are independent from the normal business activities of Vimta. The core areas of Vimta's CSR activities are:

- Health care including preventive health care to the economically weaker sections and physically / differently abled people of weaker sections.
- Supporting Eradication of extreme hunger and poverty
- Promotion of education
- Combating human immuno-deficiency virus, acquired immuno-deficiency syndrome, malaria and other diseases.
- Environmental sustainability
- Social business projects
- Providing midday meals to the children at government schools
- Providing drinking water to weaker sections and to the children at government schools.
- Providing / developing necessary infrastructure at government schools including providing of books, dress material, etc.
- Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for social economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes minorities and women.

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Ms. Harita Vasireddi	Chairperson/ Managing Director	3	3
2	Mr. Harriman Vungal	Member/ Executive Director - Operations	3	3
3	Mr. Sanjay Dave	Member/ Non-Executive Independent Director	3	3

3. Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company, which can be accessed with weblink http://www.vimta.com/downloads/CSR_Compostion.pdf
4. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report): NOT APPLICABLE
5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
1	NA	NIL	NIL

6. Average net profit of the company as per section 135(5):

(In millions)

Particulars	For the Financial year ended 31 st March		
	2021	2020	2019
Net Profit	289.80	85.95	347.88
Average Net profit for the preceding three financial years	241.21		

7.(a) Two percent of average net profit of the company as per section 135(5): ₹ 48,24,299/-

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: NIL

(c) Amount required to be set off for the financial year, if any: NIL

(d) Total CSR obligation for the financial year (7a+7b-7c): ₹ 48,24,299/-

8.(a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
48,24,299/-	Nil	NA	NA	Nil	NA

(b) Details of CSR amount spent against ongoing projects for the financial year: Nil

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	State.	District	Location of the project	Project duration	Amount allocated for the project (in ₹)	Amount spent in the current financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency
												CSR Registration number
Not Applicable												



(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1) Sl. No.	(2) Name of the Project	(3) Item from the list of activities in schedule VII to the Act.	(4) Local area (Yes/No)	(5) Location of the project.		(6) Amount spent for the project (in ₹).	(7) Mode of implementation - Direct (Yes/No)	(8) Mode of implementation - Through implementing agency	
				State	District			Name	CSR registration number
1	Supporting people having deformities and disabilities, with reconstructive surgery.	Promoting health care including preventive health care	Yes	Telangana	Hyderabad	15,00,000/-	No	Narsingh Swain Memorial Trust	CSR000006138
2	To run schools, Hostels and other institutions to promote education in villages and tribal areas in the State	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects	Yes	Telangana	Hyderabad	20,00,000/-	No	Sri Saraswathi Vidya Peetham	CSR000004233
3	Nutritious mid-day meals to children, health camps and life skills trainings to students	Eradicating hunger, poverty and malnutrition	Yes	Telangana	Hyderabad	5,00,000/-	No	The Akshaya Patra Foundation	CSR000000286
4	Serve the needy children for their education	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects	No	Andhra Pradesh	Chittoor	2,00,000/-	No	Venkata Subbareddy Memorial Foundation	CSR000024413
5	Protection of Animal Welfare	Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water	No	New Delhi	Delhi	2,00,000/-	No	People For Animals	CSR000001927
6	Services to the poorest of the poor in all aspects like food, education, cremation etc	Eradicating hunger, poverty and malnutrition	No	Andhra Pradesh	Guntur	4,24,299/-	No	Amma Charitable Trust	CSR000019256

- (d) Amount spent in Administrative Overheads: Nil
 (e) Amount spent on Impact Assessment, if applicable: Nil
 (f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 48,24,299/-
 (g) Excess amount for set off, if any:

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	48,24,299/-
(ii)	Total amount spent for the Financial Year	48,24,299/-
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0/-
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	0/-

9.(a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
NIL							

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project	Financial Year in which the project commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year (in ₹)	Status of the project - Completed /Ongoing
Not Applicable								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details)

- (a) Date of creation or acquisition of the capital asset(s): Not Applicable
 (b) Amount of CSR spent for creation or acquisition of capital asset: Not Applicable
 (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: Not Applicable
 (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): Not Applicable

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5) – Nil

Responsibility Statement:

The CSR committee of the company hereby confirms that the implementation and monitoring of CSR policy is in compliance with CSR objective and policy of the company.

For Vimta Labs Limited

Place: Hyderabad
 Date : 12th May 2022

Harimann Vungal
 ED- Operations

Harita Vasireddi
 MD & Chairperson



Annexure - II

Disclosures pursuant to Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

Relevant disclosures in terms of the 'Guidance note on accounting for employee share-based payments' issued by ICAI form part of the notes to the financial statements provided in this Annual Report.

S.No.	Description	Year ended 31 st March, 2022
1.	Date of shareholders' approval	Vimta Labs Employee Stock Option Plan -2021 05.07.2021
2.	Total number of options approved under ESOS	663,234
3.	Vesting requirements	The minimum vesting period shall be at least 1 (one) year from the date of Grant. Vesting of the options shall take place over three to seven years from the date of Grant.
4.	Exercise price or pricing formula	INR 2 - Exercise price per option
5.	Maximum term of options granted	10 years
6.	Source of shares (primary, secondary or combination)	Primary
7.	Variation of terms of options	Nil
8.	Method used to account for ESOS - Intrinsic or fair value	The company has calculated the employee compensation cost using the fair value of the stock options
9.	Difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options	NA
10.	The impact of this difference on profits and on EPS of the company on the current year profits (for the year grants)	Profit (Loss) after Tax ₹ 410.58 in Mn Adjusted weighted avg. EPS (in ₹) ₹ 18.20

Details of ESOS during the financial year

S. No.	Description	Year ended March 31, 2022
1.	Number of options outstanding at the beginning of the year (un-granted)	NA
2.	Number of options granted during the year	507,769 Options in Tranche 1 out of the Total Grant of 663,234 Options
3.	Number of options forfeited/lapsed during the year	52,890 Options
4.	Number of options vested during the year	NA
5.	Number of options exercised during the year	NA
6.	Number of shares arising as a result of exercise of options	NA
7.	Amount realized by exercise of options (₹)	NA
8.	Loan repaid by the Trust during the year from exercise price received	NA
9.	Number of options outstanding at the end of the year (out of total number of options approved under ESOS)	454,879 Options

10.	Number of options exercisable at the end of the year (out of total number of options approved under ESOS)	Nil	
11.	Weighted-average exercise		
	Stock Options granted on	Weighted average exercise price (in ₹)	Weighted average Fair value (in ₹)
	19.09.2021	2.00	289.69
12.	Employee wise details of options granted to		
	a. Key managerial personnel	Narahai Naidu D R (Chief Financial Officer)- 11,119 Options	
	b. Any other employee who receive a grant of options in any one year of option amounting to 5% or more of option granted during the year	Nil	
	c. Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants & conversions) of the Company at the time of grant	Nil	
13	Description of the method and significant assumptions used during the year to estimate the fair value of the options, including the following weighted average information	The Black Scholes option-pricing model was developed for estimating fair value of traded options that have no vesting restrictions and are fully transferable. Since option-pricing models require use of substantive assumptions, changes therein can materially affect fair value of options. The option pricing models do not necessarily provide a reliable measure of fair value of options.	
14	The main assumptions used in the Black Scholes option-pricing model during the year were as follows:		
	(i) Weighted average values of share price	Refer point no. 11	
	(ii) Exercise price	Refer point no.11	
	(iii) Risk free interest rate	6.00% in year 1	
	(iv) Expected Life of Options	10 years	
	(v) Expected volatility	62.04% in year 1	
	(vi) Dividend yield	0.80% in year 1	
15	The method used and the assumptions made to incorporate the effects of expected early exercise	Nil	
16	How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility	We have considered the historical price of the company at the stock exchange, where the trading volume is high. The average closing price on weekly basis was taken to calculate the volatility of the shares.	
17	Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.	No	



Annexure - III

COMPLIANCE CERTIFICATE

[Pursuant to Regulation 13 of the Securities Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021]

To,
The Members,
Vimta Labs Limited.

We D. Hanumanta Raju & Co, Company Secretary in practice, have been appointed as the Secretarial Auditor vide a resolution passed at its meeting held on 14th May, 2021 by the Board of Directors of **Vimta Labs Limited** (hereinafter referred to as '**the Company**'), having CIN: L24110TG1990PLC011977 and having its registered office at 141/2 &142, IDA Phase II, Cherlapalli, RR Dist, Hyderabad – 500 051. This certificate is issued under Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (hereinafter referred to as '**the Regulations**'), for the year ended 31st March, 2022.

Management Responsibility:

It is the responsibility of the Management of the Company to implement the Scheme(s) including designing, maintaining records and devising proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

Verification:

The Company has implemented Vimta Labs Employee Stock Option Plan, 2021 viz Employee Stock Option Scheme in accordance with the Regulations and the Special Resolution passed by the members at the 31st Annual General Meeting of the Company held on Monday, 5th July, 2021.

For the purpose of verifying the compliance of the Regulations, We have examined the following:

1. Vimta Labs Employee Stock Option Plan, 2021 - ESOP scheme received from the Company;
2. Articles of Association of the Company;
3. Resolution passed at the meeting of the Board of Directors at their meeting held on 14.05.2021;
4. Special resolution passed by the shareholders at the 31st Annual General Meeting of the Company held on 5th July, 2021;
5. Minutes of the meeting of the Compensation Committee held on 21.07.2021;
6. Detailed terms and conditions of the Vimta Labs Employee Stock Option Plan, 2021 as approved by Compensation Committee at its meeting held on 21.07.2021;
7. Valuation Report dated 05.10.2021 given by Mr. Ramesh Kumar Mallela, Registered Valuer;

8. Exercise Price;
9. Statement filed with recognised Stock Exchange(s) in accordance with Regulation 10 of these Regulations;
10. Disclosure by the Board of Directors;
11. Relevant provisions of the Regulations, Companies Act, 2013 and Rules made thereunder;
12. Other relevant document/ filing/ records/ information as sought and made available to us and the explanations provided by the Company.

Certification:

In our opinion and to the best of our knowledge and according to the verifications as considered necessary and explanations furnished to us by the Company and its Officers, we certify that the Company has implemented the Vimta Labs Employee Stock Option Plan, 2021, Employee Stock Option Scheme in accordance with the applicable provisions of the Regulations and the Special Resolution passed by the members at the 31st Annual General Meeting of the Company held on Monday, 5th July, 2021.

Assumption & Limitation of Scope and Review:

1. Ensuring the authenticity of documents and information furnished is the responsibility of the Board of Directors of the Company.
2. Our responsibility is to give certificate based upon our examination of relevant documents and information. It is neither an audit nor an investigation.
3. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.
4. This certificate is solely for your information and it is not to be used, circulated, quoted, or otherwise referred to for any purpose other than for the Regulations.

For D. HANUMANTA RAJU & CO
COMPANY SECRETARIES

CS D. HANUMANTA RAJU
PARTNER

Place: Hyderabad
Date: 12.05.2022

FCS: 4044, CP NO: 1709
UDIN: F004044D000308095
PR NO.: 699/2020

Annexure -IV

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Account Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/ joint ventures

Part "A": Subsidiaries

Subsidiary Company Financial Highlights – 2021-22

(In millions)

Sl. No.	Particulars	Details
1	Name of the Subsidiary	Emtac Laboratories Private Limited
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Same as the Holding Company's reporting period, viz. 31-03-2022
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Not Applicable
4	Share capital – Authorised	50.00
	– Paid up	34.17
5	Reserves & surplus	(25.14)
6	Total Assets	23.04
7	Total Liabilities	14.01
8	Investments	Nil
9	Total Income	25.81
10	Profit / Loss before taxation	3.35
11	Provision for taxation	0.66
12	Profit / Loss after taxation	2.69
13	Proposed Dividend	Nil
14	% of shareholding	100%

Notes: The following information shall be furnished at the end of the statement:

1. Names of subsidiaries, which are yet to commence operations: Nil

2. Names of subsidiaries, which have been liquidated or sold during the year: Nil

Part "B": Associates and Joint Ventures: NA

Place : Hyderabad
Date : 12th May 2022

Dr Sivalinga Prasad Vasireddi
Non - Executive Director & Chairman
(DIN: 00242288)



Annexure - V

Details of Loan, Guarantees, Securities and Investments made by the Company pursuant to Section 186 of the Companies Act 2013 are as provided below.

Corporate Guarantees

Name and Address of the person or body corporate to whom it is made or given	Amount (in ₹)
Nil	

Loans and Inter-Corporate Deposits (ICDs)

Name and Address of the person or body corporate to whom it is made or given	Amount (in ₹)
Emtac Laboratories Private Limited (WOS) Plot No. 11/6, Road No.9 IDA, Nacharam, Hyderabad, Rangareddi Telangana - 500076	10,33,011/-

Investments

Name and Address of the person or body corporate to whom it is made or given	Amount (in ₹)
Nil	

The Loans/ICDs given to the WOS of the company has been utilised for the purposes of its principal business activities.

Place : Hyderabad
Date : 12th May 2022

Dr Sivalinga Prasad Vasireddi
Non - Executive Director & Chairman
(DIN:00242288)

Annexure - VI

Details pertaining to Employees as required under Section 197(12) of the Companies Act, 2013
Statement of Particulars of Employees Pursuant to provisions of Section 197(12) of the Companies Act 2013 read with Rule 5 (2) of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules 2014

a) Employed throughout the Financial Year 2021-2022

Sl. No	Name	Designation	Gross Remuneration	Nature of Employment	Qualification	Date of Joining	Age	Experience	% of Equity Shares held	Whether relative of Director	Name of relative Director	Previous Employment
1	Ms. Harita Vasireddi	Managing Director	1,20,00,000	Contractual	B. Pharm., MBA (USA)	26.10.2002	47	24 years	0.76	Yes	Dr. Sivalinga Prasad Vasireddi	Vimta Rostest Private Limited
2	Mr. Harriman Vungal	Executive Director - Operations	1,20,00,000	Contractual	D.Tech (Toronto)	16.11.1990	70	43 years	8.04	No	-	Promoter
3	Mr. Satya Sreenivas Neerukonda	Executive Director	96,00,000	Contractual	B. Pharm., MBA (USA)	01.04.2014	46	22 years	-	No	-	Impac Medical Systems, Mountain View, CA, USA

Employed Part of the Financial Year 2021-2022 – NIL

b) Other top ten employees employed throughout the Financial Year 2021-22: If any Member is interested in obtaining information on Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, such Member may write to the Company Secretary at the Registered Office in this regard.



Annexure -VI contd.,

Details pertaining to remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014

- i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2021-2022, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2021-2022, and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under.

Sl. No.	Name of Director/ KMP and Designation	Ratio of the remuneration paid to Directors to the median remuneration of the employee excluding managerial remuneration (#)	Percentage increase in remuneration during the year	Comparison of remuneration against performance of the Company	
				Remuneration paid (in Millions)	Performance of the Company for the year (Net Profit ₹ in Millions)
1	Dr. S P Vasireddi	NA	NA	NA	NA
	Non-Executive Director & Chairman				
2	Harita Vasireddi	42:1	0%	17.59	410.58
	Managing Director				
3	Vungal Harriman	42:1	0%	17.40	410.58
	Executive Director-Operations				
4	Satya Sreenivas Neerukonda	33:1	0%	14.64	410.58
	Executive Director				
5	Y Prameela Rani	NA	NA	NA	NA
	Independent Director				
6	Gutta Purnachandra Rao	NA	NA	NA	NA
	Independent Director				
7	Sanjay Dave	NA	NA	NA	NA
	Independent Director				
8	Dr. Yadagiri R Pendri	NA	NA	NA	NA
	Independent Director				
9	D R Narahai Naidu	7:1	0%	2.36	410.58
	Chief Financial Officer				
10	Sujani Vasireddi	8:1	12%	2.80	410.58
	Company Secretary				

Median working is on monthly CTC

- There was no variable component (except commission on profits) of remuneration availed by the Directors.
- The remuneration paid to the Key Managerial Personnel was as per the remuneration policy of the Company.
- There were 1273 employees on the rolls of the Company as on March 31, 2022.
- The percentage increase in the median remuneration of employees in the financial year was 4.88%.
- The average increase in the salaries/remuneration of the employees during the year was 4.00%. Being service industry, retention of talented manpower is the key element. Hence, there was an increase in the salaries of the employees during the year.
- We herewith affirm that the remuneration is as per the remuneration policy of the Company.

Place : Hyderabad
Date : 12th May 2022

Dr Sivalinga Prasad Vasireddi
Non - Executive Director & Chairman
(DIN:00242288)

Annexure - VII

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31.03.2022

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
VIMTA LABS LIMITED

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **VIMTA LABS LIMITED** having CIN: L24110TG1990PLC011977 and having registered office at 141/2 & 142, IDA Phase II, Cherlapalli, RR Dist, Hyderabad – 500 051 (hereinafter called the Company). Secretarial Audit was conducted in accordance with the guidance note issued by the Institute of Company Secretaries of India and in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information, confirmations, clarifications provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2022, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2022, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (Not applicable to company during the period of audit)
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - (a) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018-(Not applicable to the Company during the period of audit);
 - (d) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021
 - (e) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - (Not applicable to the Company during the period of audit);
 - (f) Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021- (Not applicable to the Company during the period of audit);
 - (h) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the Company during the period of audit);
 - (i) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - (j) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares), Regulations, 2013; - (Not applicable to the Company during the period of audit); and
 - (k) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.



(vi) Other laws **specifically** applicable to the Company as per the representations made by management include:

- A. The Drugs and Cosmetic Act, 1940
- B. Narcotic Drugs and Psychotropic Substances Act, 1985 and Narcotic Drugs and Psychotropic Substances (Regulation of Controlled Substances) Order, 2013
- C. Good Laboratory Practices as laid down in Schedule L-1 of Drugs and Cosmetic Rules, 1945
- D. Food Safety and Standards Act, 2006
- E. The Pathology and Laboratory Act, 2007
- F. Bio-Medical Waste (Management and Handling) Rules, 1998
- G. Hazardous Waste (Management, Handling and Transboundary Movement) Rules, 2008
- H. The Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989
- I. Explosives Act, 1884 read with Gas Cylinder Rules, 2004
- J. Selection, installation and maintenance of First-aid Fire Extinguishers – Code of Practice
- K. Contract Labor (Regulation and Abolition) Act, 1970 and Andhra Pradesh Contract Labor (Regulation and Abolition) Rules, 1971

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India and notified under the Companies Act, 2013;
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited (NSE).

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There are no changes in the composition of the Board of Directors during the period under review.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decisions are carried through while the dissenting member's views, if any, are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the period under review:

1. The Board of Directors of the Company at their meeting held on 14.05.2021 proposed the Employee Stock Option Scheme, which was later approved by the members at the 31st Annual General Meeting of the Company held on 05.07.2021 as the 'Vimta Labs Employee Stock Option Plan 2021'. Subsequently, the Company made an application for seeking "In-principal approval" prior to issue and allotment of 6,63,234 Options under "Vimta Labs Employee Stock Option Plan 2021" in compliance with Regulation 12(3) of SEBI (Share Based Employee Benefits) Regulations, 2014, which was further approved by National Stock Exchange of India Limited and BSE Limited, vide letters, NSE/LIST/27779 dated 6th August 2021 and DCS/FL/MJ/ESOP-IP/1472/2021-22 dated 15th September 2021, respectively.
2. The Company entered into a Public Private Partnership with Food Safety and Standards Authority of India (FSSAI) for a period of 25 years to "Setup, Operate and Transfer", the National Food Laboratory at JNPT, Navi Mumbai.

For D. HANUMANTA RAJU & CO
COMPANY SECRETARIES

CS D. HANUMANTA RAJU
PARTNER

Place: Hyderabad

Date: 12.05.2022

FCS: 4044, CP NO: 1709

UDIN: F004044D000308007

PR NO.:699/2020

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

Annexure A

To
The Members,
VIMTA LABS LIMITED.

Our report of even Date is to be read along with this letter

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed, provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness and with which the management has conducted the affairs of the company.

For D. HANUMANTA RAJU & CO
COMPANY SECRETARIES

CS D. HANUMANTA RAJU
PARTNER

Place: Hyderabad
Date: 12.05.2022

FCS: 4044, CP NO: 1709
UDIN: F004044D000308007
PR NO.:699/2020



Annexure - VIII

Nomination and Remuneration policy

Introduction

The Company's policy on the appointment and remuneration of Directors and key managerial personnel provides a framework for payment of suitable remuneration to the Directors, Key Managerial Personnel (KMP) and senior level employees of the Company and to harmonize the aspirations of human resources consistent with the goals of the Company. The nomination and remuneration policy provided herewith is in line with the requirements of Section 178(4) of the Companies Act read with rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Objective and purpose of the policy

The objectives and purpose of this policy are,

- To formulate the criteria for determining qualifications, positive attributes and independence of a Director.
- To formulate remuneration principles for the Directors, key managerial personnel and other senior level employees of the Company.

The committee

The Board has constituted the nomination and remuneration committee of the Board on October 10, 2014. This is in line with the requirements of Companies Act, 2013 ('the Act') and the listing agreement entered in to with Stock Exchanges.

The Board has authority to reconstitute this committee from time to time.

Definitions

'The Board' means Board of Directors of the Company.

'Directors' means Directors of the Company.

'The Committee' means the nomination and remuneration committee of the Company as constituted or reconstituted by the Board, in accordance with the Act and applicable listing agreements and/or regulations.

'The Company' means Vimta Labs Limited.

'Independent Director' means a director referred to in Section 149(6) of the Companies Act, 2013 and rules made thereunder.

Key Managerial Personnel (KMP) means:

The Managing Director or the Chief Executive Officer and Whole-time Director;

The Company Secretary and

The Chief Financial Officer

'Senior level employees' means personnel of the Company

just below the level of executive directors i.e., at the level of President and Executive Vice President.

Unless the context otherwise requires, words and expressions used in this policy, and not defined herein but defined in the Companies Act, 2013 and Listing Agreement as may be amended from time to time, shall have the same meaning respectively assigned to them therein.

The Policy

This policy is divided into three parts

Part - A: Covers the matters to be dealt with and to recommend to the Board

Part - B: Covers the appointment and nomination; and

Part - C: Covers remuneration and perquisites etc.

Part-A:

The following matters to be dealt with and recommended to the Board by the committee.

Structure of the Board

Formulate the criteria determining qualifications, positive attributes and independence of a director and recommending candidates to the Board, when circumstances warrant the appointment of a new director, having regard to the range of skills, experience and expertise, on the Board and who will best complement the Board in order to make appropriate decisions in the best interests of the Company as a whole. The committee is to assist the Board in ensuring that diversity of gender, thought, experience, knowledge and perspective is maintained in the Board nomination process, in accordance with the Board diversity requirements of the Company.

Succession plans

Establishing and reviewing Board and senior executive succession plans to ensure and maintain an appropriate balance of skills, experience and expertise on the Board and senior Management.

Evaluation of performance

Make recommendations to the Board on appropriate performance criteria for the Directors. Formulate the criteria and framework for evaluation of performance of every Director on the Board of the Company.

Identify ongoing training and education programs for the Board and in particular to the new incumbents, as and when required and to ensure that non-executive Directors are provided with adequate information regarding nature of the business, the industry and their legal responsibilities and duties.

Remuneration framework

The committee is responsible for reviewing and making recommendations to the Board on

- (a) Remuneration of the Managing Director, Whole-time Directors and
- (b) The remuneration for KMPs, other employees at senior most level.

The structure of the remuneration to be made keeping the best interest of the Company in order to attract and motivate talent to pursue the Company's long-term plans.

PART-B

Appointment criteria and qualifications

The criteria for the appointment of directors, KMPs and other senior level employees are as follows:

The committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as director, KMP or senior level and recommend to the Board his/ her appointment.

A person to be appointed as Director, KMP or at senior level should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.

A person, to be appointed as Director should possess impeccable reputation for integrity, deep expertise and insights in sectors / areas relevant to the Company, ability to contribute to the Company's growth, and complementary skills in relation to the other Board members.

The Company shall not appoint or continue the employment of any person who has attained the age of 70 years as Managing Director / Executive or Whole time Director. Provided that the term of the person holding this position may be extended beyond the age of 70 years with the approval of shareholders by passing a special resolution.

A whole-time KMP of the Company shall not hold office in more than one company except in its subsidiary company at the same time. However, a whole-time KMP can be appointed as a non-executive director in any Company.

Term /Tenure

Managing Director / Whole-time Director

The Company shall appoint or re-appoint any person as its Managing Director or Whole-time Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of the term.

Independent Director

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for reappointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after the expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

At the time of appointment of an Independent Director, it should be ensured that the number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director, and three listed companies as an Independent Director in case such person is serving as a whole-time (executive) Director of a listed company.

Removal

Where any of the Director becomes disqualified to be a Director of the Company due to any of the reasons of disqualifications as mentioned in the Companies Act, 2013 and rules made thereunder or under any other applicable Acts, rules and regulations, the committee may recommend to the Board, with reasons recorded in writing the removal of such Director or KMP subject to the provisions and compliance of the said Act, rules and regulations under which such disqualification arises.

Retirement

The Whole-time Directors, KMP and senior personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Whole-time Directors, KMP and senior management personnel in the same position or otherwise, even after attaining the retirement age, for the benefit of the Company subject to such approvals as may be required under the provisions of the Companies Act, 2013.

PART -C

Remuneration of Directors, KMPs and other senior level employees

Remuneration to Managing Director; Whole-time Directors:

The remuneration / compensation / commission to Directors will be determined by the committee and recommended to the Board for approval.

The remuneration and commission to be paid to the Managing Director and the Whole-time Directors shall be in accordance with the provisions of the Companies Act, 2013, and the rules made thereunder.



Increments to the existing remuneration / compensation structure may be recommended by the committee to the Board which should be within the limits approved by the shareholders.

Where any insurance is taken by the Company on behalf of its Managing Director and / or of its Whole-time Directors for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that, if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

Minimum remuneration to Managing Director and Whole-time Directors

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay minimum remuneration to its Managing Director and the Whole-time Directors in accordance with the provisions of Schedule V of the Companies Act, 2013, including any statutory modifications or amendments thereof.

Remuneration to Non-executive / Independent Directors

The remuneration payable to each Non-Executive Director is based on the remuneration structure as determined by the Board, and is revised from time to time, depending on individual contribution, the Company's performance, and the provisions of the Companies Act, 2013 and the rules made thereunder. Such remuneration to Non-executive /Independent Directors may be paid within the monetary limits approved by shareholders, subject to the limits not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

Remuneration of other KMPs and senior level employees

At the time of appointment, the Remuneration Committee shall fix the remuneration and reward structure for other KMPs (i.e. CFO & CS) and senior level employees based on their qualifications and expertise and forward its recommendations to the Board for its approval. The annual increments to these employees to be decided and awarded by the Managing Director based on their performance and calibre so as to retain the talent in a competitive environment.

Policy review

This policy is framed in the best interest of the Company based on the provisions of the Companies Act, 2013 and rules made thereunder and requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In case of any subsequent changes in the provisions of the Companies Act, 2013 or any other regulations which makes any of the provisions in the policy inconsistent with the Act or regulations, the provisions of the Act or regulations so amended would prevail over the policy, and the provisions in the policy would be modified in due course to make it consistent with the law.

This policy shall be reviewed by the nomination and remuneration committee as and when changes need to be incorporated in the policy due to changes in regulations or as may be felt appropriate by the committee. Any change or modification in the policy as recommended by the committee requires approval of the Board.

BOARD DIVERSITY POLICY

Pursuant to Part D(A)(3) of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

1. PURPOSE

The Board Diversity Policy ('the Policy') sets out the approach to diversity in the Board of Vimta Labs Limited (the Company').

Building a Board of diverse and inclusive culture is integral to the success of VIMTA Labs Ltd. Age, gender and professional diversity are areas of strategic focus to the composition of our Board. The Board considers that its diversity, including gender diversity, is a vital asset to the business.

The Company believes that a diverse Board will contribute to the achievements of its vision and strategic objectives, including to:

- Drive business results;
- Make corporate governance more effective;
- Enhance quality and responsible decision making capability;
- Ensure sustainable development; and
- Enhance the reputation of the Company.

Company has approved and adopted this Policy as formulated in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") and provisions of the Companies Act, 2013 ("the Act"), at its meeting held on 12th May, 2022, being the effective date of the Policy.

2. SCOPE

The Policy applies specifically to the Board and excludes diversity in relation to employees of the Company.

3. POLICY STATEMENT

Company recognizes and embraces the benefits of having a diverse Board, and sees increasing diversity at Board level as an essential element in achieving a sustainable development and a competitive advantage.

A truly diverse Board will include and make good use of differences in the skills, industry experience and expertise, background, gender and other distinctions among Directors. These differences shall be considered in determining the optimum composition of the Board and when possible shall be balanced appropriately on need basis.

The Nominations and Remuneration Committee ('the Committee') reviews and assesses Board's composition on behalf of the Board and recommends the appointment of Directors as follows:

- In reviewing Board composition, the Committee will consider the benefits of all aspects of diversity including, but not limited to, those described above, in order to enable the Board to discharge its duties and responsibilities effectively.
- In identifying suitable candidates for appointment to the Board, the Committee will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.

4. MEASURABLE OBJECTIVES

The Board shall have an optimum combination of Executive, Non-Executive and Independent directors in accordance with requirements of the Articles of Association of the Company, the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the statutory, regulatory and contractual obligations of the Company.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, educational background, professional experience, skills and knowledge. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

5. MONITORING AND REPORTING

Nomination and Remuneration Committee shall monitor and report compliance to this policy to the Board and ensure compliance with Section 178 of the Companies Act, 2013 read along with applicable rules thereto and Clause 49 under Listing Agreement effective from 1st October, 2014. This committee is (among other things) responsible for:

- Formally assessing the appropriate mix of diversity, skills, experience and expertise required on the Board and assessing the extent to which the required skills are represented on the Board;
- Making recommendations to the Board in relation to Board succession, including the succession of the Chairman, to maintain an appropriate mix of Diversity, skills, experience and expertise on the Board;
- To recommend to the Board the appointment and removal of Senior Management;
- To recommend to the Board on (i) policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management and (ii) Executive Directors remuneration and incentive and



- Reviewing and reporting to the Board in relation to Board Diversity.

As part of the annual performance evaluation of the effectiveness of the Board, Board Committees and individual Directors, the balance of skills, experience, independence, knowledge and how the Board works together as a unit, and other factors relevant to its effectiveness would be considered.

The Nomination and Remuneration Committee will report to the Board on any initiatives undertaken and progress made by the Committee in relation to Board Diversity and to achieve the measurable objectives.

The Nomination and Remuneration Committee will report annually, in the Corporate Governance Report, on the Board's composition under diversified perspectives, and monitor the implementation of the Policy.

The effective implementation of this policy requires that shareholders are able to judge for themselves whether the Board as constituted is adequately diverse. To this end,

Company shall continue to provide sufficient information to shareholders about the size, qualifications and characteristics of each Board Member.

6. REVIEW OF THE POLICY

The Committee will review the Policy as may be deemed necessary, discuss any revisions that may be required and recommend the same to the Board for approval.

7. DISCLOSURE OF THE POLICY

The Policy will be published on the Company's website for public information. The Policy together with the composition of the Board and the size, qualifications and characteristics of each Board Member will be disclosed in the Corporate Governance Report annually.

8. POLICY GOVERNANCE

Approved by : The Board

Responsibility for document management : Managing Director & Company Secretary.

Annexure – IX

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

Sl. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in general meeting as required under first proviso to section 188
There were no contracts or arrangements or transactions entered into during the year ended 31 st March 2022, which were not at arm's length basis.								

2. A. Details of material contracts or arrangement or transactions at arm's length basis

Sl. No.	Name of the related party and nature of relationship	Nature of Contracts/ arrangements/ transactions	Duration of Contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value ; if any;	Date of approval by the Board / Shareholders, if any.	Justification For entering into Contract / Arrangement
1	Mr. Sireesh Chandra Vungal Son of Executive Director – Operations of the Company.	Appointment to office or place of profit: Appointed as Manager – Information Technology Presently Vice President – Information Technology Group.	w.e.f. 1 st April 2014 w.e.f. 1 st October 2017	Appointed on a Monthly remuneration not exceeding ₹ 2,50,000/- per month. Approval given by the Shareholders by Special Resolution to pay not exceeding ₹ 5,00,000/- per month. Further approval given by the Shareholders by Special Resolution to pay not exceeding ₹ 7,00,000/- per month.	Board Approval Dated: 17 th May 2014 and Shareholders' Approval Dated 27 th September 2017 Shareholders' Approval Dated 27 th July 2019	Commensurate with qualification and experience an amount of ₹ 5,22,133 /- p.m. including perquisites is being paid within the limits approved by Shareholders.



B. Details of contracts or arrangement or transactions at arm's length basis

(₹ in millions)

Sl. No.	Name of the related party and nature of relationship	Nature of Contracts/ arrangements/ transactions	Duration of Contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value ; if any;	Date of approval by the Board / Shareholders, if any.	Justification For entering into Contract / Arrangement
1	Mr. Harriman Vungal Owner of the property is Executive Director – Operations of the Company	Leasing of property Residential property obtained on lease for office purpose	2 years w.e.f 1 st April 2020	₹ 16500/- per month with annual escalation of 10%	14 th May 2021	Lease Rentals at prevailing market rates. Lease rentals paid for the year @ ₹ 16,500/- p.m. The same was waived off for the year 2021-22.
2	Bloomedha Info Solutions Limited	Relative of Managing Director & Chairman of the Company.	Ongoing, w.e.f 14 th May 2021	IT Services	14 th May 2021	Commensurate with market Services received for ₹ 2.35 million during the year.
3	Covide Business Integrated Private Limited	Relative of Executive Director – Operations of the Company.	Ongoing, w.e.f 14 th May 2021	IT Services	14 th May 2021	Commensurate with market Services Received for ₹ 0.50 million during the year.
4	Avanti Frozen Foods Private Limited	Ms. Y Prameela Rani is the Independent director of the Company.	Ongoing, w.e.f 14 th May 2021	Testing Services	14 th May 2021	Commensurate with market Services provided for ₹ 0.63 million during the year.
5	Escientia Biopharma Private Limited	Dr. Yadagiri R Pendri is the Director of the Company.	Ongoing, w.e.f 14 th May 2021	Testing Services	14 th May 2021	Commensurate with market. Services provided for ₹ 6.88 million during the year.
6	Emtac Laboratories Private Limited	Wholly owned subsidiary	Ongoing, w.e.f 14 th May 2021	Testing Services	14 th May 2021	Commensurate with market Services provided for ₹ 2.46 million during the year.

Sl. No.	Name of the related party and nature of relationship	Nature of Contracts/ arrangements/ transactions	Duration of Contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value ; if any;	Date of approval by the Board / Shareholders, if any.	Justification For entering into Contract / Arrangement
7	Ms. Praveena Vasireddi Daughter of Non Executive Director & Chairman of the Company and sister of Managing director of the Company	Appointment to office or place of profit: Appointed as Executive – Internal Auditing. Present capacity as Manager – Corporate Functions	w.e.f 1 st April 2014 w.e.f. 29 th May 2020	Appointed on a Monthly remuneration not exceeding ₹ 2,50,000/- per month	17 th May 2014	Commensurate with qualification and experience an amount of ₹ 1,63,069/- p.m. including perquisites is being paid.
8	Ms. Sudeshna Vungal Daughter of Executive Director – Operations of the Company	Appointment to office or place of profit: Appointed as Bio-Chemist Present capacity : Sr. Manager – PE & CRM	w.e.f 1 st April 2014 w.e.f 1 st October 2019	Appointed on a Monthly remuneration not exceeding ₹ 2,50,000/- per month	17 th May 2014	Commensurate with qualification and experience an amount of ₹ 1,70,352/- p.m. including perquisites is being paid.

Place : Hyderabad
Date: 12th May 2022

Dr. Sivalinga Prasad Vasireddi
Non - Executive Director & Chairman
(DIN:00242288)



Annexure – X

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

Information on Conservation of Energy, Technology Absorption, Foreign Exchange earnings and outgo (forming part of the Board's Report for the year ended 31st March, 2022)

A. Conservation of energy

The Company is engaged in testing of various materials and different types of tests are carried out depending on the nature of material as per required specifications and standards. Testing is performed using different instruments. It may be that a particular material needs to be tested on different instruments for various parameters simultaneously as required by the customer. Most of the test equipment are microprocessor based and draw only requisite power. Power is drawn by different equipment from a common source in the Lab. Besides this, generator and UPS are used as back-up sources.

a) Energy Conservation Measures Taken:

- i) Designed and installed an efficient power distribution system to utilize the power at optimum level of requirement.
- ii) The Laboratory buildings are designed in such a way that during day time no artificial lighting is needed in most areas in the labs.
- b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy: No additional investments were made during the year.
- c) Impact of the measures in (a) and (b) above for the reduction of energy consumption and consequent impact on the cost of production of goods: The energy consumption is reduced to

the barest minimum requirement thus keeping costs reduced in this aspect.

- d) Total energy consumption and energy consumption per unit of production: Furnishing of these particulars is not applicable to the Company.
- e) Green building certification: The preclinical research building at Life Sciences facility of the Company has been awarded gold rating by Indian Green Building Council (IGBC). The award testifies to the Company's efforts for reduction of energy consumption, reduced water consumption and limited waste generation.
- f) Capital investment made on energy conservation equipment during the year is Nil.

B. Technology Absorption

The tests/studies are carried out as per the prescribed national/international Standards and regulations. The Company undertakes contract research projects for the sponsors as per national and international standards, guidelines and regulations such as ISO, ICH, GCP, GLP and cGMP.

C. Foreign exchange earnings and outgo

During the financial year, the Company has earned foreign exchange of ₹ 693.26 Million (previous year ₹ 566.20Millions). The Company's foreign exchange outgo was of ₹ 225.85 Million (previous years. ₹ 242.82 Millions) on import of capital goods, software, chemicals, consumables & reference standards, travel expenditure, professional charges etc.

CORPORATE GOVERNANCE REPORT

[Pursuant to Schedule V (C) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015('Listing Regulations')]

I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Vimta Labs Limited's ("Vimta" or "the Company") Corporate Governance philosophy stems from the belief that Corporate Governance is a key element in improving efficiency and growth as well as enhancing investor confidence. Company also believes that Corporate Governance goes beyond regulatory requirement, and has laid strong emphasis on transparency, accountability, responsibility, fairness, integrity, consistent value systems and delegation across all of its operations.

II. BOARD OF DIRECTORS

i. Composition

The Company's Board has an optimum combination of executive and non-executive directors. Out of the total strength of the Board, three members are executive, one is Non-Executive Director and another four members are non-executive independent directors. Two of the Board members are Women Directors. The Chairman of the Board is a non-executive member. The Independent Directors on the Board are senior, competent and highly qualified from different fields. Active participation of the Independent Directors does add value in the decision making process of the Board.

ii. Attendance and other Directorships

During the year ended 31st March 2022, the Board of Directors met five times. These meetings were held on 14th May 2021; 22nd July 2021; 23rd October 2021; 20th January 2022 and 07th March 2022, with a gap not exceeding one hundred and twenty days between any two meetings.

The details of the Board of Directors including their attendance at the meetings of Board and shareholders, directorships / chairmanships / memberships on the Boards /Committees of other Companies and names of the listed entities where the person is a director and the category of directorship as required under Regulation no. 34 read with schedule V of Listing Regulations are as below:

Name	Category	No. of Board Meetings		Attendance at the last AGM (9 th September 2020)	No. of Directorships in other Companies		Chairmanships / memberships in other Companies		Name of other listed entities where he/she is a director and the category of directorship
		Held	Attended		Private	Public	Chairmanship	Membership	
Dr. S P Vasireddi	Promoter, Non-Executive Director & Chairman	5	5	Yes	-	-	-	-	-
Ms. Harita Vasireddi	Managing Director	5	5	Yes	1	-	-	-	-
Mr. Harriman Vungal	Promoter & Executive Director – Operations	5	5	Yes	-	-	-	-	-
Mr. Satya Sreenivas Neerukonda	Executive Director	5	5	Yes	1	-	-	-	-



Name	Category	No. of Board Meetings		Attendance at the last AGM (9 th September 2020)	No. of Directorships in other Companies		Chairmanships / memberships in other Companies		Name of other listed entities where he/she is a director and the category of directorship
		Held	Attended		Private	Public	Chairmanship	Membership	
Ms. Y Prameela Rani	Independent Non-Executive Director	5	5	Yes	1	1	2	4	-
Mr. Gutta Purnachandra Rao	Independent Non-Executive Director	5	4	Yes	-	-	-	-	-
Mr. Sanjay Dave	Independent Non-Executive Director	5	4	Yes	-	-	-	-	-
Dr. Yadagiri R Pendri	Independent Non-Executive Director	5	4	Yes	3	-	-	-	-

The Directorships held by Directors in other Companies, as mentioned above do not include Directorships in Foreign Companies and Companies Registered under Section 8 of the Companies Act, 2013.

None of the Directors on the Board are a member on more than 10 Committees, and Chairman of more than 5 Committees, across all the companies in which they are Directors. None of the Directors hold office in more than 10 public companies, and none of the Directors serve as Independent Director in more than seven listed companies.

iii. Disclosure of relationships between Directors inter-se

- Dr. Sivalinga Prasad Vasireddi – Non-Executive Director & Chairman: Ms. Harita Vasireddi – Managing Director is daughter of Dr. Sivalinga Prasad Vasireddi.
- Ms. Harita Vasireddi – Managing Director: Dr. Sivalinga Prasad Vasireddi – Non Executive Director & Chairman is father of Ms. Harita Vasireddi

Except as mentioned above, none of the Directors are related to each other.

iv. Number of Shares and convertible instruments held by Non- Executive Directors:

Dr. Sivalinga Prasad Vasireddi, Non-Executive Director, Chairman holds 35,98,525 Equity Shares. The Company has not issued any convertible instruments.

v. Web link where details of familiarisation programmes imparted to Independent directors:

Board based on the recommendation of the Nomination and Remuneration Committee conducts familiarization programme for Independent Directors to provide them

an opportunity to familiarize with the Company, its management and its operations so as to gain a clear understanding of their roles and responsibilities. They have full opportunity to interact with Senior Management personnel and are provided all documents required and sought by them for enabling them to have a good understanding of the Company, its various operations and the industry of which it is a part. The initiatives undertaken by the Company in this respect have been disclosed on the website of the Company, which can be accessed with weblink https://vimta.com/downloads/DETAILS_OF_FAMILIARIZATION_PROGRAMMES_IMPARTEDtoINDEPENDENT_DIRECTORS.pdf

vi. List of core skills/expertise/competencies identified for the Board of Directors

1. Specialized knowledge of the industry and environment (s) in which the Company is doing business. Ability to assess and manage strategic and operational risks including but not limited to regulatory and legal risks.
2. Ability to communicate expectations and concerns in a constructive manner and develop meaningful interpersonal relationships with other Board members and executive management.
3. Experience and knowledge of Board governance practices. Clear understanding of roles and responsibilities of the Board of a Company and responsibilities as a Director of the Company.
4. Good understanding of financial reporting and the accounting and control practices required to manage financial risks.

5. Technology expertise with knowledge of current and emerging technologies.
6. Commitment to the Company, its culture, values and people; displaying a commitment to the Board and the role individual Directors play in ensuring overall Board effectiveness.

Competency Matrix of Board of Directors as on 31st March 2022

Name of the Director	Core Skills/ Expertise/Competency
Dr. Sivalinga Prasad Vasireddi	Founder, visionary leadership, laboratory business management & strategy, strong financial acumen and domain knowledge, corporate governance.
Ms. Harita Vasireddi	Business planning, management & strategy delivery, quality management systems, operations management & planning, corporate governance.
Mr. Harriman Vungal	Operational management, planning and general management & regulatory, corporate governance.
Mr. Satya Sreenivas Neerukonda	Industry knowledge and technical background, creative, strong communication and negotiation skills, problem solving skills, corporate governance.
Ms. Y Prameela Rani	Banking, credit management, general management, foreign exchange, strong financial acumen, corporate governance.
Mr. Purnachandra Rao Gutta	Chartered accountant, internal and statutory auditing, incorporation matters, project financing, internal financial controls and MIS, corporate governance.
Mr. Sanjay Dave	Expert on food safety standards, public sector policy, strategy and administration, strong scientific and policy level influence with national and international bodies, corporate governance.
Dr. Yadagiri R Pendri	Science & engineering domain expertise in pharmaceutical manufacturing, pharma industry domain expertise, researcher, strategist, business management & leadership, financial acumen, corporate governance.

vii. Confirmation of Independence

Company has received declarations from all the Independent Directors confirming that they meet the

criteria of independence as prescribed in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. In the opinion of the Board, the independent directors fulfil the conditions of independence criteria as specified in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent from the management.

III. DETAILS OF DIRECTORS PROPOSED FOR RE-APPOINTMENT AND REGULARISATION OF APPOINTMENT AT THE ANNUAL GENERAL MEETING:

i) Dr. S.P. Vasireddi

Dr. S.P. Vasireddi shall retire by rotation and being eligible, seeks re-appointment. The details of director are as follows.

He is the Non-Executive Director & Chairman of the Company, and is a holder of Ph.D. with over 44 years of experience. As the Founder from the inception of the Company, he has been a promoter Director and has been its Chairman & Managing Director up to 15.07.2013. Subsequently, he was designated as Executive Chairman up to 30.06.2018 and further designated as Non-Executive Chairman. He is a member on the Governing Boards of several scientific bodies.

ii) Ms. Y Prameela Rani

Ms. Y Prameela Rani was appointed as an independent director for the first term of five years effective from 1st December 2017 and will be due for retirement from her office of directorship on 30th November 2022. Based on the recommendation of the nomination and remuneration committee and after taking into account her contributions to the Board and Committees during the first term of five years and considering her professionalism, experience and expertise in finance, risk oversight, and strong decision making skills Ms. Prameela Rani's reappointment for a second/final term of five years was proposed to the Board. The Board, at its meeting held on 12th May 2022, approved the reappointment of Ms. Y Prameela Rani as an independent director of the Company, whose office shall not be liable to retire by rotation, for a second/final term of five consecutive years with effect from 1st December 2022 to 30th November 2027, subject to approval of members at the ensuing Annual General Meeting. And the same is included in the notice of AGM for the approval of members.

Ms. Y Prameela Rani, Independent Director is an experienced professional with a successful career spanning over 4 decades with key areas of expertise in credit, foreign exchange, Business development and Management. She possesses qualification of B.Sc., MBA.



IV. COMMITTEES OF THE BOARD

Currently, there are four Board Committees – The Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee. The terms of reference of the Board Committees are determined by the Board from time to time. Meetings of each Board, Committee are convened by the Chairperson of the respective Committees.

The terms of reference, role and composition of these Committees, including the number of meetings held during the financial year and the related attendance are provided below:

i) Audit Committee

a) Terms of Reference

The terms of reference of the Audit Committee is as per the guidelines set out in the Regulation 18 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013. The Committee is mainly responsible for

- Monitoring of the Company’s financial reporting process, disclosure of its financial information and to ensure the correctness & credibility of the financial statements;
- Recommending the appointment, remuneration and terms of appointment of statutory, internal and cost auditors of the Company;
- Reviewing with the Management, the quarterly and annual financial statements and auditor’s report thereon before submission to the board for its approval;
- Reviewing and monitoring the auditor’s independence and performance, and effectiveness of audit process;
- Reviewing and providing its recommendations to the board w.r.t., transactions of the Company with related parties;
- Evaluation of internal financial controls and risk management systems;
- Reviewing with the Management, performance of statutory and internal auditors and the adequacy of the internal control systems;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- Discussing with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern; and

- Reviewing the functioning of the Whistle Blower mechanism.

b) Composition

The Committee comprises of three members who are nonexecutive Independent directors of the Company. Composition of the Committee: Mr. Purnachandra Rao Gutta is the Chairman, Ms. Prameela Rani Yalamanchili and Mr. Sanjay Dave are members of the Committee for the year under review.

c) Meetings and Attendance

During the year ended 31st March 2022 the Audit Committee met five times. These meetings were held on 13th May 2021; 21st July 2021; 22nd October 2021; 20th January 2022 and 7th March 2022.

Name of the member	Meetings held	Attendance
Mr. Purnachandra Rao Gutta, Chairman	5	4
Ms. Prameela Rani Yalamanchili	5	5
Mr. Sanjay Dave	5	4

All the members of the Audit Committee are financially literate and have expertise in accounting/ financial management.

Ms. Harita Vasireddi, Managing Director, Mr. D.R. Narahai Naidu, Chief Financial Officer, Mr. G Srinivasa Rao, Partner of M/s Gattamaneni & Co, Statutory Auditors and Mr. Chaitanya V, partner of M/s Chaitanya V & Associates, Internal Auditors of the Company are invitees to the meetings of the Audit Committee. Ms. Sujani Vasireddi, Company Secretary of the Company acts as the Secretary of the said Committee.

ii) Nomination and Remuneration Committee

a) Terms of Reference

The role of the Committee is to formulate criteria for determining qualifications, positive attributes and independence of an Independent Director and recommend to the Board a policy, relating to the remuneration of the Directors, key managerial personnel and other senior level employees of the Company. The Company Secretary of the Company acts as the Secretary of the said Committee.

b) Composition

The Committee comprises of three non-executive Independent Directors. Composition of the Committee: Mr. Sanjay Dave is the Chairman, Mr. G Purnachandra Rao and Ms. Y Prameela Rani are Members of the Committee.

c) Meetings & Attendance

During the year ended March 31, 2022 the Nomination and Remuneration Committee met three times. These

meetings were held on 13th May 2021; 21st July 2021 and 19th September 2021.

Name of the member	Meetings held	Attendance
Mr. Sanjay Dave	3	3
Mr. G Purnachandra Rao	3	2
Ms. Y Prameela Rani	3	3

d) Remuneration Policy

The Committee has laid down a policy on the Nomination and Remuneration of Directors, key managerial personnel and other employees of the Company at senior level. The said policy is in line with the provisions of Section 178(4) of the Companies Act read with rules made thereunder, and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The objectives and purpose of this policy are,

- To formulate the criteria for determining qualifications, positive attributes of a Director; key managerial personnel and other senior level employees of the company and
- To formulate remuneration principles for the Directors, key managerial personnel and other senior level employees of the Company.

Based on the recommendation of Nomination Remuneration Committee, Board at its meeting held on 12th May 2022, adopted the revised Board Diversity Policy which can also be accessed at the website of the Company, which can be accessed with weblink <https://vimta.com/downloads/Nomination&RemunerationPolicy.pdf>

e) Selection of new Directors

Based on recommendations of the Nomination and Remuneration Committee, the Board will select new Directors for induction to the Board. Before its recommendations, the committee will carry out the screening and selection process for new Directors.

f) Performance evaluation mechanism

It is the responsibility of the Board to monitor and review the board evaluation framework. The remuneration and nomination committee formulates the criteria of performance evaluation procedure of the Directors and the Board as a whole. Each Board member is required to evaluate the effectiveness of the Board in terms of its dynamics and relationships, information flow, decision making, relationship to stakeholders, Company performance, Company strategy and the effectiveness of the whole Board and its various committees.

The performance indicators for broadly evaluating the individual / independent directors are:

- Their ability to contribute and monitor the implications of Company's corporate governance practice.
- Their ability to contribute by introducing best practices of the industry and to address top-management issues.
- Their active participation in long-term strategic planning
- Their commitment to the fulfilment of obligations as a director, fiduciary responsibilities and participation in Board and committee meetings.

g) Performance Evaluation Criteria for Independent Directors

The key areas of evaluation of individual directors, including Independent Directors are knowledge of business, diligence and preparedness, effective interaction with others, constructive contribution to discussion and strategy, concern for stakeholders, attentiveness to the internal controls mechanism and ethical conduct.

h) Details of remuneration paid to the Directors during the year

(₹ In Millions)

Name of the Director	Salary	Commission	Sitting Fee	Total
Dr. Sivalinga Prasad Vasireddi	Nil	Nil	Nil	Nil
Ms. Harita Vasireddi	14.59	3.00	Nil	17.59
Mr. Harriman Vungal	14.90	2.50	Nil	17.40
Mr. Satya Sreenivas Neerukonda	12.14	2.50	Nil	14.64
Ms. Prameela Rani Yalamanchili	Nil	Nil	0.25	0.25
Mr. Purnachandra Rao Gutta	Nil	Nil	0.19	0.19
Mr. Sanjay Dave	Nil	Nil	0.20	0.20
Dr. Yadagiri R Pendri	Nil	Nil	Nil	Nil

Note:

- Salary includes Basic Salary and Allowances. During the year the whole-time Directors were paid remuneration under the provisions of Schedule V Part II Section II of the Companies Act, 2013 as amended to date.
- During the Financial Year 2021-2022, there are no pecuniary relationships or transactions of the Non-Executive Directors' vis-à-vis the Company
 - No payments were made to Non-Executive / Independent Directors other than sitting fee as detailed herein above.
 - None of the Independent Directors are holding shares of the Company.
 - Sitting fees for each Committee and Board Meetings viz., ₹ 10,000/- (Rupees Ten Thousand Only) and



₹ 25,000/- (Rupees Twenty-Five Thousand Only) respectively, are paid to Non- Executive Independent Directors.

iii) Stakeholders’ Relationship Committee

a) Terms of Reference

The terms of reference of the Stakeholders Relationship Committee are as under:

- 1. Redressal of grievances of shareholders
2. Transfer and transmission of securities
3. Dealing with complaints related to transfer of shares, non-receipt of declared dividend, non-receipt of Balance Sheet etc.
4. Issuance of duplicate share certificates
5. Review of dematerialization of shares and related matters
6. Performing various functions relating to the interests of shareholders/investors of the Company as may be required under the provisions of the Companies Act, 2013, Listing Agreement with the Stock Exchanges and regulations/guidelines issued by the SEBI or any other regulatory authority.

b) Composition

The Committee comprises of three non-executive Independent Directors. Composition of the Committee: Ms. Y Prameela Rani is the Chairperson, Mr. G Purnachandra Rao and Mr. Sanjay Dave are Members of the Committee.

c) Meetings & Attendance

During the year ended 31st March 2022 the Stakeholder Relationship Committee met four times. These meetings were held on 13th May 2021; 21st July 2021; 22nd October 2021 and 20th January 2022.

Table with 3 columns: Name of the member, Meetings held, Attendance. Rows include Ms. Prameela Rani, Mr. Purnachandra Rao Gutta, and Mr. Sanjay Dave.

Ms. Sujani Vasireddi is the Company Secretary and Compliance Officer of the Company. The Board has authorised her to approve share transfers/transmission

and comply with other formalities in relation thereto.

The details of shareholders’ complaints received and resolved during the financial year ended March 31, 2022 are given in the table below:

Table with 2 columns: Particulars, No. of Complaints. Rows show number of complaints received, solved, and pending as of March 31, 2022.

The Company is in compliance with the SCORES, which was initiated by SEBI for processing investor complaints through centralized web based redressal system and online redressal of all the shareholder’s complaints.

As mandated by SEBI, the quarterly reconciliation audit of Share Capital, highlighting the reconciliation of total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) vis-à-vis the total issued and listed capital is being carried out by a Practicing Company Secretary.

As on 31st March, 2022, 2,18,66,581 Equity Shares of 2/- each representing 98.9% of the total no. of shares are in dematerialized form.

iv) Corporate Social Responsibility (CSR) Committee

a) Terms of Reference - Philosophy

Vimta believes that business enterprises are economic organs of society and to be a truly value adding organization, Vimta should not only deliver quality scientific services but also directly nurture the society and its environment in a scale that is appropriate to its economics.

b) Composition

The Committee comprises of two executive Directors and one non-executive Independent Director. Composition of the Committee: Ms. Harita Vasireddi is the Chairperson, Mr. Harriman Vungal and Mr. Sanjay Dave are the Members of the Committee.

c) Meetings & Attendance

During the year ended March 31, 2022 the Corporate Social Responsibility Committee met three times. These meetings were held on 18th June 2021; 30th December 2021 and 7th March 2022.

Name of the member	Meetings held	Attendance
Ms. Harita Vasireddi	3	3
Mr. Harriman Vungal	3	3
Mr. Sanjay Dave	3	3

V. GENERAL BODY MEETINGS

a) Location and time, of previous three Annual General Meetings:

The previous two Annual General Meeting were held through Video Conference and other Annual General Meeting of the Company was held at Registered Office of the Company i.e., Plot No. 142, IDA Phase-II, Cherlapally, Telangana - 500051 as detailed below:

Sl. No.	For F/Y	AGM Detail	Date	Time
1.	2020-21	31 st AGM	05.07.2021	10:00 a.m.
2.	2019-20	30 th AGM	09.09.2020	10:00 a.m.
3.	2018-19	29 th AGM	27.07.2019	03.00 p.m.

b) Special resolutions passed in the previous three Annual General Meetings:

Previous AGM held on 5th July 2021 passed a special resolution for Re-appointment of Mr. Harriman Vungal (DIN 00242621) as “Executive Director – Operations” of the Company, and Approval of “Vimta Labs Employee Stock Option Plan 2021” and grant of stock options to the Eligible Employees/ Directors of the Company under the Scheme.

30th AGM held on 9th September 2020 passed a special resolution for Insertion of New Main Objects vide Clause No. 5 and 6 of the Memorandum of Association, Consent of the company to the Board U/s.180(1)(c) and (2) of the Companies Act, 2013 to borrow money up to ₹ 175 Crores (Rupees One hundred and seventy-five crores only) and Consent of the company to the Board U/s.180(1)(a) of the Companies Act, 2013 to mortgage, hypothecate, create lien or charge on the immovable and movable properties of the company.

No special resolutions were passed during 29th AGM held on 27th July 2019.

c) Postal Ballot conducted during the year: No Postal Ballot was conducted during the year 2021-2022.

d) Whether any special resolution is proposed to be conducted through postal ballot:

No special resolution is proposed to be conducted through postal ballot on or before the ensuing Annual General Meeting.

VI. MEANS OF COMMUNICATION

The quarterly, half-yearly and annual results of the Company were published by the Company in the newspapers within 48 hours from the conclusion of the Board meeting.

Annual reports with audited financial statements are sent to the shareholders through permitted mode.

a) Newspapers:

The results are normally published by the Company in Financial Express in English version, circulating in across India and in Andhra Prabha in the vernacular language in all editions.

b) Analyst/Investor Conference call:

During the year Analyst/Investor Conference call were held on 17th May 2021 & 25th October 2021.

c) Official news releases:

None. As such official news if any, from time to time, are also displayed on the Company’s website.

d) Presentations made to institutional investors or to the analysts:

None during the financial year ended 31st March 2022.

e) Website:

The results are also displayed on the Company’s website: www.vimta.com

VII. GENERAL SHAREHOLDER INFORMATION

The 32nd Annual General Meeting of the Company will be held on 25th June 2022 at 10:00 A.M through Video Conference mode.

- Financial Calendar : 1st April 2022 to 31st March 2023
- First quarter results : On or before 14th August 2022
- Half yearly results : On or before 14th November 2022
- Third quarter results : On or before 14th February 2023
- Fourth quarter/ Annual Results : On or before 30th May 2023
- Date of Book Closure : 19th June 2022 to 25th June 2022 (both days inclusive)
- Date of dividend payment, if any : within 30 days from the date of declaration in AGM



➤ Listing on Stock Exchanges :

Name of the Stock Exchange	Security Code/ Symbol	Address
Bombay Stock Exchange Limited	524394	P J Towers Dalal Street Mumbai - 400 001, India.
National Stock Exchange of India Limited	VIMTALABS	"Exchange Plaza", Bandra Kurla Complex Bandra (E) Mumbai - 400051, India

The ISIN for both NSDL & CDSL is "INE579C01029"

The Listing fees for the year 2022-2023 has been paid to both the above Stock Exchanges.

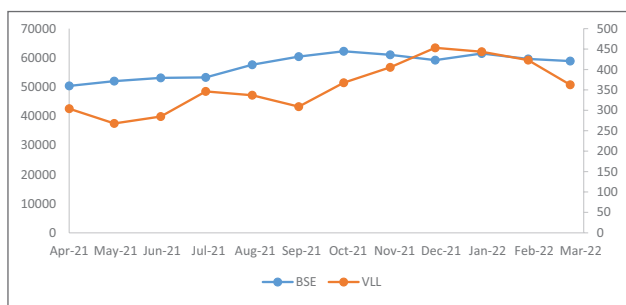
a) Market Price Data & Share Price Performance

High and low prices of Equity Shares during the last financial year 2021-22 at the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) are as under:

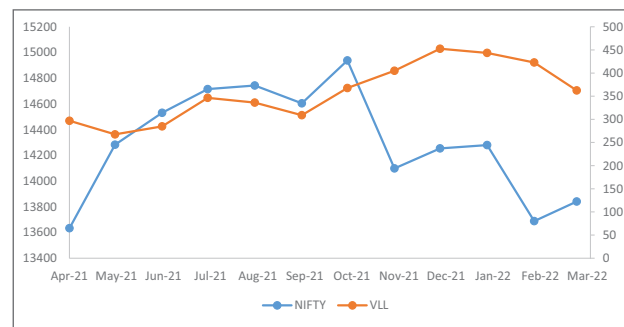
Month	BSE Limited		NSE Limited	
	High	Low	High	Low
April 2021	304	155.6	296.9	158
May 2021	267.9	215.6	267.5	215.5
June 2021	284.75	217.75	284.85	217.5
July 2021	346.35	263.8	346.5	256.7
August 2021	337	262.05	336.2	262.5
September 2021	308.95	270	309	269.6
October 2021	367.5	272.2	367.7	275.5
November 2021	405.25	332	405	332
December 2021	453	369.15	452.6	368.25
January 2022	443.55	372.05	443.6	370.1
February 2022	422.95	307.5	422.9	307.3
March 2022	362.55	310.1	362.5	313.75

b) Performance in comparison to broad-based indices, such as BSE Sensex & Nifty Pharma Index

Comparison between Vimta Labs Limited (VLL) High and BSE High, is given below in Figure 1



Comparison with Vimta Labs Limited (VLL) High and Nifty High, is given below in Figure 2



c) DISTRIBUTION OF SHAREHOLDING

Shareholding distribution as on 31st March 2022

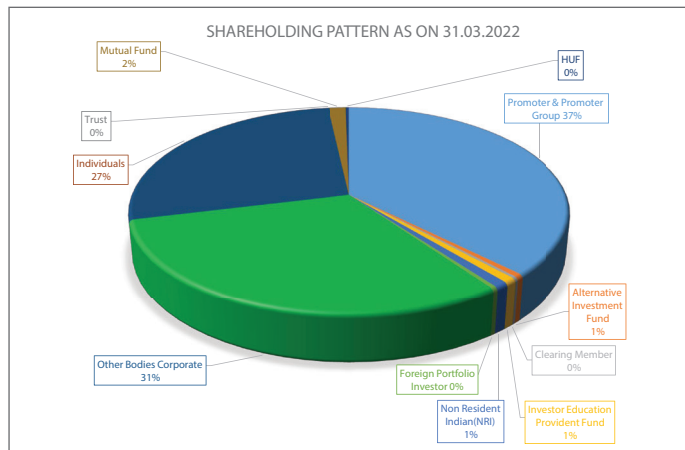
Sl. No.	Nominal value	Amount in ₹	No of Shares	% of Total Capital	No. of Share-holders	% of Total Holders
1	Up to 5000	7686002	3843001	17.38	18135	98.93
2	5001 to 10000	1453282	726641	3.29	96	0.52
3	10001 to 20000	1409908	704954	3.19	47	0.26
4	20001 to 30000	1183836	591918	2.68	22	0.12
5	30001 to 40000	274746	137373	0.62	4	0.02
6	40001 to 50000	533698	266849	1.21	6	0.03
7	50001 to 100000	939640	469820	2.13	6	0.03
8	100001 and above	30734508	15367254	69.51	16	0.09
TOTAL		44215620	22107810	100.00	18332	100.00

Categories of Shareholders as on 31st March 2022

Sl. No.	Category of Shareholders	No. of Shares	Percentage
1	Promoter & Promoter Group	8281483	37.46
2	Alternative Investment Fund	105197	0.48
3	Clearing Member	57945	0.26
4	Investor Education Provident Fund	165598	0.75
5	Non Resident Indian(NRI)	194415	0.88
6	Foreign Portfolio Investor	80465	0.36
7	Other Bodies Corporate	6850256	30.99
8	Individuals	5983536	27.07

Sl. No.	Category of Shareholders	No. of Shares	Percentage
9	Trust	810	0.00
10	Mutual Fund	326854	1.48
11	HUF	61251	0.28
TOTAL		22107810	100.00

Graphic presentation of the Shareholding pattern as on 31st March 2022



d) Registrar and Share Transfer Agent

M/s CIL Securities Ltd.
214, Raghava Ratna Towers, Abids
Hyderabad - 500001, India.
Phone : 040-23203155; Fax : 040-66661267
E-mail: rta@cilsecurities.com

e) Share Transfer Systems

The Share transfers are effected within 15 days from the date of lodgement for transfer, Transmission sub-division, Consolidation, renewal etc., if the documents are in order in all respects, in line with Schedule VII to the Listing Regulations and such modified share Certificates are delivered to the shareholders immediately.

f) Dematerialization of Shares and Liquidity

The shares of the Company are under compulsory demat trading. The Company has made necessary arrangements with NSDL and CDSL for demat facility, and 98.9% of the Company's Shares are dematerialised as on 31st March 2022.

g) Outstanding GDRs/ ADRs/ Warrants or Convertible Instruments

No GDRs/ ADRs/Warrants or Convertible Instruments has been issued by the Company.

h) Commodity price risk or foreign risk and hedging activities

The Company does not have commodity price risk nor does the Company engage in hedging activities.

i) Laboratory/ Office locations

The Company's Central Laboratory is at Plot 141/2 & 142, IDA, Phase-II, Cherlapally, Hyderabad, Telangana - 500051

The Company has its Life Sciences Facility at Plot No.5, MN Science & Technology Park, Genome Valley, Turkapally Village, Shamirpet, Telangana - 500101.

Following are the cities in which Vimta has its office/ laboratories as on 31st March 2022:

Lab Locations:

1. Ahmedabad
2. Bengaluru
3. Bhubaneswar
4. Chennai
5. Delhi
6. Hyderabad
7. Kolkata
8. Navi Mumbai
9. Nellore
10. Noida
11. Pune
12. Tirupati
13. Varanasi
14. Vishakhapatnam (2 locations)
15. Vijayawada

Company Owned Sample Collection Centers:

1. Hyderabad (5 Locations)
2. Varanasi
3. Kochi
4. Nashik

Liaison Office:

1. Coimbatore
2. Chennai

j) Address for correspondence and any query on Annual report

Vimta Labs Limited
Plot No.142 IDA, Phase-II, Cherlapally,
Hyderabad, Telangana – 500051
Phone: 040-27264141
E-Mail: shares@vimta.com

k) Transfer of unpaid/unclaimed dividend amounts to Investor Education and Protection Fund (IEPF)

Members are requested to claim any unclaimed dividends for the year 2014- 2015, before 25th September 2022 as the same Fund will be credited to IEPF as detailed in Board's report, pursuant to Section 124(5) of the Companies Act, 2013 read with the rules prescribed thereunder.



l) List of Credit Ratings

Following is the list of credit obtained by the Company from M/s Brickwork Ratings India Pvt. Ltd as on 4th February 2022 is as under

Tenure	Amount in Crores	Rating
Long term	54.85	BWR A/Stable Upgrade
Short term	5.78	BWR A1 Upgrade
Total	60.63	

m) Compliance Certificate

Certificate from M/s D Hanumanta Raju & Co., practicing Company Secretaries, confirming compliance with the conditions of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015 is annexed herewith as **Annexure – XII** to the Corporate Governance Report.

VIII. DISCLOSURES

a) Related Party Transactions (RPTs)

The Company has not entered into any materially significant transactions with any related parties that may have potential conflict with the interests of the Company at large. Transactions with related parties are being disclosed in the Notes to Accounts forming part of the Annual Report and are transacted after obtaining applicable approval(s), wherever required. The Audit Committee and the Board of Directors of the Company have formulated a revised Policy on dealing with RPTs including Policy on materiality of RPTs which is disclosed on website of the Company. There are no transactions with any person or entity belonging to the promoter/promoter group which hold(s) 10% or more shareholding in the listed entity.

b) Non-Compliances by the Company

During the last three years, there were no strictures or penalties imposed on the Company either by the Stock Exchanges or SEBI, or any other statutory authority for noncompliance of any matter related to capital markets.

c) Vigil Mechanism and Whistle Blower Policy

The Company is committed to conduct its business in accordance with applicable laws, rules and regulations. The Company promotes ethical behaviour in its operations and has a Vigil mechanism which is overseen through the Audit Committee. Under the Vigil Mechanism, employees are free to report violations of applicable laws and regulations and the Code of Conduct. During the year under review, no employee was denied access to the Audit Committee. The policy on Vigil Mechanism and Whistle Blower Policy have been posted on the website of the Company.

d) Details of compliance with mandatory requirements on Corporate Governance under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

The Company has complied with the mandatory requirements on Corporate Governance under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

e) Subsidiary Companies

Emtac Laboratories Private Limited a wholly owned subsidiary Company which was acquired on 4th March 2020. Your Company does not have any material subsidiary company in terms of Regulation 16(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

f) Policy on Material Subsidiary

Board at its meeting held on 15th June 2020, adopted the Material Subsidiary Policy in terms of SEBI (LODR) Regulations, 2015 with regard to determination of material subsidiaries. The policy is placed on the Company's website, which can be accessed with weblink https://vimta.com/downloads/Material_Sub subsidiary_Policy-VLL.pdf

g) Practicing Company Secretary Certification

A certificate from M/s D Hanumanta Raju & Co., practicing Company Secretaries stating that as on 31st March 2022, none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of Company by the Securities and Exchange Board of India/Ministry of Corporate Affairs or any such statutory authority is annexed to this Report as **Annexure - XIII**.

h) Statutory Audit Fee

The consolidated fee paid by the Company and its subsidiary consolidated to the statutory auditor for all the services during the Financial Year 2021-2022 is ₹ 2.36 million.

i) Policy On Prevention, Prohibition and Redressal of Sexual Harassment at Work Place -

Included in Board Report.

j) Detail of compliance with the corporate governance requirements specified in Regulations 17 to 27 and clause (b) to (i) of sub - regulation (2) of Regulation 46 of SEBI (Listing Regulations and Disclosure Requirements) Regulations, 2015

The Company is in compliance with the applicable corporate governance requirements specified in Regulations 17 to 27 and clause (b) to (i) of Regulation 46 (2) of SEBI (Listing

Obligations and Disclosure Requirements) Regulations, 2015. Further, securities of the Company have not been suspended for trading at any point of time during the Financial year ended 31st March 2022.

k) Disclosures with respect to demat suspense account/unclaimed suspense account

There are no shares which are lying in demat suspense account/unclaimed suspense account.

l) Board Procedures

The Board meets at least once in a quarter to review financial results and operations of the Company. Further, the Board also meets as and when necessary to address specific issues concerning the businesses of your Company. The tentative annual calendar of Board Meetings for the ensuing year is decided in advance by the Board. The Board Meetings are governed by a structured Agenda. The Agenda along with detailed explanatory notes and supporting material are circulated in advance before each meeting, to all the Directors for facilitating effective discussion and decision making. The Board has access to any information within your Company which includes the information as specified in Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

m) Independent Directors' Meeting

In accordance with the provisions of Schedule IV (Code for Independent Directors) of the Companies Act, 2013 and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a meeting of the Independent Directors of the Company was held on 28th March 2022.

n) Discretionary requirements:

The Company has adopted the following discretionary requirements on Corporate Governance:

1) The Board

The Company is Maintaining the Office of the Non-Executive Chairperson at the Company's expense.

2) Information to Shareholders' rights

All the quarterly, half yearly and annual financial results are placed on the Company's website apart from publishing the same in the Newspapers.

3) Modified opinion(s) in audit report

There are no modified opinions in the Audit Reports.

4) Reporting of Internal Auditor

The Internal Auditors of the Company i.e. M/s Chaitanya V & Associates, Chartered Accountants directly reports to the Audit Committee of the Company.

IX. MANAGING DIRECTOR/ CFO CERTIFICATION

In compliance with Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a certificate from Managing Director and Chief Financial Officer of the Company to the Board of Directors as specified in Part B of Schedule II of the said regulations is annexed herewith as **Annexure - XIV** to the Corporate Governance Report.

Date: 12th May 2022

Place: Hyderabad

For and on behalf of the Board,

Dr. Sivalinga Prasad Vasireddi

Non-Executive Director & Chairman

(DIN: 00242288)



Annexure - XI

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH COMPANY'S CODE OF CONDUCT

In terms of SEBI (LODR) Regulations, 2015, I hereby confirm that all the Board members and Senior Management Personnel of the Company have affirmed compliance with the respective Codes of Conduct, as applicable to them for the year ended 31st March, 2022.

for Vimta Labs Limited

Place : Hyderabad
Date: 12th May 2022

Harita Vasireddi
Managing Director
(DIN: 00242512)

Annexure - XII

CERTIFICATE

To
The Members of
Vimta Labs Limited

We have examined the compliance of conditions of Corporate Governance by **VIMTA LABS LIMITED** ("the Company"), for the year ended on March 31, 2022, as stipulated in Regulation 15(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) for the period 1st April, 2021 to 31st March 2022.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us by the Directors, officers and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For D. HANUMANTA RAJU & CO
COMPANY SECRETARIES

CS D. HANUMANTA RAJU
PARTNER

FCS: 4044, CP NO: 1709
UDIN: F004044D000308051
PR NO.: 699/2020

Place: Hyderabad
Date: 12.05.2022



Annexure - XIII

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members,
VIMTA LABS LIMITED

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **VIMTA LABS LIMITED** having CIN: L24110TG1990PLC011977 and having registered office at 141/2 &142, IDA Phase II, Cherlapalli, RR Dist, Hyderabad – 500 051 (hereinafter referred to as ‘the Company’), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V, Para-C, Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in, as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2022 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sl. No.	Name of Director	DIN	Date of Appointment in Company
1.	Dr Sivalinga Prasad Vasireddi	00242288	01/04/2005
2.	Mrs. Harita Vasireddi	00242512	01/04/2005
3.	Mr. Harriman Vungal	00242621	16/11/1990
4.	Mr. Satya Sreenivas Neerukonda	00269814	14/07/2019
5.	Mrs. Prameela Rani Yalamanchili	03270909	01/12/2017
6.	Mr. Purnachandra Rao Gutta	00876934	11/05/2019
7.	Mr. Sanjay Dave	08450232	11/05/2019
8.	Mr. Yadagiri R Pendri	01966100	10/08/2020

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is only to express an opinion on this as per our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For D. HANUMANTA RAJU & CO
COMPANY SECRETARIES

CS D. HANUMANTA RAJU
PARTNER

FCS: 4044, CP NO: 1709
UDIN: F004044D000308073
PR NO.: 699/2020

Place: Hyderabad
Date: 12.05.2022

Annexure - XIV

MANAGING DIRECTOR /CFO CERTIFICATION

- A. We have reviewed financial statements and cash flow statements for the financial year 2021-2022, and that to the best of our knowledge and belief:
1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting, and deficiencies in the design and operation of such internal controls, if any, of which we are aware, have been disclosed to the Auditors and Audit Committee and steps have been taken to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit committee that during the year
1. there were no significant changes in internal controls over financial reporting,
 2. there were no significant changes in accounting policies during the year requiring disclosure in the notes to the financial statements, and
 3. we are not aware of any instances of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

For Vimta Labs Limited

D R Narahai Naidu
Chief Financial Officer

Place: Hyderabad
Date: 12th May 2022

For Vimta Labs Limited

Harita Vasireddi
Managing Director
(DIN:00242512)



INDEPENDENT AUDITOR’S REPORT

To the Members of Vimta Labs Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Vimta Labs Limited (“the Company”), which comprise the balance sheet as at March 31, 2022, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and notes to the financial statements, including a summary of the Significant Accounting Policies and other explanatory information (“the standalone financial statements”).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (“Ind AS”) and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described

below to be the Key Audit Matters to be communicated in our report.

Sl. No.	Key Audit Matter	How the matter was addressed in our audit
1.	<p>Provision for impairment loss in accounts receivables.</p> <p>The credit loss provision in respect of account receivables represent management’s best estimate of the credit losses incurred on the receivables at the balance sheet date.</p> <p>We have considered provisioning for credit loss as a key audit matter because of the significance of balance of trade receivables to the balance sheet and because of the calculation of credit loss provision is a complex area and requires management to make significant assumptions on customer payment behaviour and estimating the level and timing of expected future cash flows.</p> <p>Refer to Note No.12 to the standalone Financial statements.</p>	<p>In view of significance of the matter, we applied the following audit procedures in respect of this area, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> • Understand and assess the management’s estimate and related policies used in the credit loss analysis. • Obtained an understanding of and assessed the design, implementation and operating effectiveness of key controls relating to collection monitoring process, credit control process and estimation of expected credit losses. • Reviewed the data flows from source systems to spreadsheet-based models to test their completeness and accuracy. • For Expected Credit Loss (ECL) of trade receivables assessed on individual level by the management, examined on a test check basis, the objective evidence relating to the impairment of trade receivables and the key assumptions used in the estimate of the cash shortfalls and reviewed whether amounts have been recovered after the end of reporting period. • For samples selected, circularized independent confirmations and where confirmations were not received, performed alternate testing procedures. This includes testing, on sample basis, subsequent collections for the outstanding receivables. • Obtained debtors’ credit information on sample basis to ascertain whether the classification of debtors is in compliance with the company’s policy. • Reviewed the management’s ageing analysis based on days past due by examining the original documents (such as invoices and bank deposit advices). • Verified the calculation of ECL of each type of trade receivables according to the provision matrix.

Information other than the Standalone Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Annual Report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about

whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with the SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in



Independent Auditors Report on Standalone Financial Statements

aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The standalone financial statements dealt with by this Report are in agreement with the relevant books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
 - (e) On the basis of the written representations received from the directors as on March 31, 2022 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.

- (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the company's internal financial controls with reference to financial statements.

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended we report that:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company, as detailed in Note No.34 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31st March 2022.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31st March 2022.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31st March 2022.
- iv.(A) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- (B) The management has represented, that, to the best of it's knowledge and belief, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (C) Based on such audit procedures that we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (A) and (B) above contain any material mis-statement.
- (v) The dividend declared or paid during the year by the company is in compliance with section 123 of the Companies Act, 2013.
2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government in terms of section 143 (11) of the Act, we give in "Annexure-B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For GATTAMANENI & CO.,
Chartered Accountants
(Firm.Regn.No:009303S)

G. SRINIVASARAO
Partner

Place: Hyderabad
Date: May 12, 2022

(ICAI Ms. No. 210535)
UDIN: 22210535AIYUNI5859



Annexure – A to the Independent Auditor’s Report

(Referred to in paragraph 1(f) under “Report on Other Legal and Regulatory Requirements” section of our report of even date to the Members of Vimta Labs Limited)

Report on the Internal Financial Controls with reference to financial statements of the Company under Clause (i) of Sub-section (3) of Section 143 of the Companies Act, 2013

We have audited the Internal Financial Controls with reference to financial statements of **VIMTA LABS LIMITED** (“the Company”) as of March 31, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Board of Directors of the Company is responsible for establishing and maintaining Internal Financial Controls based on the internal controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (“The Guidance Note”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an

understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A company’s internal financial controls with reference to financial statements is a process designed 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. A company’s internal financial controls with reference to financial statements includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at March 31, 2022, based on the internal controls with reference to financial statements criteria established by the Company considering the essential components of Internal Financial Controls stated in the Guidance Note.

For GATTAMANENI & CO.,
Chartered Accountants
(Firm.Regn.No:009303S)

G. SRINIVASARAO
Partner

Place: Hyderabad
Date: May 12, 2022

(ICAI Ms. No. 210535)
UDIN: 22210535AIYUNI5859



Annexure – B to Independent Auditor's Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the Members of Vimta Labs Limited)

Statement on the matters specified in Paragraphs 3 and 4 of the Companies (Auditor's Report) Order, 2020 ("CARO")

Based on the audit procedure performed for the purpose of reporting a true and fair view on the financial statements of Vimta Labs Limited ("the company") and taking into consideration the information and explanations given to us and the books of account and other records examined by us in a normal course of audit, and to the best of our knowledge and belief, we report that:

(i) Property, Plant & Equipment:

- (a) The company has maintained proper records showing full particulars, including quantitative details and situation of its Property, Plant and Equipment.
- (b) The Company has maintained proper records showing full particulars of its intangible assets.
- (c) The company's Property, Plant and Equipment have been physically verified by the management at reasonable intervals as per a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. The company has reported that no material discrepancies were noticed on such verification made during the year.
- (d) The title deeds of all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the company as at the balance sheet date.
- (e) The company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
- (f) We have not noticed nor have we been informed of initiating any proceedings or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

(ii) Inventories:

- (a) The company's inventory has been physically verified by the management at reasonable intervals and in our opinion, the frequency and procedures of verification are reasonable. No material discrepancies were noticed between the physical stocks and the book

stocks on such verification made during the year.

- (b) During the year, in respect of the working capital limits sanctioned in excess of five crore rupees, in aggregate, by the Banks on the basis of security of current assets, the quarterly returns / statements filed by the company with such Banks are in agreement with the Books of account of the company.

(iii) Investments, Guarantees, Security provided and Granting of Loans or Advances in the nature of loans:

- a) During the year, out of the unsecured loan granted in earlier years, the company released ₹ 1.00 million to its wholly owned subsidiary company. The aggregate amount of the loan given during the year stood at ₹ 1.00 million and the balance outstanding at the Balance sheet date was ₹ 4.80 million. The company has not provided any guarantee or security to its wholly owned subsidiary company.

The company has not made any investments or provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to parties other than its subsidiary.

- b) The investments made and the terms and conditions of the grant of loans are not prejudicial to the company's interest.
- c) In respect of the loans granted, the schedule of repayment of principal and payment of interest has been stipulated and the repayments / receipts are regular.
- d) In respect of the loans granted, no amount is overdue.
- e) No loan or advance in the nature of loan granted which has fallen due during the year, has been renewed or extended or fresh loans were granted to settle the over dues of existing loans given to the same parties.
- f) The company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.

(iv) Compliance with Sec.185 & 186 of the Act:

The company has complied with the provisions of section 186 of the Act in respect of loans given and investments made. The company has not entered into any transaction covered under section 185 of the Act.

(v) Deposits:

The Company has not accepted deposits or amounts which are deemed to be deposits during the year. Hence, compliance with the directives issued by the RBI and the relevant provisions of Companies Act and the Rules made thereunder is not applicable.

(vi) Cost Records:

Maintenance of Cost records has been specified by the Central Government U/s.148(1) of the Act for this company and the prescribed accounts and records have been made and maintained by the company. However, we have not conducted any audit of the same.

(vii) Statutory dues:

a) The company has generally been regular in depositing undisputed statutory dues including Goods and Services Tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

There were no undisputed amounts in respect of the above statutory dues as at March 31, 2022 outstanding for a period of more than six months from the date they became payable.

b) There were no material dues referred to in sub-clause (a) except Provident Fund dues, which have not been deposited on account of any dispute. Dues of Provident Fund, which have not been deposited on account of disputes are as under:

Name of the Statue	Nature of the dues	Amount (₹ In millions)	Period to which the amount relates	Forum where dispute is pending	Amount paid under protest (₹ In millions)
Employees Provident Fund & Miscellaneous Provisions Act,1952	Additional demand of Provident Fund dues	8.70	September,2014 to June 2016	Employees Provident Fund Appellate Tribunal, Bengaluru	1.74

(viii) Transactions surrendered:

There were no transactions which are not recorded in the Books of account but which have been surrendered or disclosed as income during the year in the Tax assessments under the Income Tax Act, 1961.

(ix) Repayment of loans / interest:

- The Company has not defaulted in repayment of loans or other borrowing or in the payment of interest thereon to any lender.
- The company is not a declared wilful defaulter by any Bank or Financial institution or other lender.
- The term loans were applied for the purpose for which the loans were obtained.
- The funds raised on short term basis were not utilized for long term purposes.
- The company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
- The company has not raised loans during the year on the pledge of securities held in its subsidiaries.

(x) IPO / FPO:

- The company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year.

(b) The company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year.

(xi) No Frauds:

- No fraud by the company or any fraud on the company has been noticed or reported during the year.
- No report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- The company has not received any whistle – Blower complaints during the year.

(xii) Nidhi Company:

The Company is not a Nidhi company and hence compliance with the requirements applicable to Nidhi companies is not applicable.

(xiii) Transactions with Related Parties:

All transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and the details have been disclosed in the standalone financial statements as required by the applicable accounting standards.



Independent Auditors Report on Standalone Financial Statements

(xiv) Internal Audit System:

- (a). The company has an Internal Audit system commensurate with the size and nature of its business.
- (b). We have considered the Internal Audit reports of the company issued till date, for the period under audit.

(xv) Non-Cash transactions:

The company has not entered into any non-cash transactions with its Directors or persons connected with them. Hence, compliance with the provisions of Section 192 of the Companies Act, 2013 is not applicable.

(xvi) Registration under RBI Act:

- (a). The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.
- (b). The company has not conducted any non-Banking Financial or Housing Finance activities during the year.
- (c). The company is not a Core Investment Company (CIC) as defined in the Regulations made by the RBI.
- (d). The company's Group Companies has no CIC as part of the Group.

(xvii) Cash losses:

The company has not incurred cash losses in the financial year and in the immediately preceding financial year.

(xviii) Statutory Auditors:

There has been no resignation of the Statutory Auditors of the company during the year.

(xix) No Material uncertainty:

On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, the auditor's knowledge of the Board of Directors and management plans, we are of the opinion that no material uncertainty exists as on the date of the audit report that company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.

(xx) CSR Compliance:

- (a). The company is not required to transfer any amount to a fund specified in Schedule VII to the Companies Act in compliance with Second proviso to Sub-section (5) of Section 135 of the Act.
- (b). There are no amounts remaining unspent U/s.135(5) of the Act, pursuant to any ongoing project, which is required to be transferred to a special account in compliance with the provisions of Section 135(6) of the Act.

For GATTAMANENI & CO.,
Chartered Accountants
(Firm.Regn.No:009303S)

G. SRINIVASARAO

Partner

(ICAI Ms. No. 210535)

UDIN: 22210535AIYUNI5859

Place: Hyderabad
Date: May 12, 2022

Standalone Balance Sheet as at March 31, 2022

(Amount in INR millions, unless otherwise stated)

Particulars	Note No	As at 31 Mar 2022	As at 31 Mar 2021
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	5A	1,482.83	1,277.43
(b) Capital works-in-progress	6	3.07	172.87
(c) Intangible Assets	5B	133.59	-
(d) Financial assets			
(i) Investments	7	61.50	61.50
(ii) Other Financial Asset	14A	24.29	21.63
(e) Deferred Tax Assets (Net)	9	20.68	9.66
(f) Other non-current assets	10A	90.31	83.30
Total Non-Current assets		1,816.27	1,626.39
Current assets			
(a) Inventories	11	173.76	146.35
(b) Financial assets			
(i) Trade receivables	12	769.23	731.96
(ii) Cash and cash equivalents	13A	106.51	60.10
(iii) Bank balances other than (ii) above	13B	6.19	6.03
(iv) Loans	8	5.78	5.17
(v) Other financial assets	14B	8.83	13.84
(c) Other current assets	10B	175.73	140.90
Total Current assets		1,246.03	1,104.35
TOTAL ASSETS		3,062.30	2,730.74
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	15	44.22	44.22
(b) Other equity	16	2,292.27	1,898.97
Total equity		2,336.49	1,943.19
Liabilities			
Non-Current Liabilities			
(a) Financial liabilities			
(i) Borrowings	17A	126.63	142.36
(b) Provisions	18A	71.19	79.23
(c) Other non-current liabilities	19	55.79	38.35
Total Non Current Liabilities		253.61	259.94
Current Liabilities			
(a) Financial liabilities			
(i) Borrowings	17B	63.59	153.90
(ii) Trade payables	20		
- Outstanding dues of micro enterprises and small enterprises		14.01	24.16
- Outstanding dues of creditors other than micro enterprises and small enterprises		108.33	121.83
(iii) Other financial liabilities	21	151.37	127.84
(b) Other current liabilities	22	99.27	63.94
(c) Provisions	18B	35.63	35.94
Total Current Liabilities		472.20	527.61
TOTAL EQUITY AND LIABILITIES		3,062.30	2,730.74

The accompanying significant accounting policies and explanatory notes are an integral part of the standalone financial statements.

Per our report of even date attached.

For Gattamaneni & Co

Chartered Accountants

Firm Registration No. 0093035

For and on behalf of the Board of Directors

Dr. S. P. Vasireddi
Non-Executive Chairman
DIN : 00242288

Harita Vasireddi
Managing Director
DIN: 00242512

Harriman Vungal
ED-Operations
DIN : 00242621

G. Srinivasa Rao

Partner

Membership No. 210535

Place: Hyderabad

Date : May 12, 2022

G Purnachandra Rao

Director

DIN : 00876934

Place: Hyderabad

Date : May 12, 2022

D R Narahai Naidu

Chief Financial Officer

Sujani Vasireddi

Company Secretary



Standalone Statement of Profit and Loss for the year ended March 31, 2022

(Amount in INR millions, unless otherwise stated)

Particulars	Note No.	Year Ended 31 March 2022	Year Ended 31 March 2021
I. Income			
Revenue from Operations	23	2,759.80	2,090.51
Other Income	24	14.54	8.10
Total Income		2,774.34	2,098.61
II. Expenses			
Cost of material consumed and testing expenditure	25A	646.13	578.58
Cost of lab setup	25B	138.43	-
Changes in inventories of work-in-progress	26	2.66	29.84
Employee benefits expense	27	754.13	602.54
Finance costs	28	14.96	21.67
Depreciation expense	5	231.58	229.37
Other expenses	29	420.73	352.64
Total Expenses		2,208.62	1,814.64
Profit before Exceptional Items		565.72	283.97
Exceptional Items	43	12.24	-
III. Profit before tax [I-II]		553.48	283.97
IV. Tax expense	30		
(a) Current tax		148.75	76.26
(b) Prior year adjustments		4.48	-
(c) Deferred tax (benefit)/expense		(10.33)	(4.89)
Total Tax Expense		142.90	71.37
V. Profit for the year [III-IV]		410.58	212.60
VI. Other comprehensive Income			
Items that will not be reclassified to profit or loss			
(a) Re-measurement of the net defined liability		(2.71)	1.34
(b) Income tax relating to the above item		0.68	(0.34)
Total other comprehensive income/(loss), net of tax		(2.03)	1.00
VII. Total Comprehensive income for the year [V-VI]		408.55	213.60
VIII. Earnings per share	31		
Basic (INR)		18.57	9.62
Diluted (INR)		18.20	9.62

The accompanying significant accounting policies and explanatory notes are an integral part of the standalone financial statements.

Per our report of even date attached.

For Gattamaneni & Co
Chartered Accountants
Firm Registration No. 009303S

For and on behalf of the Board of Directors

Dr. S. P. Vasireddi
Non-Executive Chairman
DIN : 00242288

Harita Vasireddi
Managing Director
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Membership No. 210535

G Purnachandra Rao
Director
DIN : 00876934

D R Narahai Naidu
Chief Financial Officer

Sujani Vasireddi
Company Secretary

Place: Hyderabad
Date : May 12, 2022

Place: Hyderabad
Date : May 12, 2022

Standalone Statement of Cash Flows for the year ended March 31, 2022

(Amount in INR millions, unless otherwise stated)

Particulars	Year Ended 31 March 2022	Year Ended 31 March 2021
Cash flow from operating activities	553.48	283.97
Profit before tax		
<u>Adjustments to reconcile profit before tax to net cash flows:</u>		
- Depreciation expense	231.58	229.37
- Interest Cost paid	10.69	17.28
- Impairment loss on receivables	13.14	21.57
- Bad Debts written off	42.98	31.69
- Loss/ (Gain) on sale of assets	(0.42)	0.17
- Liabilities no longer required written back	(0.53)	(0.33)
- Interest Income received	(8.71)	(4.19)
- Income from Government Grants	(4.59)	(3.36)
- Unrealised foreign exchange gains and losses (net)	(1.01)	(1.31)
<u>Adjustments for changes in working capital:</u>		
- (Increase)/decrease in inventories	(27.42)	24.95
- (Increase)/decrease in trade receivables	(91.21)	(206.54)
- (Increase)/decrease in loans and financial assets	26.69	(2.63)
- (Increase)/decrease in other assets	(29.62)	(14.06)
- Increase/(decrease) in employee benefit obligations	(11.06)	7.60
- Increase/(decrease) in trade payables	(24.81)	43.43
- Increase/(decrease) in other financial liabilities	15.88	(26.02)
- Increase/(decrease) in other current liabilities	57.38	40.19
Cash generated from/(used in) operations	752.44	441.78
Income tax paid	(165.77)	(72.09)
Net cash flows generated from/(used in) operating activities (A)	586.67	369.69
Cash flow from Investing activities		
Payment for property, plant and equipment and capital work-in-progress	(297.17)	(326.57)
Proceeds from sale/disposal of property, plant and equipment	0.42	1.99
Payments for Purchase of Intangible Assets	(89.41)	-
Redemption/(Investment) in fixed deposits (Net)	(0.16)	5.66
Interest Income received	8.50	4.00
Loan given to subsidiary	(1.00)	(3.80)
Net cash flow generated from/(used in) investing activities (B)	(378.82)	(318.72)
Cash flow from Financing activities		
Payment of Dividend	(44.22)	-
Repayment of Long term Borrowings	(76.96)	(96.46)
Proceeds from Long term Borrowings	49.58	162.98
Proceeds from/ (repayment of) short-term borrowings	(82.07)	(94.97)
Interest Cost paid	(7.77)	(17.25)
Net cash flow generated from/(used in) financing activities (C)	(161.44)	(45.70)
Net increase in cash and cash equivalents (A+B+C)	46.41	5.27
Cash and cash equivalents at the beginning of the year	60.10	54.83
Cash and cash equivalents at the end of the year	106.51	60.10
Cash and cash equivalents comprise (Refer note 13A)		
Balances with banks in current & deposit accounts	106.06	59.74
Cash on hand	0.45	0.36
Total cash and cash equivalents at end of the year	106.51	60.10

The accompanying significant accounting policies and explanatory notes are an integral part of the standalone financial statements.

Per our report of even date attached.

For Gattamaneni & Co

Chartered Accountants

Firm Registration No. 0093035

For and on behalf of the Board of Directors

Dr. S. P. Vasireddi

Non-Executive Chairman
DIN : 00242288

Harita Vasireddi

Managing Director
DIN : 00242512

Harriman Vungal

ED-Operations
DIN : 00242621

G. Srinivasa Rao

Partner

Membership No. 210535

Place: Hyderabad

Date : May 12, 2022

G Purnachandra Rao

Director

DIN : 00876934

Place: Hyderabad

Date : May 12, 2022

D R Narahai Naidu

Chief Financial Officer

Sujani Vasireddi

Company Secretary

Standalone Statement of changes in equity

for the year ended March 31, 2022

(Amount in INR millions, unless otherwise stated)

(A) Equity share capital

Particulars	No. of Shares	Amount
Issued, subscribed and fully paid shares of ₹ 2/- each		
Balance as at April 1, 2020	22,107,810	44.22
Add/Less: Changes during the year	-	-
Balance as at March 31, 2021	22,107,810	44.22
Add/Less: Changes during the year	-	-
Balance as at March 31, 2022	22,107,810	44.22

(B) Other equity

Particulars	Securities Premium	General Reserve	Retained Earnings	Share based payment reserve	Other Comprehensive Income	Total
Opening Balance as of April 1, 2020	773.73	86.40	842.70	-	(17.46)	1,685.37
Add: Profit for the year	-	-	212.60	-	-	212.60
Less: Dividend on Equity Shares	-	-	-	-	-	-
Add: Other comprehensive income/(loss) for the year	-	-	-	-	1.00	1.00
Closing Balance as of March 31, 2021	773.73	86.40	1,055.30	-	(16.46)	1,898.97
Balance as of April 1, 2021	773.73	86.40	1,055.30	-	(16.46)	1,898.97
Add: Profit for the year	-	-	410.58	-	-	410.58
Less: Dividend on Equity Shares	-	-	44.22	-	-	44.22
Add: Expense arising from equity-settled share-based payment transactions (Refer note 27)	-	-	-	28.97	-	28.97
Add: Other comprehensive income/(loss) for the year	-	-	-	-	(2.03)	(2.03)
Balance as of March 31, 2022	773.73	86.40	1,421.66	28.97	(18.49)	2,292.27

The accompanying significant accounting policies and explanatory notes are an integral part of the standalone financial statements.

Per our report of even date attached.

For Gattamaneni & Co

Chartered Accountants

Firm Registration No. 009303S

For and on behalf of the Board of Directors

Dr. S. P. Vasireddi

Non-Executive Chairman
DIN : 00242288

Harita Vasireddi

Managing Director
DIN: 00242512

Harriman Vungal

ED-Operations
DIN : 00242621

G. Srinivasa Rao

Partner

Membership No. 210535

Place: Hyderabad

Date : May 12, 2022

G Purnachandra Rao

Director

DIN : 00876934

Place: Hyderabad

Date : May 12, 2022

D R Narahai Naidu

Chief Financial Officer

Sujani Vasireddi

Company Secretary

Notes

forming part of the standalone financial statements

1 General Information

Vimta Labs Limited (the “Company”) is a public limited company domiciled in India and was incorporated on November 16, 1990 under the provisions of the Companies Act, 1956. The registered office of the Company is situated at 141/2 & 142, IDA Phase II, Cherlapally, Hyderabad – 500 051. The Company is a leading contract research and testing services provider in India. The Company’s equity shares are listed at Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

The standalone financial statements are approved for issue by the Board of Directors at its meeting held on 12th May 2022.

2 Significant accounting policies

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Ind AS

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the “Act”) read with the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016, as amended from time to time and other relevant provisions of the Act.

Accounting policies have been consistently applied to all the years presented except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The financial statements have been prepared for the Company as a going concern on the basis of relevant Ind AS that are effective at the Company’s annual reporting date.

(b) Basis of measurement

The financial statements have been prepared on historical cost convention and on accrual basis, except for the following items in the balance sheet:

- i) Certain financial assets and liabilities measured either at fair value or amortised cost depending on the classification;
- ii) Defined employee benefit liabilities are recognised at the present value of defined benefit obligation adjusted for fair value of plan assets;

(c) Current and non-current classification

All assets and liabilities have been classified as current or non-current as per the Company’s operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of services and the time between the rendering of service and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

The company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

Current assets / liabilities include the current portion of non-current assets / liabilities respectively. All other assets / liabilities including deferred tax assets and liabilities are classified as non-current.

(d) Use of estimates

The preparation of financial statements in conformity with Ind AS requires the management of the company to make judgments, estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of income and expenses during the reported period.



Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

(e) Fair value measurement

The Company’s accounting policies and disclosures require the measurement of fair values, for certain financial and non-financial assets and liabilities based on their classification.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In estimating the fair value of an asset or liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.2 Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment

losses, if any. Cost comprises of purchase price, freight, non-refundable taxes and duties, specified foreign exchange gains or losses and any other cost attributable to bring the asset to its working condition for its intended use.

Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to Statement of Profit and Loss during the year in which they are incurred.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances and the cost of assets not ready to use before such date are disclosed under ‘Capital work-in-progress’ and hence not depreciated.

Depreciation methods, estimated useful lives

Depreciable amount for assets is the cost of an asset or other amount substituted for cost, less its estimated residual value. Depreciation on property, plant and equipment is provided on straight-line method over their estimated useful lives which are the same as prescribed in Schedule II to the Companies Act except for the following:

Particulars	Useful Life as per Management Estimate	Useful Life as per Schedule II of the Act
Plant and Equipment	6.67-10 years	10-15 years
Computer Servers	3 Years	6 years

Based on the technical experts assessment of useful life, certain items of property plant and equipment are being depreciated over useful lives different from the prescribed useful lives under Schedule II to the Companies Act, 2013. The management has assessed the useful life of such assets on the basis of technical expert advice and past experience in the industry as it believes that such estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Depreciation on addition to property plant and equipment is provided on pro-rata basis from the date of acquisition. Depreciation on sale/deduction from property plant and equipment is provided up to the date of sale/deduction, as the case may be. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in Statement of Profit and Loss.

Assets held for sale

Non-current assets held for sale are measured at the lower of their carrying value and fair value of the assets less costs to sale. Assets and liabilities classified as held for sale are presented separately in the balance sheet. Property, plant and equipment once classified as held for sale are not depreciated/amortised.

2.3 Intangible Assets

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, other economic factors etc. Amortization methods and useful lives are reviewed periodically including at each financial year end.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Amortisation

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period, with the effect of any change in the estimate being accounted for on a prospective basis. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Standalone statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Operating rights 3-10 Years

2.4 Impairment of non-financial assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired, based on internal or external factors. If any such indication exists, the Company estimates the recoverable amount of the asset or the cash generating unit. If such recoverable amount of the asset or cash generating unit to which the asset belongs is less than its carrying amount, the carrying

amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. Impairment losses previously recognised are accordingly reversed in the Statement of Profit and Loss.

2.5 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

Initial recognition and measurement

All financial assets are recognised in balance sheet when, and only when, the entity becomes party to the contractual provisions of the instrument and initially measured at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset or liability are added to or deducted from the fair value.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments and equity instruments at fair value through profit or loss (FVTPL) and
- Equity instruments measured at FVTOCI

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.



After initial measurement, financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category covers Trade Receivables, Loans, Cash & Bank Balances and Other Receivables.

Debt instruments at fair value through other comprehensive income (FVTOCI)

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- Contractual terms of the asset give rise to specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified to the Statement of Profit and Loss. Interest earned while holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instruments and equity instruments at fair value through profit or loss (FVTPL)

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

Debt and Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Equity instruments measured at FVTOCI

All equity investments in the scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVTOCI or FVTPL. The Company

makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

De-recognition

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss for the following financial assets and credit risk exposures:

- a) Financial assets that are debt instruments and are measured at amortised cost e.g., loans, deposits and bank balance
- b) Trade Receivables that result from transactions that are within the scope of Ind AS 115.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. It recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

As a practical expedient, the company uses a provision matrix to determine impairment loss allowance on portfolio of its receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analysed.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 quarter ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12 quarter ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 quarter ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date. ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive.

When estimating the cash flows, the Company is required to consider:

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

(b) Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

This category generally applies to interest-bearing loans and borrowings.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid as per agreed terms. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.



Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.6 Taxes

Tax expense for the year, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the year.

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the year end date.

The Company recognises interest levied and penalties related to income tax assessments in interest expense.

(b) Deferred tax

Deferred tax is provided using the Balance Sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax assets and deferred

tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.7 Inventories

Inventories consist of chemicals and consumables, stores and spares, are measured at the lower of cost and net realisable value. Cost includes purchase price, duties and taxes (other than those subsequently recoverable by the Company from the concerned revenue authorities), freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. In determining the cost, First In First Out (FIFO) method is used. The carrying cost of inventories are appropriately written down when there is a decline in replacement cost of such materials.

Work in progress are valued at the lower of cost and net realisable value. Cost of work in progress is determined on the basis of cost and on the cost which comprises direct material consumed and human resource cost.

2.8 Provisions and contingent liabilities

Provisions are recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the year end.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Contingent liabilities and assets are not recognised in financial statements. A disclosure of the contingent liability is made when there is a possible or a present obligation that may, but probably will not, require an outflow of resources.

2.9 Revenue Recognition

Rendering of services

The Company primarily earns revenue from Contract research and testing services.

Revenue is recognised upon transfer of control of promised services to customers in an amount that reflects the consideration the Company expect to receive in exchange for those services.

Revenue from providing services is recognised in the accounting period in which such services are rendered.

At contract inception, the Company assesses its promise to transfer services to a customer to identify separate performance obligations. The Company applies judgment to determine whether each service promised to a customer is capable of being distinct, and are distinct in the context of the contract, if not, the promised services are combined and accounted as a single performance obligation. The company allocates the arrangement consideration to separately identifiable performance obligation based on their relative stand-alone selling price or residual method.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the company exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

Revenues in excess/short of invoicing are classified as assets/liabilities, as the case may be.

Export incentives

Export incentives are recognised when the right to receive the credit is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds and utilization of export incentives within its validity period.

Interest

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's gross carrying amount on initial recognition. Interest income is included in other income in the Statement of Profit and Loss.

Service Concession Arrangements

The company constructs or upgrades infrastructure (construction or upgrade services) used to provide a public service and operates and maintains that infrastructure (operation services) for a specified period of time. These arrangements may include Infrastructure used in a public-to-private service concession arrangement for its entire useful life.

Under Appendix C to Ind AS 115 – Service Concession Arrangements, these arrangements are accounted for based on the nature of the consideration. The intangible asset model is used to the extent that the operator receives a right (i.e. a concessionaire) to charge users of the public service.

The financial model is used when the operator has an unconditional contractual right to receive cash or other financial assets from or at the direction of the grantor for the construction service. When the unconditional right to receive cash covers only part of the service, the two models are combined to account separately for each component. If the operator performs more than one service (i.e. construction, upgrade services and operation services) under a single contract or arrangement, consideration received or receivable is allocated by reference to the relative fair values of the service delivered, when the amount are not separately identifiable.

The intangible asset is amortised over the shorter of the estimated period of future economic benefits which the intangible assets are expected to generate or the concession period, from the date they are available for use.

An asset carried under concession arrangements is derecognised on disposal or when no future economic benefits are expected from its future use or disposal.

The company recognises a financial asset to the extent that it has an unconditional right to receive cash or another financial asset from or at the direction of the grantor. In case of annuity based carriageways, the company recognises financial asset.

2.10 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to income are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.



Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to the profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

2.11 Foreign Currency Transactions

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

(b) Transactions and balances

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction. Gains/Losses arising out of fluctuation in foreign exchange rate between the transaction date and settlement date are recognised in the Statement of Profit and Loss.

All monetary assets and liabilities in foreign currencies are restated at the year end at the exchange rate prevailing at the year end and the exchange differences are recognised in the Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

2.12 Retirement and other Employee Benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the year in which the employees render the related service are recognized in respect of employees' services up to the end of the year and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(b) Other long-term employee benefit obligations

(i) Defined contribution plan

Provident Fund: Contribution towards provident fund is made to the regulatory authorities, where the Company has no further obligations. Such benefits

are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis which are charged to the Statement of Profit and Loss.

Employee's State Insurance Scheme: Contribution towards employees' state insurance scheme is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis which are charged to the Statement of Profit and Loss.

(ii) Defined benefit plans

The Company has gratuity as defined benefit plan where the amount that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The Company has subscribed to gratuity scheme of Life Insurance Corporation of India ('LIC') to which the Company makes periodic Funding. Under the said policy, the eligible employees are entitled for gratuity upon their resignation, retirement, incapacitation, termination or in the event of death in lump sum after deduction of necessary taxes, as applicable. The liability in respect of defined benefit plans is calculated using the projected unit credit method consistent with the advice of qualified actuaries. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms of maturity approximating to the terms of the related defined benefit obligation.

The current service cost of the defined benefit plan, recognised in the statement of profit and loss under employee benefit expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements.

Past Service costs are recognised in statement of profit and loss in the period of plan amendment. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and fair value of plan assets. The cost is included in the employee benefit expenses in the statement of profit and loss. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

Compensated Absences (Leave Encashment): The company's current policy permits employees to accumulate and carry forward a portion of their unutilised compensated absences and utilise/encash them in future periods in accordance with the terms of such policies. The company measures the expected cost of accumulated absences as the additional amount that the company incurs as a result of the unused entitlements that has accumulated at the balance sheet date and charge to Statement of Profit and loss. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Such measurement is based on actuarial valuation at the balance sheet date carried out by a qualified actuary. Actuarial losses/gains are recognized in the statement of profit and loss in the year in which they arise.

(c) Share-based payment arrangements

The stock options granted to employees in terms of the Employee Stock Options Schemes, are measured at the fair value of the options at the grant date. The fair value of the options is treated as discount and accounted as employee compensation cost over the vesting period on a straight-line basis. The amount recognised as expense in each year is arrived at based on the number of grants expected to vest. If a grant lapses after the vesting period, the cumulative discount recognised as expense in respect of such grant is transferred to the general reserve within equity.

2.13 Leases (as a lessee)

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the

commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, company's incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following: –

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the company is reasonably certain to exercise, lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, or if company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The company has elected not to recognise right-of-use assets and lease liabilities for short term leases of real estate properties that have a lease term of 12 months. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.14 Borrowing Costs

Borrowing costs consist of interest, ancillary costs and other costs in connection with the borrowing of funds and exchange differences arising from foreign



currency borrowings to the extent they are regarded as an adjustment to interest costs.

Borrowing costs attributable to acquisition and/or construction of qualifying assets are capitalised as a part of the cost of such asset, up to the date such assets are ready for their intended use. Other borrowing costs are charged to the Statement of Profit and Loss.

2.15 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the Company's earnings per share is the net profit or loss for the year after deducting preference dividends and any attributable tax thereto for the year. The weighted average number of equity shares outstanding during the year and for all the years presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares.

2.16 Dividend Distributions

The Company recognizes a liability to make the payment of dividend to owners of equity, when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

2.17 Cash Flows

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payment and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

2.18 Segment Reporting

The management has assessed the identification of reportable segments in accordance with the requirements of Ind AS 108 'Operating Segment' and

believes that the Company has only one reportable segment namely "Contract Research and Testing Services".

2.19 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks, cash on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

2.20 Investments in the nature of equity in subsidiaries

The company has elected to recognise its investments in equity instruments in subsidiaries at cost in the separate financial statements in accordance with the option available in Ind AS 27, 'Separate Financial Statements'. The company regardless of the nature of its involvement with an entity (the investee), determines whether it is a parent by assessing whether it controls the investee. The company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Thus, the company controls an investee if and only if it has all the following:

- (a) power over the investee;
- (b) exposure, or rights, to variable returns from its involvement with the investee and
- (c) the ability to use its power over the investee to affect the amount of the returns.

Investments are accounted in accordance with Ind AS 105 when they are classified as held for sale. On disposal of investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss

3 Significant accounting judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

3.1 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the year end date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and

liabilities within the next financial year, are described below. The Company based assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(a) Leases

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

(b) Deferred Taxes

The assessment of the probability of future taxable profit in which deferred tax assets can be utilised is based on the Company's latest approved forecast, which is adjusted for significant non-taxable profit and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the jurisdiction in which the Company operates are also carefully taken into consideration. If a positive forecast of taxable profit indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full.

(c) Defined benefit plans (gratuity benefits and leave encashment)

The cost of the defined benefit plans such as gratuity and leave encashment are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future due to changing market and economic conditions, regulatory events, judicial rulings, higher or lower withdrawal rates, or longer or shorter participant life spans.

The assumptions include determination of the discount rate, salary growth rate, mortality rate, retirement age and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each year end.

(d) Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

(e) Impairment of financial assets

The impairment provisions of financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(f) Impairment of non-financial assets

An impairment loss is recognised for the amount by which an asset's or cash-generating unit's carrying amount exceeds its recoverable amount to determine the recoverable amount, management estimates expected future cash flows from each asset or cash generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Company's assets.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

(g) Research and Developments Costs

Management monitors progress of internal research and development projects by using a project management system. Significant judgment is required



in distinguishing research from the development phase. Development costs are recognised as an asset when all the criteria are met, whereas research costs are expensed as incurred. Management also monitors whether the recognition requirements for development costs continue to be met. This is necessary due to inherent uncertainty in the economic success of any product development.

(h) Property, Plant and Equipment

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted prospectively, as appropriate.

(i) Current income taxes

Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods. The recognition of taxes that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

(j) Provision for expected credit losses (ECL) of trade receivables and contract assets

The Company uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due across all segments. The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

(k) Significant judgements

In the process of applying the company's accounting policies, the management has made the following judgements, which have the most significant effect on the amounts recognized in these standalone financial statements

Determination of applicability of Appendix C of Service Concession Arrangement ('SCA'), under Ind AS - 115 'Revenue from contracts with customers'.

The company, have entered into concession agreements with Food Safety and Standards Authority of India ('FSSAI') to setup, operate and transfer (SOT) a National food Testing Laboratory (NFL) in JNPT, Mumbai. The management of the Group conducted detailed analysis to determine applicability of SCA. The concession agreements of these entities, have significant non-regulated revenues, this arrangement has been considered as a "Service Concessionaire Arrangement" (SCA) and accordingly, revenue and costs are allocatable between those relating to lab setup services and those relating to operation and maintenance services. Further, the Company has acquired the right to charge the customer for the services to be rendered which has been assessed as an intangible asset.

4 Standards (including amendments) issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, as below.

IND AS 16 - Property Plant and equipment

The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant and equipment. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022. The company has evaluated the amendment and there is no impact on its financial statements.

IND AS 37 - Provisions, Contingent Liabilities and Contingent Assets

The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract ₹. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022, although early adoption is permitted. The company has evaluated the amendment and the impact is not expected to be material.

(Amount in INR millions, unless otherwise stated)

5 Property Plant and Equipment

Particulars	Gross Carrying Value			Accumulated Depreciation			Net Carrying Value		
	As at 1 April 2021	Additions/ Adjustments	Deductions/ Adjustments	As at 31 March 2022	As at 1 April 2021	Charge for the Year	Deductions/ Adjustments	As at 31 March 2022	As at 31 March 2021
(A) Tangible Assets									
Land	21.88	-	-	21.88	-	-	-	21.88	21.88
Buildings	575.44	72.72	-	648.16	62.51	13.14	-	572.51	512.93
Furniture & Fixtures	112.42	16.81	8.09	121.14	62.23	9.53	3.00	52.38	50.19
Plant & Equipment	1,216.04	366.17	108.19	1,474.02	627.53	169.59	64.49	741.39	588.51
Electrical Installation	32.30	-	-	32.30	29.22	1.44	-	1.64	3.08
Office Equipment	19.40	5.34	0.69	24.05	15.66	2.16	0.52	6.75	3.74
Computers	154.74	20.14	1.16	173.72	72.17	27.47	1.09	75.17	82.57
Vehicles	27.92	-	-	27.92	13.39	3.40	-	11.11	14.53
Total-5A	2,160.14	481.18	118.13	2,523.19	882.71	226.74	69.10	1,482.83	1,277.43
(B) Intangible Assets									
Operating rights	-	138.43	-	138.43	-	4.84	-	133.59	-
Total-5B	-	138.43	-	138.43	-	4.84	-	133.59	-
Total-(5A+5B)	2,160.14	619.61	118.13	2,661.62	882.71	231.58	69.10	1,616.43	1,277.43

Note:

- (i) Title deeds of all the immovable properties are held in the name of the company.
- (ii) The company has not held / dealt in investment property during the year.
- (iii) The company has not revalued its Property, Plant and Equipment (including the Right of use assets) and intangible assets during the year under review.
- (iv) Refer Note No. 17 of the financial statements for disclosures relating to property, plant and equipment offered as security for the borrowings.
- (v) Refer Note No. 34.B of the financial statements for disclosures relating to contractual commitments for acquisition of property, plant and equipment.
- (vi) The company has no intangible assets under development, whose completion is overdue or has exceeded its cost compared to its original plan.



Notes forming part of the Standalone Financial Statements

(Amount in INR millions, unless otherwise stated)

6 Capital work-in-progress

Particulars	As at 31 March 2022	As at 31 March 2021
Property, Plant & Equipment (under erection/ installation)		
Opening balance	172.87	18.20
Add: Additions during the year	3.07	169.95
Less: Capitalised during the year	172.87	15.28
TOTAL	3.07	172.87

Note: The amount of Borrowing costs capitalised to CWIP during the year ended March 31, 2022 was ₹ 6.77 million (March 31, 2021 ₹ 1.13 million)

Ageing of Capital Work in progress

31 March 2022

Particulars	Amount in CWIP for a period of				
	< 1 Year	1-2 Years	2-3 Years	> 3 Years	Total
Projects in progress	3.07	-	-	-	3.07
Projects temporarily suspended	-	-	-	-	-
TOTAL	3.07	-	-	-	3.07

CWIP	To be completed in				
	< 1 Year	1-2 Years	2-3 Years	> 3 Years	Total
Pre-clinical Department	3.07	-	-	-	3.07
Others	-	-	-	-	-
TOTAL	3.07	-	-	-	3.07

31 March 2021

Particulars	Amount in CWIP for a period of				
	< 1 Year	1-2 Years	2-3 Years	> 3 Years	Total
Projects in progress	172.87	-	-	-	172.87
Projects temporarily suspended	-	-	-	-	-
TOTAL	172.87	-	-	-	172.87

CWIP	To be completed in				
	< 1 Year	1-2 Years	2-3 Years	> 3 Years	Total
Electrical & Electronic Testing Project	154.98	-	-	-	154.98
Others	17.89	-	-	-	17.89
TOTAL	172.87	-	-	-	172.87

(Amount in INR millions, unless otherwise stated)

7 Investments

Particulars	As at 31 March 2022	As at 31 March 2021
Investments in unquoted equity shares (fully paid, carried at cost)		
In subsidiaries		
Emtac Laboratories Private Limited 34,16,500 Equity Shares of face value of ₹ 10/- each. (31 March 2021: 34,16,500 Equity Shares of face value of ₹ 10/- each)	61.50	61.50
TOTAL	61.50	61.50

8 Financial Assets

Particulars	As at 31 March 2022	As at 31 March 2021
Loans Current - considered good, unsecured		
Loans - Wholly Owned Subsidiary	4.80	3.80
Loans - Employees	0.98	1.37
TOTAL	5.78	5.17

Note:

- Unsecured loan of ₹ 4.8 Million (Previous year ₹ 3.80 Million) to Emtac Laboratories Pvt Ltd, subsidiary carries interest @9% p.a payable on monthly basis.
- The company has not granted any loans or advances in the nature of loans to promoters, directors, KMPS and the related parties (as defined under Companies Act, 2013), either severally or jointly with any other person that are repayable on demand; or without specifying any terms or period of repayment

9 Deferred tax Assets/(liabilities) (Net)

Particulars	As at 31 March 2022	As at 31 March 2021
(A) Deferred tax liability on account of		
- property, plant and equipment	26.37	29.18
(B) Deferred tax asset on account of		
- Gratuity	17.70	12.95
- Compensated absences	9.19	9.74
- Other employee benefits	3.40	2.70
- Impairment loss on trade receivables	16.76	13.45
	47.05	38.84
Total Deferred Tax Assets/(Liabilities) (Net)	20.68	9.66



Notes forming part of the Standalone Financial Statements

(Amount in INR millions, unless otherwise stated)

Movement in the Deferred Tax Assets/(Liabilities):

Particulars	Employee benefit expenses	Property, plant and equipment	Impairment loss on trade receivables	Total
Opening balance as of April 1, 2020	33.19	(36.09)	8.02	5.12
<u>Charged/(credited)</u>				
- to profit or loss	(7.46)	6.91	5.43	4.88
- to OCI	(0.34)	-	-	(0.34)
Closing balance as at March 31, 2021	25.39	(29.18)	13.45	9.66
Opening balance as of April 1, 2021	25.39	(29.18)	13.45	9.66
<u>Charged/(credited)</u>				
- to profit or loss	4.22	2.81	3.31	10.34
- to OCI	0.68	-	-	0.68
Closing balance as at March 31, 2022	30.29	(26.37)	16.76	20.68

10 Other Assets

Particulars	As at 31 March 2022	As at 31 March 2021
(A) Other Non-Current assets (Unsecured, considered good)		
Capital advances	7.72	13.25
Income tax assets (Net)	82.59	70.05
TOTAL	90.31	83.30
(B) Other Current Assets (Unsecured, Considered good)		
Prepaid expenses	34.01	35.34
Advances for services and supplies	33.26	10.26
Balance with government authorities	17.83	12.14
Export incentives	83.60	75.15
Advances for expenses	7.03	8.01
TOTAL	175.73	140.90
Note: Due by Directors or other officers of the company or any of them either severally or jointly with any other persons or due by firms / private companies in which any Director is a Partner or a Director or a Member	Nil	Nil

11 Inventories

Particulars	As at 31 March 2022	As at 31 March 2021
Valued at the lower of cost and net realisable value		
Chemicals and consumables	157.41	130.86
Stores and spares	14.20	10.68
Work-in-progress	2.15	4.81
TOTAL	173.76	146.35

Note:

(i) Refer Note No. 17 for disclosures relating to inventories offered as security by the Company.

(Amount in INR millions, unless otherwise stated)

12 Trade Receivables

Particulars	As at 31 March 2022	As at 31 March 2021
Unsecured		
Considered good	769.23	731.96
Credit impaired	66.57	53.43
Gross Trade receivables	835.80	785.39
Less : Impairment allowance for - credit impaired	66.57	53.43
TOTAL	769.23	731.96

Note:

- (i) Due by directors or other officers of the company or any of them either severally or jointly with any other person, or debts due by firms or private companies respectively in which any director is a partner or a director or a member ₹ 6.13 Mn (Previous year ₹ Nil).
- (ii) Refer Note 33 for information about credit risk and market risk of trade receivables.
- (iii) Refer Note No. 17 for disclosures relating to receivables offered as security by the Company.

Ageing of Trade receivables

31 March 2022

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	< 6 Months	6 Months -1 Year	1-2 Years	2-3 Years	> 3 Years	
(i) Undisputed – considered good	258.81	418.07	41.30	33.10	9.89	8.06	769.23
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(ii) Undisputed – credit impaired	-	10.54	9.79	13.76	12.17	20.31	66.57
(iv) Disputed Trade Receivables– considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade receivables – Credit impaired	-	-	-	-	-	-	-
(vii) Unbilled Trade receivables	-	-	-	-	-	-	-
Gross Trade receivables	258.81	428.61	51.09	46.86	22.06	28.37	835.80
Less : Impairment allowance - credit impaired	-	10.54	9.79	13.76	12.17	20.31	66.57
TOTAL	258.81	418.07	41.30	33.10	9.89	8.06	769.23



Notes forming part of the Standalone Financial Statements

(Amount in INR millions, unless otherwise stated)

31 March 2021

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	< 6 Months	6 Months -1 Year	1-2 Years	2-3 Years	> 3 Years	
(i) Undisputed – considered good	239.74	363.26	72.53	31.23	10.90	14.30	731.96
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed – credit impaired	-	8.88	6.06	24.04	7.58	6.87	53.43
(iv) Disputed Trade Receivables– considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade receivables – Credit impaired	-	-	-	-	-	-	-
(vii) Unbilled Trade receivables	-	-	-	-	-	-	-
Gross Trade receivables	239.74	372.14	78.59	55.27	18.48	21.17	785.39
Less : Impairment allowance - credit impaired	-	8.88	6.06	24.04	7.58	6.87	53.43
TOTAL	239.74	363.26	72.53	31.23	10.90	14.30	731.96

13 Cash and Bank Balances

Particulars	As at 31 March 2022	As at 31 March 2021
(A) Cash and Cash equivalents:		
(i) Balance with Banks in India		
- Current Accounts	11.03	32.37
- Deposit Accounts	90.30	-
- EEFC Accounts	4.73	27.37
(ii) Cash on hand	0.45	0.36
TOTAL	106.51	60.10
(B) Bank balances other than (A) (i) above		
Deposits held as security for bank guarantees and others	4.06	3.92
Unclaimed Dividend accounts	2.13	2.11
TOTAL	6.19	6.03

Note :

- (i) There are no repatriation restrictions in respect of cash and cash equivalents in the reporting period and previous period.
- (ii) Unclaimed Dividends are transferred to Investor Education and Protection Fund after seven years from due date in accordance with applicable provisions of the Companies Act, 2013.
- (iii) Term deposit with original maturity of more than twelve months but remaining maturity of less than twelve months from the balance sheet date have been disclosed under other bank balances.

(Amount in INR millions, unless otherwise stated)

14 Other Financial Assets

Particulars	As at 31 March 2022	As at 31 March 2021
A. Non Current - Unsecured, considered good		
Security deposits - (Services providers and suppliers)	24.29	21.63
	24.29	21.63
B. Current - Unsecured, considered good		
Security deposits - (Services providers and suppliers)	7.65	12.87
Interest accrued on deposits	1.18	0.97
TOTAL	8.83	13.84

15 Equity Share Capital

Particulars	As at 31 March 2022		As at 31 March 2021	
	No. of Shares	Amount	No. of Shares	Amount
Authorised				
Equity Shares of ₹ 2/- each	35,000,000	70.00	35,000,000	70.00
Issued, subscribed and fully paid-up				
Equity Shares of ₹ 2/- each	22,107,810	44.22	22,107,810	44.22

(a) Reconciliation of equity shares outstanding at the beginning and at the end of the year

Particulars	As at 31 March 2022		As at 31 March 2021	
	No. of Shares	Amount	No. of Shares	Amount
Outstanding at the beginning of the year	22,107,810	44.22	22,107,810	44.22
Add: Issued during the year	-	-	-	-
Outstanding at the end of the year	22,107,810	44.22	22,107,810	44.22

(b) Rights, preferences and restrictions attached to shares

The Company has only one class of shares i.e equity shares having par value of ₹ 2/- per share. Each shareholder is entitled to one vote per share held and ranks pari passu. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in the case of Interim Dividend.

In the event of liquidation of the company, the holders of equity shares are entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

The board of directors of the company have recommended a dividend of ₹ 2/- per equity share of ₹ 2/- each for the financial year 2021-22 (FY 2020-21: ₹ 2/- per equity share of ₹ 2/- each), subject to approval of the shareholders at the ensuing Annual General Meeting, and if approved, would result in a cash outflow of approximately ₹ 44.22 Mn.

(c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Particulars	As at 31 March 2022		As at 31 March 2021	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Eurofins Analytical Services India Pvt. Ltd.	4,403,668	19.92	4,403,668	19.92
Sivalinga Prasad Vasireddi	3,598,525	16.28	3,598,525	16.28
LCGC Chromatography Solutions Pvt. Ltd.	2,083,175	9.42	2,083,175	9.42
Vangal Harriman	1,777,893	8.04	1,777,893	8.04
Vasireddi Veerabhadra Prasad	1,463,515	6.62	1,463,515	6.62

Note: The above shareholding is as per the records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest. The above shareholding represents both legal and beneficial ownership of shares.



Notes forming part of the Standalone Financial Statements

(Amount in INR millions, unless otherwise stated)

(d) Shares held by promoters and promoter group at the end of the year

S. No	Promoter Name	As at 31 March 2022		As at 31 March 2021		
		No of Shares	% of Total Shares	No of Shares	% of Total Shares	% of Change during the year
1	Sivalinga Prasad Vasireddi	3,598,525	16.28	3,598,525	16.28	Nil
2	Vungal Harriman	1,777,893	8.04	1,777,893	8.04	Nil
3	Vasireddi Veerbhadra Prasad	1,463,515	6.62	1,463,515	6.62	Nil
4	APIDC	590,000	2.67	590,000	2.67	Nil
5	Harita Vasireddi	167,964	0.76	167,964	0.76	Nil
6	Praveena Vasireddi	122,550	0.55	122,550	0.55	Nil
7	Sujani Vasireddi	122,542	0.55	122,542	0.55	Nil
8	Sireesh Chandra Vungal	113,055	0.51	113,055	0.51	Nil
9	Swarnalatha Vasireddi	101,535	0.46	101,535	0.46	Nil
10	Sudheshna Vungal	100,879	0.46	100,879	0.46	Nil
11	Rajeswari Vungal	80,725	0.37	80,725	0.37	Nil
12	Rajya Lakshmi Vasireddi	42,300	0.19	42,300	0.19	Nil

(e) Shares reserved for issue under options outstanding as at the end of the year on un-issued share capital:

Particulars	As at 31 March 2022		As at 31 March 2021	
	No. of Shares to be issued fully paid up	Amount	No. of Shares to be issued fully paid up	Amount
Employee stock option granted and outstanding	454879	28.97	-	-

The details of grant under the aforesaid scheme are summarised below:

Vimta Labs Employee Stock Option Plan -2021	2021-22
Grant price	₹ 2 per option
Grant dates	19 th September 2021 onwards
Vesting commences on	19 th September 2022 onwards
Options granted and outstanding at the beginning of the year	NIL
Options lapsed	52890
Options Granted	507769
Options exercised	NIL
Options granted and outstanding at the end of the year, of which	454879
Options vested	NIL
Options yet to vest	454879
Weighted average remaining contractual life of options (in years)	4.5 years

The number and weighted average exercise price of stock options are as follows:

Particulars	No of Stock options	Weighted Average Exercise price
(A) Options granted and outstanding at the beginning of the year	NIL	NIL
(B) Options granted	507769	₹ 2/-per option
(C) Options allotted	-	₹ 2/-per option
(D) Options lapsed	52890	₹ 2/-per option
(E) Options granted and outstanding at the end of the year	454879	₹ 2/-per option
(F) Options exercisable at the end of the year out of (E)	NIL	NIL

(Amount in INR millions, unless otherwise stated)

Weighted average share price at the date of exercise for stock options exercised during the year - Not Applicable.

The fair value of the options granted under the stock option scheme is accounted as employee compensation over the vesting period.

Weighted average fair values of options granted during the year is ₹ 289.69 per option.

The fair value of the options granted during the year has been calculated as per the Black-Scholes Option Pricing Model using the following significant assumptions and inputs:

Particulars	2021-22
Weighted average risk-free interest rate	6.00%
Weighted average expected life of options	4.5 years
Weighted average expected volatility	61.52%
Weighted average expected dividends over the life of the option	80%
Weighted average share price	289.69
Weighted average exercise price	₹ 2/-per option
Method used to determine expected volatility	Expected volatility is based on the historical volatility of the Company's share price applicable to the total expected life of each option.

(f) No shares have been issued as bonus shares or for consideration other than cash by the Company during the period of five years immediately preceding the current year end.

(g) No shares have been bought back by the Company during the period of five years immediately preceding the current year end.

16 Other equity

Particulars	As at 31 March 2022	As at 31 March 2021
Security Premium		
Balance at the beginning and end of the year	773.73	773.73
General Reserve		
Balance at the beginning and end of the year	86.40	86.40
Retained Earnings		
Balance at the beginning of the year	1,055.30	842.70
Add: Profit for the year	410.58	212.60
Less: Dividend on Equity Shares	44.22	-
Less: Tax on Dividend	-	-
Balance at the end of the year	1,421.66	1,055.30
Share based payment reserve		
Balance at the beginning of the year	-	-
Add: Expense arising from equity-settled share-based payment transactions (Refer note 27)	28.97	-
Balance at the end of the year	28.97	-
Other Comprehensive Income		
Balance at the beginning of the year	(16.46)	(17.46)
Add: Other comprehensive income/(loss) for the year	(2.03)	1.00
Balance at the closing of the year	(18.49)	(16.46)
TOTAL	2,292.27	1,898.97



Notes forming part of the Standalone Financial Statements

(Amount in INR millions, unless otherwise stated)

Nature and purpose of reserves:

Security premium: This is the premium received on issue of equity shares and will be utilised as per the applicable provisions of the Act.

General reserves: This is the amount transferred from retained earnings and will be utilised as per the applicable provisions of the Act.

Retained earnings: This comprises of net accumulated profit of the Company after declaration of dividend.

Other comprehensive income: This comprises of actuarial gain/(loss) [net of taxes] at the end of the reporting period.

17 Borrowings

Particulars	As at 31 March 2022	As at 31 March 2021
(A) Non-current Borrowings		
1) Secured		
Loans from Banks		
- Rupee term loan	23.24	114.07
- Foreign currency term loan	155.90	76.06
Loans from NBFC		
- Rupee term loan	2.62	12.55
Less: current maturities	59.03	69.18
	122.73	133.50
2) Unsecured		
- Loan from NBFC	8.45	11.51
Less: current maturities	4.55	2.65
	3.90	8.86
TOTAL	126.63	142.36
(B) Current Borrowings		
Secured, repayable on demand		
- Working capital loans from banks	-	82.07
- Current maturities of Long term Borrowings	63.59	71.83
TOTAL	63.59	153.90

(Amount in INR millions, unless otherwise stated)

Note:

(a) Terms and conditions of secured rupee term loans and nature of security

for FY 2021-22

1. i) The working capital term loan from Axis Bank amounting to ₹ 23.23 Million as at March 31, 2022 (Sanctioned limit of ₹ 23.90 Million in the FY 2020-21) under emergency Credit Line Guarantee Scheme is secured by extension of charge (second charge) on existing primary and collateral security and guaranteed by NCGTC.
- ii) The above mentioned working capital term loan carries interest at the rate of 1 Year MCLR + 0.10% i.e., 7.45% { Prev Year 4% (Repo rate) + 3.5% i.e., 7.5% p.a} and is repayable in 36 equal monthly installments commencing from March, 2022 (as per sanction letter)

for FY 2020-21

1. i) The rupee term loan from Axis Bank outstanding amount ₹ 59.55 Million as at March 31, 2021 (sanctioned limit of ₹ 150.00 Million) is secured by way of first charge to bank on assets created out of Term Loan. This loan is also secured by Second Charge on Current Assets (Both Present and Future) of the company at paripasu basis with Kotak Mahindra bank Ltd.
- ii) The above mentioned rupee term loan carries interest at the rate of 0.80% above MCLR 1 Year rate and is repayable in 20 equal quarterly instalments commencing from September 2021 (as per sanction letter).
2. i) The rupee term loan from Kotak Mahindra Bank aggregating to ₹ 30.62 Million as at March 31, 2021 (sanctioned limit of ₹ 54.00 Million in FY 2019-20) is secured by way of first charge to bank on assets created out of Term Loan. This loan is also secured by Second Charge on Current Assets (Both Present and Future) of the company at paripasu basis with Axis bank Ltd.
- ii) The above mentioned rupee term loan carries interest at the rate of 0.80% above MCLR 1 Year rate and is repayable in 9 equal quarterly instalments commencing from February 2020 (as per sanction letter).
- iii) First paripassu charge along with Axis bank on Industrial land and building situated at Plot No 141/2 and 142, IDA, Phase -II, Cherlapally, Hyderabad-500051 as collateral security.

(b) Terms and conditions of secured foreign currency term loans and nature of security

1. The foreign currency term loan from Axis Bank taken for General Capex amounting to ₹ 66.64 Million (equivalent to USD 0.87906 Million) as at March 31, 2022 (Sanctioned limit of ₹ 75.00 Million in FY 2020-21 and subsequently converted into FCTL of USD 1.034 Million) is secured by way of first charge to bank on assets created out of Term Loan. This loan is also secured by Second Charge on Current Assets (both present and future) of the company at pari passu basis with HDFC Bank Ltd. The loan is covered collateral security by way of equitable mortgage of property bearing Plot Nos.141/2 & 142, IDA, Phase – II, Cherlapally, Hyderabad – 500 083, Telangana.

The above mentioned foreign currency term loan carries interest at LIBOR + 2.75% plus 1% mark up fee upfront and repayable in 20 equal quarterly installments commencing from September, 2021 (as per sanctioned letter).

2. The foreign currency term loan from Axis Bank taken for E& E Project amounting to ₹ 89.26 Million (equivalent to USD 1.177522 Million) as at March 31, 2022 (sanctioned limit of ₹ 150.00 Million in FY 2020-21 and subsequently converted into FCTL of USD 1.177522) is secured by way of first charge to bank on assets created out of Term Loan. This loan is also secured by Second Charge on Current Assets (both present and future) of the company at pari passu basis with HDFC Bank Ltd. The loan is covered collateral security by way of equitable mortgage of property bearing Plot Nos.141/2 & 142, IDA, Phase – II, Cherlapally, Hyderabad – 500 083, Telangana.

The above mentioned foreign currency term loan carries interest at SOFR +275 bps +1.00% per annum (markup fee upfront) and repayable in 20 quarterly installments commencing from September, 2021 (as per sanction letter).

(c) Secured rupee term loans from NBFC:

1. i) The rupee term loan from Cisco Systems Capital India Private Limited amounting to 2.62 Million as at March 31, 2022 (Sanctioned limit ₹ 19.24 Million in FY 2019-20) is secured by way of exclusive charge on assets acquired from such loan by way of hypothecation.
- ii) The above mentioned rupee term loan carries an interest at the rate of 5.00% as at March 31, 2022 and is repayable in 12 Quarterly installments commencing from October, 2019.



Notes forming part of the Standalone Financial Statements

(Amount in INR millions, unless otherwise stated)

(d) Unsecured loans from NBFC:

1. The rupee term loan from Cisco Systems Capital India Private Limited amounting to ₹ 2.87 Million as at March 31, 2022 (Sanctioned limit of ₹ 8.67 Million in FY 2019-20) carries at NIL interest and is repayable in 20 quarterly installments commencing from September, 2019.
2. The rupee term loan from Cisco Systems Capital India Private Limited amounting to ₹ 3.89 Million as at March 31, 2022 (Sanctioned limit of ₹ 9.69 Million in FY 2019-20) carries at NIL interest and is repayable in 20 quarterly installments commencing from January, 2020.
3. The rupee term loan from Cisco Systems Capital India Private Limited amounting to ₹ 2.09 Million as at March, 31, 2022 (sanctioned limit of ₹ 4.54 Million in FY 2020-21) carries an interest at the rate of 5.00% as at March 31, 2022 and is repayable in 20 quarterly installments commencing from September, 2019.

(e) Maturity profile of long-term borrowings:

31 March 2022

Particulars	Within 1 year	1 - 2 years	2 - 5 years	More than 5 Years	Total
Rupee term loan from bank	7.97	7.97	7.30	-	23.24
Foreign currency term loan from bank	48.45	45.00	62.45	-	155.90
Loan from NBFC	7.17	2.13	1.77	-	11.07
TOTAL	63.59	55.10	71.52	-	190.21

31 March 2021

Particulars	Within 1 year	1 - 2 years	2 - 5 years	More than 5 Years	Total
Rupee term loan from bank	46.99	44.10	22.98	-	114.07
Foreign currency term loan from bank	12.31	15.00	45.00	3.75	76.06
Loan from NBFC	12.53	6.04	5.49	-	24.06
TOTAL	71.83	65.14	73.47	3.75	214.19

(f) Details of working capital limits from banks:

1. The working capital facility from Axis bank amounting ₹ Nil as at March 31, 2022 (sanctioned limit ₹ 150 millions) carries an interest of 0.80% above 1 year MCLR rate and is secured by way of first paripassu charge on entire current assets of the company (both present and future) along with HDFC Bank Ltd.
 2. The working capital facility from HDFC bank amounting ₹ Nil as at March 31, 2022 (sanctioned limit ₹ 150 millions) carries an interest spread of 3% over & above of REPO rate @ 4% i.e. 7% and is secured by way of first paripassu charge on entire current assets of the company (both present and future) along with Axis Bank Ltd.
 3. First paripassu charge to HDFC bank on Industrial land and building situated at Plot No 141/2 and 142, IDA, Phase -II, Cherlapally, Hyderabad- 500051 as collateral security.
- (g) There were no defaults as on balance sheet date in repayment of above borrowings and interest thereon (Period and amount)
- (h) The company has used the borrowings from Banks and Financial Institutions for the specific purpose for which it was taken at the Balance sheet date.
- (i) For the borrowings from Banks on the basis of security of current assets, the quarterly returns or statements filed by the company with Banks are in agreement with the books of account.
- (j) Company is not a declared wilful defaulter by any Bank or Financial Institution or other lender.
- (k) There are no charges or satisfaction which are yet to be registered with ROC beyond the statutory period.

(Amount in INR millions, unless otherwise stated)

18 Provisions

Particulars	As at 31 March 2022	As at 31 March 2021
(A) Non-current		
Provision for employee benefits		
- Gratuity, funded	41.00	47.54
- Compensated absences	30.19	31.69
TOTAL	71.19	79.23
(B) Current		
Provision for employee benefits		
- Gratuity, funded	29.32	23.91
- Compensated absences	6.31	12.03
TOTAL	35.63	35.94

19 Other non-current liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Deferred grant income related to Property, Plant & Equipment *	53.66	36.22
Deferred grant income related to revenue **	2.13	2.13
TOTAL	55.79	38.35

Note:

*i) Waiver of duty of ₹ 55.97 millions on import of plant and equipment under Export Promotion Capital Goods (EPCG) Scheme. There are no contingencies attached to these grants except the fulfilment of export obligations. As these grants are relating to Plant and equipments, the same has been capitalised and amortised over the useful life of respective assets.

**ii) The company was granted an in-principle approval of a grant-in-aid of ₹ 7.1 million during FY 2017-18 by the biotechnology industry research assistance council for project entitled towards preclinical evaluation of clinical grade vaccine. Against this sanctioned amount, so far an amount of ₹ 2.13 millions was received. Since the terms and conditions of sanction are not fully complied, the said grant is not yet recognised as income.

20 Trade payables

Particulars	As at 31 March 2022	As at 31 March 2021
Outstanding dues of micro enterprises and small enterprises	14.01	24.16
Outstanding dues of creditors other than micro enterprises and small enterprises	108.33	121.83
TOTAL	122.34	145.99

Note:

(i) Detailed disclosure relating to supplier registered under MSMED Act are given below.

(ii) Trade Payables due to directors as at March 31, 2022 is ₹ Nil (March 31, 2021: ₹ Nil)



Notes forming part of the Standalone Financial Statements

(Amount in INR millions, unless otherwise stated)

Disclosures under Micro, Small and Medium Enterprises Development Act, 2006 [MSMED Act]

Particulars	As at 31 March 2022	As at 31 March 2021
(a) Amount remaining unpaid to any supplier at the end of each accounting year:		
Principal	14.01	24.16
Interest	-	-
TOTAL	14.01	24.16
(b) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.		
(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act.		
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year.		
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act.		

Note: The Micro, Small and Medium enterprises have been identified by the Management on the basis of information available with the Company and have been relied upon by the auditors.

Ageing of Trade Payables

31 March 2022

Particulars	Outstanding for following periods from due date of payment				
	< 1 Year	1-2 Years	2-3 Years	> 3 Years	Total
(i) MSME	14.01	-	-	-	14.01
(ii) Others	103.07	3.25	0.26	1.75	108.33
(iii) Disputed dues –MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
TOTAL	117.08	3.25	0.26	1.75	122.34

31 March 2021

Particulars	Outstanding for following periods from due date of payment				
	< 1 Year	1-2 Years	2-3 Years	> 3 Years	Total
(i) MSME	24.16	-	-	-	24.16
(ii) Others	107.89	11.64	0.48	1.82	121.83
(iii) Disputed dues –MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
TOTAL	132.05	11.64	0.48	1.82	145.99

(Amount in INR millions, unless otherwise stated)

21 Other current financial liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Interest accrued on Borrowings	0.06	0.54
Unclaimed dividends	2.13	2.11
Creditors for capital expenditure	73.48	64.83
Revenue expenses payable	75.70	60.36
TOTAL	151.37	127.84

Note:

- (i) Unclaimed dividends do not include any amount due and outstanding to be credited to investor education and protection fund.

22 Other Current Liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Deferred grant income related to Property, Plant & Equipment (refer note no 19 i)	8.47	3.35
Advances from customers	47.21	41.14
Statutory Dues	43.59	19.45
TOTAL	99.27	63.94

23 Revenue from Operations

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Sale of services - Testing and Analysis *	2,736.43	2,069.39
Other operating revenue - Export Incentives	23.37	21.12
TOTAL	2,759.80	2,090.51
Revenue disaggregation by geography is as follows: #		
Revenue from Foreign countries	707.35	566.20
Revenue from country of domicile-India	2,052.45	1,524.31
TOTAL	2,759.80	2,090.51

Geographical revenue is allocated based on the location of the customers.

* Includes revenues relating to lab setup services provided under SCA amounting ₹ 138.43 Mn considered for services rendered.



Notes forming part of the Standalone Financial Statements

(Amount in INR millions, unless otherwise stated)

24 Other Income

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
i) Interest income on:		
- Bank deposits	0.56	0.19
- Deposits with State Electricity Corporations	0.58	0.80
- Fair value measurement	0.99	0.71
- Income tax refunds	6.03	2.21
- Loan to Subsidiary	0.42	0.17
- Employees loans	0.12	0.12
ii) Others		
- Liabilities no longer required written back	0.53	0.32
- Bad debts recovered	0.30	-
- Income from Government Grant income	4.59	3.36
- Profit on Sale of Property, Plant and Equipment	0.42	0.22
TOTAL	14.54	8.10

25A Cost of material consumed and testing expenditure

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
(A) Cost of materials consumed		
Inventory at the beginning of the year	141.54	136.65
Add : Purchases	439.71	357.38
Less : Inventory at the end of the year	171.61	141.54
SUB-TOTAL (A)	409.64	352.49
(B) Testing expenditure		
Sample preparation, data generation, inspection & testing expenditure	119.30	120.82
Carriage Inwards	4.13	2.88
Power and fuel	106.68	96.60
Water Charges	6.38	5.79
SUB-TOTAL (B)	236.49	226.09
TOTAL (A) + (B)	646.13	578.58

25B Cost of Lab setup under Service Concession arrangement

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Cost of National Food Laboratory set up in JNPT Mumbai Under Service Concession arrangement (Refer Note:45)	138.43	-
TOTAL	138.43	-

(Amount in INR millions, unless otherwise stated)

26 Changes in inventories of Work-in Progress

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Opening Work-in-Progress	4.81	34.65
Less : Closing Work-in-Progress	2.15	4.81
Decrease/(Increase) in Work-in-Progress	2.66	29.84

27 Employee benefits expense

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Salaries and wages	594.02	508.00
Directors remuneration	45.63	29.75
Contribution to provident and other funds	32.14	26.03
Expenses on Employee Stock Option scheme *	28.97	-
Gratuity	12.34	11.01
Compensated absences	19.79	12.08
Staff welfare expenses	21.24	15.67
TOTAL	754.13	602.54

* Pursuant to the shareholders' approval and all necessary regulatory requirements, the Company has constituted the 'Vimta Labs Employee Stock Option Plan 2021 (VLESOP-2021)' to grant, offer and Issue options to the employees of the Company. Pursuant to VLESOP-2021, the Nomination and Remuneration Committee has granted 507,769 options to the eligible employees. In respect of stock options granted pursuant to the Company's stock options plan, the fair value of the options is accounted as employee compensation expense over the vesting period. Consequently, the amount of employee benefits expense for the year ended March 31,2022 includes expenses on Employee Stock Option scheme amounting to ₹28.97 million.

28 Finance costs

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Interest on term loans	6.59	7.97
Interest on working capital loans	0.70	9.28
Interest expense on fair value measurement	1.00	0.03
Bank charges	4.28	4.39
Exchange differences regarded as an adjustment to borrowing cost	2.39	-
TOTAL	14.96	21.67



Notes forming part of the Standalone Financial Statements

(Amount in INR millions, unless otherwise stated)

29 Other expenses

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Sitting fees to directors	0.64	0.73
Rent	22.51	19.96
Rates, taxes, duties and levies	22.88	32.10
Insurance	7.94	8.57
Repairs and maintenance to:		
- Plant and Machinery	93.76	79.79
- Buildings	11.75	14.24
- Vehicles	5.29	4.81
Advertisement and sales promotion	2.59	1.43
Commission	18.67	1.05
Travelling and conveyance	50.37	34.81
Communication expenses	24.69	19.54
Printing and Stationery	16.29	1.79
Books and periodical	0.10	0.12
Professional and consultancy services	50.23	47.02
Membership and subscriptions	1.82	0.90
House Keeping and premises maintenance	11.97	10.21
Security charges	7.64	7.40
Recruitment and training expenses	0.66	0.51
Payment to auditors :		
- as auditors	1.60	1.25
- for tax audit	0.15	0.15
- for other services	0.54	0.45
- reimbursement of expenses	0.03	0.02
Software charges	4.31	1.87
Loss on foreign currency transactions and translations (net)	1.92	4.31
Loss on sale of assets	-	0.17
Bad debts written off	42.98	31.70
Impairment loss on receivables	13.14	21.57
Corporate Social Responsibility expenses	4.82	4.49
Miscellaneous expenses	1.44	1.68
TOTAL	420.73	352.64

(Amount in INR millions, unless otherwise stated)

30 Tax Expense

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
(A) Tax expense charged to Statement of Profit and Loss		
(I) Current tax		
Current tax expense for current year	148.75	76.26
Current tax expense pertaining to prior years	4.48	-
	153.23	76.26
(II) Deferred tax		
Deferred tax expense for current year	(10.33)	(4.89)
	(10.33)	(4.89)
Total tax expense recognised in current year (I + II)	142.90	71.37
(B) Tax expense charged to Other Comprehensive Income	0.68	(0.34)
(C) Reconciliation of tax expense		
Profit before tax	553.48	283.97
Tax expense at applicable tax rates for March 31, 2022 :25.17% (March 31, 2021: 25.17%);	139.32	71.48
Tax effect of adjustments to reconcile expected tax expense to reported tax expense:		
- adjustment for previous years	4.48	-
- items not deductible for tax	(0.90)	(1.13)
- Others	-	1.02
Tax expense reported in Statement of Profit and Loss	142.90	71.37



Notes forming part of the Standalone Financial Statements

(Amount in INR millions, unless otherwise stated)

31 Earnings per share

Basic earnings per share amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

The following are the income and share data used in the basic and diluted EPS computations:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Profit attributable to equity holders (in INR Million)	410.58	212.60
Profit attributable to equity holders adjusted for the effect of dilution (in INR Million)	410.58	212.60
Weighted average number of equity shares for basic EPS	22,107,810	22,107,810
Weighted average number of equity shares adjusted for the effect of dilution	22,560,192	22,107,810
Nominal/Face Value per share (INR)	2	2
Basic Earnings per share (INR)	18.57	9.62
Diluted Earnings per share (INR)	18.20	9.62

32 Fair value measurements

The following table shows the carrying amount and fair value of financial assets and financial liabilities:

Particulars	Note No.	As at 31 March 2022	As at 31 March 2021
Financial Assets			
Investments	7	61.50	61.50
Loans (current and non-current)	8	5.78	5.17
Trade receivables (net)	12	769.23	731.96
Cash and cash equivalents	13A	106.51	60.10
Bank balances other than Cash and cash equivalents	13B	6.19	6.03
Other financial assets	14A & 14B	33.12	35.47
		982.33	900.23
Financial Liabilities			
Borrowings (current and non-current)	17A & 17B	190.22	296.26
Trade Payables	20	122.34	145.99
Other financial liabilities	21	151.37	127.84
		463.93	570.09

The Company's principal financial liabilities comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, cash and cash equivalents and other bank balances that derive directly from its operations. The Company also holds investment in its subsidiary.

The carrying amounts of trade receivables, trade payables and cash and bank balances are considered to be the same as their fair values, due to their short-term nature. The difference between carrying amounts and fair values of bank deposits, other financial assets, other financial liabilities and borrowings subsequently measured at amortised cost is not significant in each of the years presented. For all other amortised cost instruments, carrying value represents the best estimate of fair value. For financial assets measured at fair values, the carrying amounts are equal to the fair values.

(Amount in INR millions, unless otherwise stated)

33 Financial risk management objectives and policies

The Company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Company's primary risk management focus is to minimize potential adverse effects of market risk on its financial performance. The Company's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board of Directors and the Audit Committee is responsible for overseeing the Company's risk assessment and management policies and processes. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken.

(i) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long-term debt. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

a) Foreign Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency) in United States Dollar ('USD'), Euro ('EUR'), Great Britain Pound ('GBP'), Malaysian Ringgit ('MYR'), Swiss Franc ('SF'), Singapore dollar ('SGD'), Japan Yen ('JY') and borrowings in USD.

The Company's exposure to foreign currency risk from non-derivative financial instruments at the end of the financial year, are as follows:

Particulars	As at 31 March 2022		As at 31 March 2021	
	Foreign Currency	Amounts in INR	Foreign Currency	Amounts in INR
United States Dollar				
Assets - Trade Receivables	2.79	211.22	2.52	185.26
Assets - Vendor Advances	0.01	0.47	0.08	5.87
Liabilities - Trade Payables	(0.28)	(21.22)	(0.64)	(46.73)
Liabilities - Borrowings	(2.06)	(155.90)	(1.03)	(76.06)
Liabilities - Customer Advances	(0.20)	(15.34)	(0.12)	(8.95)
Euro				
Assets - Trade Receivables	0.04	3.45	0.13	11.24
Liabilities - Customer Advances	(0.03)	(2.71)	(0.00)	(0.28)
Assets - Vendor Advances	0.07	6.12	0.01	0.91
Liabilities - Trade Payables	(0.00)	(0.01)	(0.10)	(8.77)
Great Britain Pound				
Assets - Trade Receivables	0.06	5.77	-	-
Liabilities - Trade Payables	(0.00)	(0.13)	(0.00)	(0.13)
Assets - Vendor Advances	0.00	0.29	0.00	0.24
Malaysian Ringgit				
Assets - Trade Receivables	-	-	0.11	1.94
Swiss Franc				
Assets - Vendor Advances	0.02	2.02	0.09	6.75
Liabilities - Trade Payables	-	-	(0.00)	(0.05)
Singapore dollar				
Assets - Vendor Advances	-	-	0.00	0.05
Japan Yen				
Liabilities - Trade Payables	-	-	-	-
Assets - Vendor Advances	10.36	6.45	-	-



Notes forming part of the Standalone Financial Statements

(Amount in INR millions, unless otherwise stated)

The following exchange rates have been applied at the end of the financial year:

Particulars	Year End Spot Rate	
	As at 31 March 2022	As at 31 March 2021
United States Dollar	75.8071	73.5047
Euro	84.6599	86.0990
Great Britain Pound	99.5524	100.9509
Malaysian Ringgit	-	17.6615
Swiss Franc	82.2725	77.6902
Singapore dollar	-	54.4295
Japan Yen	0.6223	-

Foreign currency sensitivity

The impact on the Company's profitability and equity is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives are as follows:

Particulars	Impact on Profit		Impact on Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2022				
5% Sensitivity* of:				
United States Dollar	0.96	(0.96)	0.72	(0.72)
Euro	0.34	(0.34)	0.26	(0.26)
Great Britain Pound	0.30	(0.30)	0.22	(0.22)
Swiss Franc	0.10	(0.10)	0.08	(0.08)
Japan Yen	0.32	(0.32)	0.24	(0.24)
31 March 2021				
5% Sensitivity* of:				
United States Dollar	2.97	(2.97)	2.22	(2.22)
Euro	0.16	(0.16)	0.12	(0.12)
Great Britain Pound	0.01	(0.01)	-	-
Malaysian Ringgit	0.10	(0.10)	0.07	(0.07)
Swiss Franc	0.33	(0.33)	0.25	(0.25)

* Holding all other variables constant

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's fixed rate borrowings are carried at amortised cost and hence are not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates. Further, the Company's investments in deposits is with banks and electricity authorities and therefore do not expose the Company to significant interest rates risk. The company's main interest rate risk arises from borrowings with variable rates, which expose it to cash flow interest rate risk.

The Company's exposure to fixed rate and variable rate instruments at the end of the financial year, are as follows:

Particulars	As at	As at
	31 March 2022	31 March 2021
Fixed rate instruments		
Financial assets	126.55	45.69
Financial liabilities	11.07	24.06
Variable rate instruments		
Financial liabilities	179.14	272.20

(Amount in INR millions, unless otherwise stated)

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	As at 31 March 2022	As at 31 March 2021
Interest rates increase by 100 basis points *	1.79	2.72
Interest rates decrease by 100 basis points *	(1.79)	(2.72)

* Holding all other variables constant

c) Price risk

The Company does not have any investments which are classified in the balance sheet either as fair value through OCI or at fair value through profit or loss. Hence, the Company is not exposed to any price risk.

ii) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade and other receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. The credit quality of a customer is assessed based on an extensive credit rating scorecard, internal evaluation and individual credit limits. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over the last 12 quarters before the reporting date and the corresponding historical credit losses experienced at the end of each quarter. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The expected credit loss assessment from customers as at March 31, 2022 are as follows:

Particulars	Gross carrying amount	Expected credit losses	Carrying amount of trade receivables
31 March 2022			
Upto 180 days	687.42	(10.55)	676.87
Over 180 days	148.38	(56.02)	92.36
TOTAL	835.80	(66.57)	769.23
31 March 2021			
Upto 180 days	611.88	(8.89)	603.01
Over 180 days	173.50	(44.55)	128.95
TOTAL	785.38	(53.44)	731.96

Collateral held as security and other credit enhancements

The Company does not collect any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Financial assets that are neither past due nor impaired

Other than trade receivables, the Company has no significant class of financial assets that is past due but not impaired.



Notes forming part of the Standalone Financial Statements

(Amount in INR millions, unless otherwise stated)

Financial assets that are neither past due but not impaired

The Company's credit period for customers generally ranges from 0 - 180 days. The aging of trade receivables that are not due and past due but not impaired is given below:

Period in days	As at 31 March 2022	As at 31 March 2021
Upto 180 days	676.87	603.01
Over 180 days	92.36	128.95
	769.23	731.96

iii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation.

Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected cash flows. This is generally carried out by the Company in accordance with practice and limits set by the management. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The Company had following working capital at the end of the reporting years :

Particulars	As at 31 March 2022	As at 31 March 2021
Current assets	1,246.03	1,104.35
Current liabilities	472.20	527.61
Working capital	773.83	576.74

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments at the reporting period:

Particulars	As at 31 March 2022	As at 31 March 2021
Less than 1 year		
- Borrowings	63.59	153.90
- Trade payables	117.07	132.04
- Other financial liabilities	151.36	127.84
1 to 2 years		
- Borrowings	55.09	65.14
- Trade payables	3.25	11.64
2 to 5 years		
- Borrowings	71.53	73.47
- Trade payables	2.02	2.31
More than 5 years		
- Borrowings	-	3.75
- Trade payables	-	-

(Amount in INR millions, unless otherwise stated)

iv) Excessive risk concentration

Concentrations arise when a number of counter parties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the Company to manage risk concentrations at both the relationship and industry levels.

34 Contingent liabilities & Commitments (to the extent not provided for)

Particulars	As at 31 March 2022	As at 31 March 2021
A. Contingent liabilities		
Claims against the Company not acknowledged as debts in respect of:		
Employees provident fund demand not provided for (pending before the Employees' Provident Funds Appellate Tribunal)	8.70	8.70
	8.70	8.70
Bank Guarantees excluding financial guarantees	15.70	22.67

Note:

- Based on the Supreme Court Judgment dated February 28, 2019, the Company was required to reassess the components to be included in the basic salary for the purposes of deduction of Provident Fund. On the basis of legal advice, the management has determined that there is no impact of the aforesaid ruling on the standalone financial statements of the Company.
- The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under consideration by the Ministry. The company will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.
- Bank Guarantees are issued to meet certain business obligations towards government agencies and certain customers.

B. Commitments

Particulars	As at 31 March 2022	As at 31 March 2021
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	18.21	91.38

C. Impact of pending Litigations:

There are no material pending litigations against the company, which will impact its financial position.



Notes forming part of the Standalone Financial Statements

(Amount in INR millions, unless otherwise stated)

35 Leases

The Company's significant leasing arrangements are in respect of operating leases for premises. The leasing arrangements are generally cancellable leases which range between 1 years to 5 years and are usually renewable by mutual consent on agreed terms.

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Total rental expense relating to operating lease	22.51	19.96
- Non-cancellable	-	-
- Cancellable	22.51	19.96

36 Research and development expenditure

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Aggregate amount of research and development expenditure recognised as an expense during the year		
Revenue Expenditure	-	11.20
Capital Expenditure	-	1.50
	-	12.70

37 Corporate social responsibility expenditure (CSR)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Gross amount required to be spent during the year	4.82	4.49
Amount spent during the year in cash:		
(i) On Construction/acquisition of any asset		
(ii) On purposes other than (i) above	4.82	4.49
Unspent amount	-	-

Nature of activities undertaken by the company during FY 2021-22:

S. No	Nature of Activities	Implemented Through	Amount Utilised ₹ Mn
1	Supporting people having deformities and disabilities, with reconstructive surgery	Narsingh Swain Memorial Trust	1.50
2	To run schools, Hostels and other institutions to promote education in villages and tribal areas in the State.	Sri Saraswathi Vidya Peetham	2.00
3	Nutritious mid-day meals to children, health camps and life skills trainings to students.	The Akshaya Patra Foundation	0.50
4	Serve the needy children for their education.	Venkata Subbareddy Memorial Foundation	0.20
5	Protection of Animal Welfare.	People For Animals	0.20
6	Services to the poorest of the poor in all aspects like food, education, cremation etc.	Amma Charitable Trust	0.42
	Total Spent amount		4.82

(Amount in INR millions, unless otherwise stated)

38 Related Party Disclosures

(A) Names of related parties and nature of relationship

Name of the Related Parties	Nature of Relationship
(i) Key Management Personnel (KMP)	
Dr. S P Vasireddi	Non-Executive Chairman
Harita Vasireddi	Managing Director
Harriman Vungal	Executive Director (ED) - Operations
Satya Sreenivas Neerukonda	Executive Director
D R Narahai Naidu	Chief Financial Officer (w.e.f 22 nd February 2021)
Amit Pathak	Chief Financial Officer (up to 28 th January 2021)
Sujani Vasireddi	Company Secretary
(ii) Independent Directors	
Y Prameela Rani	Independent Director
Popuri Adheyya Chowdary	Independent Director (upto 30 th June 2020)
Sanjay Dave	Independent Director
G Purnachandra Rao	Independent Director
Dr. Yadagiri R Pendri	Independent Director (w.e.f 10 th August 2020)
(iii) Relatives of Key Management Personnel (KMP)	
Sireesh Chandra Vungal	Son of ED - Operations
Sudheshna Vungal	Daughter of ED - Operations
Praveena Vasireddi	Daughter of Chairman
(iv) Wholly Owned Subsidiary	
Emtac Laboratories Private Limited	
(v) Companies in which some of the Directors or other relatives are interested	
Bloomedha Info Solutions Limited	
Avanti Frozen Foods Private Limited	
Escientia Biopharma Private Limited	
Covide Business Integrated Private Limited	



Notes forming part of the Standalone Financial Statements

(Amount in INR millions, unless otherwise stated)

(B) Details of transactions with related party in the ordinary course of business:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
(i) Remuneration to Key Management Personnel (KMP) #		
Harita Vasireddi	17.59	6.72
Harriman Vungal	17.40	13.44
Satya Sreenivas Neerukonda	14.64	9.59
D R Narahai Naidu	2.36	0.25
Amit Pathak	-	3.41
Sujani Vasireddi	2.80	2.15
(ii) Remuneration to relatives of Key Management Personnel (KMP) #		
Sireesh Chandra Vungal	6.80	5.74
Sudheshna Vungal	0.02	1.98
Praveena Vasireddi	1.96	1.63
<p># Remuneration is inclusive of Provident Fund and leave encashment paid during the year. As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the Key Management Personnel and their relatives is not ascertainable and, therefore, not included above.</p>		
(iii) Sitting Fees to KMP - Independent Directors		
Y Prameela Rani	0.25	0.24
Popuri Adheyya Chowdary	-	0.05
Sanjay Dave	0.20	0.22
G Purnachandra Rao	0.19	0.24
(iv) Services received		
Bloomedha Info Solutions Limited	2.35	2.63
Covide Business Integrated Private Limited	0.50	1.29
(v) Unsecured Loan given to Wholly Owned Subsidiary		
Emtac Laboratories Private Limited	1.00	3.80
(vi) Interest Income on Unsecured Loans		
Emtac Laboratories Private Limited	0.42	0.17
(vii) Services Provided		
Escientia Biopharma Private Limited	6.88	-
Avanti Frozen Foods Private Limited	0.63	-
Emtac Laboratories Private Limited	2.46	-

(C) Balances payable/(receivable)

Particulars	As at 31 March 2022	As at 31 March 2021
(i) Dues Payable to KMPs and their relatives:		
Harita Vasireddi	1.92	0.58
Harriman Vungal	1.60	0.32
Satya Sreenivas Neerukonda	1.60	-
Praveena Vasireddi	(0.01)	0.01
Sireesh Chandra Vungal	(0.16)	(0.16)
(ii) Others		
Emtac Laboratories Private Limited	(7.73)	(3.83)
Bloomedha Info Solutions Limited	0.19	0.02
Avanti Frozen Foods Private Limited	(0.36)	-
Covide Business Integrated Private Limited	-	-
Escientia Biopharma Private Limited	(2.87)	-

(Amount in INR millions, unless otherwise stated)

39 Employee benefits

(A) Defined Contribution Plans

The Company has recognised the following amounts in the Statement of Profit and Loss:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Employers' Contribution to Provident Fund	33.06	27.78
Employers' Contribution to Employee State Insurance	3.12	2.50

(B) Defined benefit plans

- (i) The Company provides for gratuity to employees working in India as per the Payment of Gratuity Act, 1972. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure @ 15 days of last drawn salary for each completed year of service. The level of benefits provided depends on the member's length of service and salary at retirement age.

Amounts recognised in the Statement of Profit and Loss are as follows:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Current service cost	8.31	7.23
Past service cost	-	-
Net Interest Cost/(Income) on the Net Defined Benefit Liability/(Asset)	4.03	3.79
Total amount recognised in the Statement Profit and Loss	12.34	11.02

Amounts recognised in Other Comprehensive Income are as follows:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Actuarial losses		
- change in demographic assumptions	-	-
- change in financial assumptions	(1.17)	(0.27)
- experience variance (i.e. Actual experience vs assumptions)	3.83	(1.42)
Return on plan assets, excluding amount recognised in net interest expense	0.05	0.35
Total amount recognised in the other comprehensive income	2.71	(1.34)

Changes in present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

Particulars	As at 31 March 2022	As at 31 March 2021
Present value of obligation at the beginning of the year	72.17	68.48
Current service cost	8.31	7.23
Interest Expense or Cost	4.08	3.80
<u>Re-measurement (or Actuarial) (gain) / loss arising from:</u>		
- change in demographic assumptions	-	-
- change in financial assumptions	(1.17)	(0.27)
- experience variance (i.e. actual experience v/s assumptions)	3.83	(1.43)
Past service cost	-	-
Benefits paid	(5.72)	(5.64)
Present value of obligation at the end of the year	81.50	72.17



Notes forming part of the Standalone Financial Statements

(Amount in INR millions, unless otherwise stated)

Changes in the Fair Value of Plan Assets are as follows:

Particulars	As at 31 March 2022	As at 31 March 2021
Fair Value of Plan Assets as at the beginning of the year	0.71	0.20
Investment Income	0.05	0.01
Employer's Contribution	16.19	6.49
Benefits Paid	(5.72)	(5.64)
Return on plan assets, excluding amount recognised in net interest expense	(0.05)	(0.35)
Fair Value of Plan Assets as at the end of the year	11.18	0.71

The net liability disclosed above relates to funded and unfunded plans are as follows:

Particulars	As at 31 March 2022	As at 31 March 2021
Present value of defined benefit obligation	(81.50)	(72.17)
Fair value of plan assets	11.18	0.71
Net Asset/(Liability)	(70.32)	(71.46)

The assumptions used in accounting for the gratuity plan are set out as below:

Particulars	As at 31 March 2022	As at 31 March 2021
Discount rate (per annum)	6.05%	5.65%
Salary growth rate (per annum)	4.00%	4.00%
Mortality rate (% of IALM 12-14)	100.00%	100.00%
Normal retirement age (as per Company's policy)	60 and 70	60 and 70
Attrition / Withdrawal rate (per annum)	20.00%	20.00%

The estimates of future salary increase considered in actuarial valuation taken into account of inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market. The Company evaluates these assumptions annually based on its long-term plans of growth and industry standards.

Impact on defined benefit obligation

Particulars	As at 31 March 2022	As at 31 March 2021
Discount Rate		
1% increase	78.72	69.60
1% decrease	84.49	74.95
Salary Growth Rate		
1% increase	84.31	74.77
1% decrease	78.81	69.70
Attrition Rate		
50% increase	82.05	72.45
50% decrease	79.19	70.47
Mortality Rate		
10% increase	81.50	72.18
10% decrease	81.48	72.17

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

(Amount in INR millions, unless otherwise stated)

Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

- Asset volatility: The plan liabilities are calculated using a discount rate set with reference to current investment patterns in the economy; if plan assets underperform this yield, this will create a deficit. The plan asset investments are subject to interest rate risk. The Company has a risk management strategy where the aggregate amount of risk exposure is maintained at a fixed range. Any deviations from the range are corrected by rebalancing the investments. The Company intends to maintain the investment pattern in the continuing years.
- Changes in bond yields: A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.
- Life expectancy: The defined benefit obligation is to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

Defined benefit liability and employer contributions

The following contributions and expected undiscounted future benefit payments:

Particulars	As at 31 March 2022	As at 31 March 2021
0 - 1 Year	29.32	24.63
2 - 5 Years	40.44	36.58
6 - 10 Years	22.94	19.92
More than 10 Years	10.71	9.65

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 3 years (31 March 2021: 3 years).

Expected Contribution to the plan for the next annual period ₹ 77.83 millions.

- The Company provides for accumulation of compensated absences by certain categories of its employees. These employees can carry forward a portion of their unutilised compensated absences and utilise/encash them in future periods as per the Company's policy. The Company records a liability for compensated absences in the period in which the employee renders the services that increases this entitlement.

40 Segment Reporting

The Managing Director of the company has been identified as the Chief Operating Decision Maker (CODM) as required by Ind AS 108 Operating Segments. The Company is in the business of providing contract research and testing services. The Managing Director reviews the operations of the Company as one operating segment taking into account the nature of the business, the organization structure, internal reporting structure and risk and rewards. Hence no separate segment information has been furnished herewith.

41 Capital management & Ratios

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors capital on the basis of the following gearing ratio i.e. Net debt (total borrowings net of cash and cash equivalents) divided by total equity (as shown in the balance sheet):



Notes forming part of the Standalone Financial Statements

(Amount in INR millions, unless otherwise stated)

Particulars		As at 31 March 2022	As at 31 March 2021
Equity Share Capital		44.22	44.22
Other Equity		2,292.27	1,898.97
Total Equity	(i)	2,336.49	1,943.19
Long-term borrowings		126.63	142.36
Short-term borrowings		63.59	153.90
Less: Cash and Cash equivalents		106.51	60.10
Total Debt	(ii)	83.71	236.16
Overall financing	(iii) = (i) + (ii)	2,420.20	2,179.35
Gearing ratio	(ii) / (iii)	3.46%	10.84%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period. Further there were no changes were made in the objectives, policies or processes for managing capital for the year ended March 31, 2022.

Ratios as per Schedule III requirements

Particulars	Notes	31 March 2022	31 March 2021	% change from 31 March 2021 to 31 March 2022
Current Ratio	(a)	2.64	2.09	26%
Debt-Equity Ratio	(b)	0.08	0.15	-47%
Debt Service Coverage ratio	(c)	7.45	4.04	84%
Inventory Turnover Ratio	(d)	2.58	2.41	7%
Trade Payable Turnover Ratio	(e)	3.28	2.88	14%
Net Profit Ratio	(f)	14.88%	10.17%	46%
Return on Equity Ratio/Return on Investment Ratio	(g)	0.18	0.11	61%
Trade Recievables Turnover Ratio	(h)	3.68	3.19	15%
Net Capital Turnover Ratio	(i)	3.57	3.62	-2%
Return on Capital Employed	(j)	24.59%	17.43%	41%

(a) Current Ratio - Current Assets divided by Current Liabilities

Particulars	31 March 2022	31 March 2021
Current Assets	1,246.03	1,104.35
Current Liabilities	472.20	527.61
Ratio	2.64	2.09

Reason for % change from previous year: Current ratio improved with the repayment of short term borrowings and the investments made in fixed deposits of the available surplus cash balance.

(Amount in INR millions, unless otherwise stated)

(b) Debt-Equity Ratio - Total debt divided by Total equity where total debt refers to sum of current & non-current borrowings

Particulars	31 March 2022	31 March 2021
Long term borrowings	126.63	142.36
Short term borrowings	63.59	153.90
Total debt	190.22	296.26
Total equity	2,336.49	1,943.19
Ratio	0.08	0.15

Reason for % change from previous year: Debt-equity ratio improvement aided by the repayment of the short term borrowings to meet the operational requirements and increase in shareholders' equity value.

(c) Debt Service Coverage ratio - Earnings available for debt services divided by Total interest and principal repayments

Particulars	31 March 2022	31 March 2021
Profit after tax	410.58	212.60
Add: Non cash operating expenses and finance cost		
- Depreciation and amortization expense	231.58	229.37
- Finance cost	10.68	17.28
Earnings available for debt service	652.84	459.25
Interest cost on borrowings	10.68	17.28
Principal repayments	76.96	96.46
Total interest and principal repayments	87.64	113.74
Ratio	7.45	4.04

Reason for % change from previous year: Debt service coverage ratio improvement aided by decrease in interest cost owing to debt repayment and increase in earnings available for debt service driven by higher operating revenue.

(d) Inventory Turnover Ratio - Cost of materials consumed divided by average inventory

Particulars	31 March 2022	31 March 2021
Purchases of stock-in-trade	439.71	357.38
Changes in inventories of stock-in-trade	(27.41)	24.95
Cost of materials consumed	412.30	382.33
Cost of materials consumed	412.30	382.33
Opening inventory	146.35	171.30
Closing inventory	173.76	146.35
Average inventory	160.06	158.83
Ratio	2.58	2.41

(e) Trade Payable Turnover Ratio - Total purchases divided by average trade payables

Particulars	31 March 2022	31 March 2021
Purchases of stock-in-trade	439.71	357.38
Opening Trade payables	145.99	101.98
Closing Trade payables	122.34	145.99
Average Trade payables	134.17	123.99
Ratio	3.28	2.88



Notes forming part of the Standalone Financial Statements

(Amount in INR millions, unless otherwise stated)

(f) Net Profit Ratio - Net profit after tax divided by Sales

Particulars	31 March 2022	31 March 2021
Net profit after tax	410.58	212.60
Net Sales	2,759.80	2,090.51
Ratio	14.88%	10.17%

Reason for % change from previous year: Net profit for the year came in higher boosted by the higher operating revenues.

(g) Return on Equity Ratio/Return on Investment Ratio - Net profit after tax divided by Equity

Particulars	31 March 2022	31 March 2021
Profit after tax	410.58	212.60
Total equity	2,336.49	1,943.19
Ratio	0.18	0.11

Reason for % change from previous year: Return on equity ratio improvement aided by higher net profits driven by higher operating revenues and increase in shareholders' equity value.

(h) Trade Receivables Turnover Ratio - Revenue from operations divided by average trade receivables

Particulars	31 March 2022	31 March 2021
Revenue from operations	2,759.80	2,090.51
Opening Trade receivables	731.96	576.78
Closing Trade receivables	769.23	731.96
Average Trade receivables	750.60	654.37
Ratio	3.68	3.19

(i) Net Capital Turnover Ratio - Revenue from operations divided by Net Working capital where net working capital = current assets - current liabilities

Particulars	31 March 2022	31 March 2021
Revenue from operations	2,759.80	2,090.51
Net Working Capital	773.83	576.74
Ratio	3.57	3.62

(Amount in INR millions, unless otherwise stated)

(j) Return on Capital Employed - Earnings before interest and taxes (EBIT) divided by Capital Employed

Particulars	31 March 2022	31 March 2021
Profit before tax (A)	553.48	283.97
Finance costs (B)	14.96	21.67
Other Income (C)	14.54	8.10
EBIT (D) - (A)+(B)-(C)	553.90	297.54
EBIT		
Total equity (E)	2336.49	1,943.19
Non-current borrowings (F)	126.62	142.36
Current borrowings (G)	63.59	153.90
Cash and cash equivalents (H)	106.51	60.10
Capital Employed	2,252.83	1,707.03
Ratio	24.59%	17.43%

Reason for % change from previous year: Return on capital employed ratio improvement aided by higher earnings before interest, tax driven by higher operating revenues and decrease in borrowings.

42. Disclosure U/s.186(4) of the Companies Act, 2013

Details of Loans given, Investments made, Guarantee given, Security provided during the year:

a) Loans given:

Name of the company to whom loan was given	Amount of Loan given (₹ In millions)	Purpose for which the loan is proposed to be utilized by the recipient	Remarks
EMTAC Laboratories Pvt Ltd	1.00 (Prev. year: 3.80)	For augmenting Working capital.	Total loan outstanding as on 31-Mar-2022 ₹ 4.80 millions (31-Mar-2021 ₹ 3.80 millions)

b) Investments made:

Name of the company in which investment was made	Amount of investment	Type of investment (Equity/Pref. shares / Debentures / others)	Remarks Investment made in earlier years and standing as on 31.03.2022
EMTAC Laboratories Pvt Ltd	NIL	Equity	₹ 61.50 millions

c) The Company has not given guarantees and not provided security to any others. (Previous year - NIL)



Notes forming part of the Standalone Financial Statements

- 43** Pursuant to the notification issued by the central government under Foreign Trade Policy 2015-20 vide Notification no 29 dated September 23, 2021 the admissible rate on net foreign earnings has been revised to 5% from 7%. Accordingly, an impact of ₹ 12.24 million is recognised as an exceptional item.
- 44** The company has complied with the number of layers prescribed under Clause 87 of Sec.2 of the Act read with the Companies (Restriction on number of layers) Rules 2017.
- 45** During the financial year ended March 31, 2022, the company has entered into a Public Private Partnership (PPP) agreement with Food Safety and Standards Authority of India (FSSAI) to setup, operate and transfer (SOT) a National food Testing Laboratory (NFL) in JNPT, Mumbai. In accordance with the provisions of Ind AS 115, this arrangement has been considered as a “Service Concessionaire Arrangement” (SCA) and accordingly, revenue and costs are allocatable between those relating to lab setup services and those relating to operation and maintenance services. Further, the Company has acquired the right to charge the customer for the services to be rendered which has been assessed as an intangible asset. Consequently, the amount of revenues from operations and lab setup expenses for the year ended 31, 2022 ₹ 138.43 million respectively representing the revenues relating to lab setup services provided under SCA, the costs of fulfilling the contract and the right to charge the customer for the services to be rendered, respectively. (Refer Directors Report)
- 46** During the year, no scheme of arrangements has been approved by the competent authority in terms of Sec.230 to 237 of the Act, in which the company is a party.
- 47 a)** The company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies) including foreign entities (intermediaries) with the understanding (whether recorded in writing or otherwise) that the intermediary shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries); or (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- b) The company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- 48** Previous year figures have been regrouped/reclassified wherever necessary to correspond with current year classification and disclosure.

Per our report of even date attached.

For Gattamaneni & Co
Chartered Accountants
Firm Registration No. 009303S

For and on behalf of the Board of Directors

Dr. S. P. Vasireddi
Non-Executive Chairman
DIN : 00242288

Harita Vasireddi
Managing Director
DIN: 00242512

Harriman Vungal
ED-Operations
DIN : 00242621

G. Srinivasa Rao
Partner
Membership No. 210535

G Purnachandra Rao
Director
DIN : 00876934

D R Narahai Naidu
Chief Financial Officer

Sujani Vasireddi
Company Secretary

Place: Hyderabad
Date : May 12, 2022

Place: Hyderabad
Date : May 12, 2022

INDEPENDENT AUDITOR’S REPORT

To the Members of Vimta Labs Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **Vimta Labs Limited** (hereinafter referred to as the ‘Holding Company”) and its subsidiary (the Holding Company and its subsidiary together referred to as “the Group”), which comprise the Consolidated Balance Sheet as at March 31, 2022, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date, and notes to the consolidated financial statements, including a summary of the Significant Accounting Policies and other explanatory information (hereinafter referred to as “the consolidated financial statements”).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (“Ind AS”) and other accounting principles generally accepted in India, of the state of affairs of the Group as at March 31, 2022, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These

matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the Key Audit Matters to be communicated in our report.

Sl. No.	Key Audit Matter	How the matter was addressed in our audit
1.	<p>Provision for impairment loss in accounts receivables.</p> <p>The credit loss provision in respect of account receivables represent management’s best estimate of the credit losses incurred on the receivables at the balance sheet date.</p> <p>We have considered provisioning for credit loss as a key audit matter because of the significance of balance of trade receivables to the balance sheet and because of the calculation of credit loss provision is a complex area and requires management to make significant assumptions on customer payment behaviour and estimating the level and timing of expected future cash flows.</p> <p>Refer to Note No.11 to the Consolidated Financial statements.</p>	<p>In view of significance of the matter, we applied the following audit procedures in respect of this area, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> Understand and assess the management’s estimate and related policies used in the credit loss analysis. Obtained an understanding of and assessed the design, implementation and operating effectiveness of key controls relating to collection monitoring process, credit control process and estimation of expected credit losses. Reviewed the data flows from source systems to spreadsheet-based models to test their completeness and accuracy. For Expected Credit Loss (ECL) of trade receivables assessed on individual level by the management, examined on a test check basis, the objective evidence relating to the impairment of trade receivables and the key assumptions used in the estimate of the cash shortfalls and reviewed whether amounts have been recovered after the end of reporting period. For samples selected, circularized independent confirmations and where confirmations were not received, performed alternate testing procedures. This includes testing, on sample basis, subsequent collections for the outstanding receivables. Obtained debtors’ credit information on sample basis to ascertain whether the classification of debtors is in compliance with the company’s policy. Reviewed the management’s ageing analysis based on days past due by examining the original documents (such as invoices and bank deposit advices). <p>Verified the calculation of ECL of each type of trade receivables according to the provision matrix.</p>



Independent Auditors Report on Consolidated Financial Statements

Information other than the Consolidated Financial Statements and Auditor's Report thereon

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid .

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters

related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Holding company and its subsidiary company have adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated

financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial statements of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Group so far as it appears from our examination of those books.
 - (c) The Consolidated Financial Statements dealt with by this Report are in agreement with the relevant books of account.
 - (d) In our opinion, the consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
 - (e) On the basis of the written representations received from the directors and taken on record by the Board of Directors of each company, none of the directors of the Group is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Group and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the group's internal financial controls with reference to financial statements.
2. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Group, as detailed in Note No.33 to the consolidated financial statements, has disclosed the impact of pending litigations on its financial position as at 31st March 2022.
 - ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31st March 2022.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Subsidiary Company during the year ended 31st March 2022.



Independent Auditors Report on Consolidated Financial Statements

- iv.(A) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the companies to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the companies ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (B) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the companies from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the companies shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (C) Based on such audit procedures that we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (A) and (B) above contain any material mis-statement.
- (v) The dividend declared or paid during the year by the Holding company is in compliance with section 123 of the Companies Act, 2013. The Subsidiary company has not declared or paid dividend during the year.
3. As required by clause (xxi) of Para 3 of Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government in terms of section 143 (11) of the Act, we report that:
- There have been no qualifications or adverse remarks by the respective auditors in the CARO 2020 reports of the companies included in the Consolidated Financial Statements.
4. As required under Section. 197(16) of the Act, we report that:
- In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company to its directors during the year is in accordance with the provisions of section 197 of the Act. We further report that the subsidiary company has not paid or provided for any managerial remuneration during the year covered under audit.

For GATTAMANENI & CO.,
Chartered Accountants
(Firm.Regn.No:009303S)

G. SRINIVASARAO
Partner

Place: Hyderabad
Date: May 12, 2022

(ICAI Ms. No. 210535)
UDIN: 22210535AIYUNV2416

Annexure – A to the Independent Auditor’s Report

(Referred to in paragraph 1(f) under “Report on Other Legal and Regulatory Requirements” section of our report of even date on the consolidated financial statements of Vimta Labs Limited)

Report on the Internal Financial Controls with reference to Financial Statements under Clause (i) of Sub-section (3) of Section 143 of the Companies Act, 2013

We have audited the Internal Financial Controls with reference to financial statements of **VIMTA LABS LIMITED** (“the Holding Company”) and its Subsidiary company (Holding company and its subsidiary together referred to as “Group”) as of March 31, 2022 in conjunction with our audit of the consolidated financial statements for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its Subsidiary company are responsible for establishing and maintaining Internal Financial Controls based on the internal controls with reference to financial statements criteria established by the Holding company and its subsidiary company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (“The Guidance Note”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding company and its subsidiary company, based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls

with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system with reference to financial statements of the Holding Company and its subsidiary company.

Meaning of Internal Financial Controls with reference to financial statements

A company’s internal financial controls with reference to financial statements is a process designed 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. A company’s internal financial controls with reference to financial statements includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.



Independent Auditors Report on Consolidated Financial Statements

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Holding Company and subsidiary company have, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of Internal Financial Control stated in the Guidance Note.

For GATTAMANENI & CO.,
Chartered Accountants
(Firm.Regn.No:009303S)

G. SRINIVASARAO

Partner

(ICAI Ms. No. 210535)

UDIN: 22210535AIYUNV2416

Place: Hyderabad

Date: May 12, 2022

Consolidated Balance Sheet as at March 31, 2022

(Amount in INR millions, unless otherwise stated)

Particulars	Note No	As at 31 March 2022	As at 31 March 2021
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	5A	1,497.76	1,291.66
(b) Capital works-in-progress	6	3.07	174.62
(c) Goodwill		55.80	55.80
(d) Intangible Assets	5B	133.59	-
(e) Financial assets			
(i) Other financial assets	13A	24.99	22.35
(f) Deferred Tax Assets (Net)	8A	20.68	9.66
(g) Other non-current assets	9A	92.52	84.12
Total Non-Current assets		1,828.41	1,638.21
Current assets			
(a) Inventories	10	173.76	146.35
(b) Financial assets			
(i) Trade receivables	11	769.36	734.56
(ii) Cash and cash equivalents	12A	108.00	61.93
(iii) Bank balances other than (ii) above	12B	6.19	6.03
(iv) Loans	7	0.98	1.37
(v) Other financial assets	13B	8.80	13.81
(c) Other current assets	9B	176.48	141.31
Total Current assets		1,243.57	1,105.36
TOTAL ASSETS		3,071.98	2,743.57
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	14	44.22	44.22
(b) Other equity	15	2,295.62	1,899.60
Total equity		2,339.84	1,943.82
Liabilities			
Non-Current Liabilities			
(a) Financial liabilities			
(i) Borrowings	16A	126.63	142.36
(b) Provisions	17A	71.49	79.23
(c) Deferred tax liabilities (Net)	8B	0.74	0.70
(d) Other non-current liabilities	18	55.79	38.35
Total Non Current Liabilities		254.65	260.64
Current Liabilities			
(a) Financial liabilities			
(i) Borrowings	16B	66.78	161.79
(ii) Trade payables	19		
- Outstanding dues of micro enterprises and small enterprises		14.01	24.16
- Outstanding dues of creditors other than micro enterprises and small enterprises		109.40	124.14
(iii) Other financial liabilities	20	151.55	128.87
(b) Other current liabilities	21	100.07	64.21
(c) Provisions	17B	35.68	35.94
Total Current Liabilities		477.49	539.11
TOTAL EQUITY AND LIABILITIES		3,071.98	2,743.57

The accompanying significant accounting policies and explanatory notes are an integral part of the consolidated financial statements.

Per our report of even date attached.

For Gattamaneni & Co

Chartered Accountants

Firm Registration No. 0093035

G. Srinivasa Rao

Partner

Membership No. 210535

Place: Hyderabad

Date : May 12, 2022

For and on behalf of the Board of Directors

Dr. S. P. Vasireddi

Non-Executive Chairman
DIN : 00242288

G Purnachandra Rao

Director
DIN : 00876934

Place: Hyderabad

Date : May 12, 2022

Harita Vasireddi

Managing Director
DIN: 00242512

D R Narahai Naidu

Chief Financial Officer

Harriman Vungal

ED-Operations
DIN : 00242621

Sujani Vasireddi

Company Secretary

Consolidated Statement of Profit and Loss

for the year ended March 31, 2022

(Amount in INR millions, unless otherwise stated)

Particulars	Note No	Year Ended 31 March 2022	Year Ended 31 March 2021
I. Income			
Revenue from Operations	22	2,782.79	2,106.79
Other Income	23	14.49	8.29
Total Income		2,797.28	2,115.08
II. Expenses			
Cost of material consumed and testing expenditure	24A	650.87	581.30
Cost of lab setup	24B	138.43	-
Changes in inventories of work-in-progress	25	2.66	29.84
Employee benefits expense	26	759.81	607.78
Finance costs	27	14.98	21.68
Depreciation expense	5	233.29	230.78
Other expenses	28	428.15	358.30
Total Expenses		2,228.19	1,829.68
Profit before tax and exceptional item		569.09	285.40
Exceptional item	41	12.24	-
III. Profit before tax [I-II]		556.85	285.40
IV. Tax expense	29		
(a) Current tax		149.37	76.26
(b) Prior year adjustments		4.48	-
(c) Deferred tax (benefit)/expense		(10.30)	(4.91)
Total Tax Expense		143.55	71.35
V. Profit for the year [III-IV]		413.30	214.05
VI. Other comprehensive Income			
Items that will not be reclassified to profit or loss			
(a) Re-measurement of the net defined liability		(2.71)	1.34
(b) Income tax relating to the above item		0.68	(0.34)
Total other comprehensive income/(loss), net of tax		(2.03)	1.00
VII. Total Comprehensive income for the year [V+VI]		411.27	215.05
VIII. Earnings per share	30		
Basic (INR)		18.70	9.68
Diluted (INR)		18.32	9.68

The accompanying significant accounting policies and explanatory notes are an integral part of the consolidated financial statements.

Per our report of even date attached.

For Gattamaneni & Co

Chartered Accountants

Firm Registration No. 009303S

G. Srinivasa Rao

Partner

Membership No. 210535

Place: Hyderabad

Date : May 12, 2022

For and on behalf of the Board of Directors

Dr. S. P. Vasireddi

Non-Executive Chairman

DIN : 00242288

G Purnachandra Rao

Director

DIN : 00876934

Place: Hyderabad

Date : May 12, 2022

Harita Vasireddi

Managing Director

DIN: 00242512

D R Narahai Naidu

Chief Financial Officer

Place: Hyderabad

Date : May 12, 2022

Harriman Vungal

ED-Operations

DIN : 00242621

Sujani Vasireddi

Company Secretary

Consolidated Statement of Cash Flows for the year ended March 31, 2022

(Amount in INR millions, unless otherwise stated)

Particulars	Year Ended 31 March 2022	Year Ended 31 March 2021
Cash flow from operating activities		
Profit before tax	556.85	285.40
<u>Adjustments to reconcile profit before tax to net cash flows:</u>		
- Depreciation expense	233.30	230.78
- Interest Cost paid	10.69	17.28
- Impairment loss on receivables	13.14	21.57
- Bad Debts written off	42.98	31.69
- Loss on sale of assets	(0.42)	0.17
- Liabilities no longer required written back	(0.53)	(0.33)
- Interest Income received	(8.71)	(4.19)
- Income from Government Grants	(4.59)	(3.36)
- Unrealised foreign exchange gains and losses (net)	(1.01)	(1.31)
<u>Adjustments for changes in working capital:</u>		
- (Increase)/decrease in inventories	(27.42)	24.95
- (Increase)/decrease in trade receivables	(91.60)	(207.47)
- (Increase)/decrease in loans and financial assets	24.98	(2.63)
- (Increase)/decrease in other financial assets	0.02	-
- (Increase)/decrease in other assets	(29.62)	(12.94)
- Increase/(decrease) in employee benefit obligations	(11.06)	7.60
- Increase/(decrease) in trade payables	(23.21)	42.71
- Increase/(decrease) in other financial liabilities	15.04	(25.91)
- Increase/(decrease) in other current liabilities	58.26	39.90
Cash generated from/(used in) operations	757.09	443.91
Income tax paid	(166.40)	(72.09)
Net cash flows generated from/(used in) operating activities (A)	590.69	371.82
Cash flow from Investing activities		
Payment for property, plant and equipment and capital work-in-progress	(297.83)	(330.89)
Proceeds from sale/disposal of property, plant and equipment	0.42	1.99
Payments for Purchase of Intangible Assets	(89.41)	-
Redemption/(Investment) in fixed deposits (Net)	(0.16)	5.66
Interest Income received	8.50	4.00
Net cash flow generated from/(used in) investing activities (B)	(378.48)	(319.24)
Cash flow from Financing activities		
Payment of Dividend	(44.22)	-
Repayment of Long term Borrowings	(76.96)	(96.46)
Proceeds from Long term Borrowings	44.88	162.98
Proceeds from/ (repayment of) short-term borrowings	(82.07)	(94.97)
Interest Cost paid	(7.77)	(17.25)
Net cash flow generated from/(used in) financing activities (C)	(166.14)	(45.70)
Net increase in cash and cash equivalents (A+B+C)	46.07	6.88
Cash and cash equivalents at the beginning of the year	61.93	55.05
Cash and cash equivalents at the end of the year	108.00	61.93
Cash and cash equivalents comprise (Refer note 12A)		
Balances with banks in current & deposit accounts	107.52	61.53
Cash on hand	0.48	0.40
Total cash and cash equivalents at end of the year	108.00	61.93

The accompanying significant accounting policies and explanatory notes are an integral part of the consolidated financial statements.

Per our report of even date attached.

For Gattamaneni & Co

Chartered Accountants

Firm Registration No. 009303S

G. Srinivasa Rao

Partner

Membership No. 210535

Place: Hyderabad

Date : May 12, 2022

For and on behalf of the Board of Directors

Dr. S. P. Vasireddi

Non-Executive Chairman

DIN : 00242288

G Purnachandra Rao

Director

DIN : 00876934

Place: Hyderabad

Date : May 12, 2022

Harita Vasireddi

Managing Director

DIN: 00242512

D R Narahai Naidu

Chief Financial Officer

Harriman Vungal

ED-Operations

DIN : 00242621

Sujani Vasireddi

Company Secretary



Consolidated Statement of changes in equity

for the year ended March 31, 2022

(Amount in INR millions, unless otherwise stated)

(A) Equity share capital

Particulars	No. of Shares	Amount
Equity shares of ₹ 2/- each issued, subscribed and fully paid		
Balance as at April 1, 2020	22,107,810	44.22
Add/Less: Changes during the year	-	-
Balance as at March 31, 2021	22,107,810	44.22
Add/Less: Changes during the year	-	-
Balance as at March 31, 2022	22,107,810	44.22

(B) Other equity

Particulars	Securities Premium	General Reserve	Retained Earnings	Share based payment reserve	Other Comprehensive Income	Total
Opening Balance as of April 1, 2020	773.73	86.40	841.88	-	(17.46)	1,684.55
Add: Profit for the year	-	-	214.05	-	-	214.05
Less: Dividend on Equity Shares	-	-	-	-	-	-
Add: Other comprehensive income/(loss) for the year	-	-	-	-	1.00	1.00
Closing Balance as of March 31, 2021	773.73	86.40	1,055.93	-	(16.46)	1,899.60
Balance as of April 1, 2021	773.73	86.40	1,055.93	-	(16.46)	1,899.60
Add: Profit for the year	-	-	413.30	-	-	413.30
Less: Dividend on Equity Shares	-	-	44.22	-	-	44.22
Add: Expense arising from equity-settled share-based payment transactions (Refer note 27)	-	-	-	28.97	-	28.97
Add: Other comprehensive income/(loss) for the year	-	-	-	-	(2.03)	(2.03)
Balance as of March 31, 2022	773.73	86.40	1,425.01	28.97	(18.49)	2,295.62

The accompanying significant accounting policies and explanatory notes are an integral part of the consolidated financial statements.

Per our report of even date attached.

For Gattamaneni & Co

Chartered Accountants
Firm Registration No. 009303S

G. Srinivasa Rao

Partner
Membership No. 210535

Place: Hyderabad

Date : May 12, 2022

For and on behalf of the Board of Directors**Dr. S. P. Vasireddi**

Non-Executive Chairman
DIN : 00242288

G Purnachandra Rao

Director
DIN : 00876934

Place: Hyderabad

Date : May 12, 2022

Harita Vasireddi

Managing Director
DIN: 00242512

D R Narahai Naidu

Chief Financial Officer

Harriman Vungal

ED-Operations
DIN : 00242621

Sujani Vasireddi

Company Secretary

Notes

forming part of the consolidated financial statements

1 General Information

Vimta Labs Limited (the Company or the Holding Company) is a public limited company domiciled in India and was incorporated on November 16, 1990 under the provisions of the Companies Act, 1956. The registered office of the Company is situated at 141/2 & 142, IDA Phase II, Cherlapally, Hyderabad – 500 051. The Company is a leading contract research and testing services provider in India. The Company's equity shares are listed at Bombay Stock Exchange and National Stock Exchange of India Limited.

The consolidated financial statements are approved for issue by the Board of Directors at its meeting held on 12th May 2022.

2 Significant accounting policies

2.1 Basis of Preparation of Consolidated Financial Statements

(a) Statement of Compliance with Ind AS

The consolidated financial statements of the Company along with its subsidiaries (together referred to as "Group") have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016, as amended from time to time and other relevant provisions of the Act.

Accounting policies have been consistently applied to all the years presented except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The financial statements have been prepared for the Group as a going concern on the basis of relevant Ind AS that are effective at the Group's annual reporting date.

(b) Principles of consolidation

The Company consolidates all entities which are controlled by it. The Company establishes control when; it has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect the entity's returns by using its power over relevant activities of the entity. Entities controlled by the Company are consolidated from the date control commences until the date control ceases.

The financial statements of the Group companies are consolidated on a line-by-line basis and intra-group balances and transactions including unrealized gain / loss from such transactions are eliminated upon consolidation. All inter-company transactions, balances, income and expenses are eliminated in full on consolidation. Changes in the Company's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to shareholders of the Company.

Interest in the subsidiary

Emtac Laboratories Private Limited ("subsidiary") is as a wholly owned subsidiary of the Company.

(c) Basis of measurement

The consolidated financial statements have been prepared on historical cost convention and on accrual basis, except for the following items in the balance sheet:

- i) Certain financial assets and liabilities measured either at fair value or amortised cost depending on the classification;
- ii) Defined employee benefit liabilities are recognised at the present value of defined benefit obligation adjusted for fair value of plan assets;

(d) Current and non-current classification

All assets and liabilities have been classified as current or non-current as per the Group's operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of services and the time between the rendering of service and their realization in cash and cash equivalents, the Group has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle



- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

A liability is classified as current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

Current assets / liabilities include the current portion of non-current assets / liabilities respectively. All other assets / liabilities including deferred tax assets and liabilities are classified as non-current.

(e) Use of estimates

The preparation of consolidated financial statements in conformity with Ind AS requires the management of the Group to make judgments, estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of income and expenses during the reported period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

(f) Fair value measurement

The Group's accounting policies and disclosures require the measurement of fair values, for certain financial and non-financial assets and liabilities based on their classification.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In estimating the fair value of an asset or liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.2 Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost comprises of purchase price, freight, non-refundable taxes and duties, specified foreign exchange gains or losses and any other cost attributable to bring the asset to its working condition for its intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company/Subsidiary and the cost of the item can be measured reliably. All other repairs and maintenance are charged to Statement of Profit and Loss during the year in which they are incurred.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances and the cost of assets not ready to use before such date are disclosed under 'Capital work-in-progress' and hence not depreciated.

Depreciation methods, estimated useful lives

Depreciable amount for assets is the cost of an asset or other amount substituted for cost, less its estimated

residual value. Depreciation on property, plant and equipment is provided on straight-line method over their estimated useful lives which are the same as prescribed in Schedule II to the Companies Act except for the following:

Particulars	Useful Life as per Management Estimate	Useful Life as per Schedule II of the Act
Plant and Equipment	6.67 - 15 years	10-15 years
Computer Servers	3 Years	6 years

Based on the technical experts assessment of useful life, certain items of property plant and equipment are being depreciated over useful lives different from the prescribed useful lives under Schedule II to the Companies Act, 2013. The management has assessed the useful life of such assets on the basis of technical expert advice and past experience in the industry as it believes that such estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Depreciation on addition to property plant and equipment is provided on pro-rata basis from the date of acquisition. Depreciation on sale/deduction from property plant and equipment is provided up to the date of sale/deduction, as the case may be. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in Statement of Profit and Loss.

Assets held for sale

Non-current assets held for sale are measured at the lower of their carrying value and fair value of the assets less costs to sale. Assets and liabilities classified as held for sale are presented separately in the balance sheet. Property, plant and equipment once classified as held for sale are not depreciated/amortised.

2.3 Intangible Assets

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, other economic factors etc. Amortization methods and useful lives are reviewed periodically including at each financial year end.

Subsequent expenditure

Subsequent expenditure is capitalised only when it

increases the future economic benefits embodied in the specific asset to which it relates.

Amortisation

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period, with the effect of any change in the estimate being accounted for on a prospective basis. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Operating rights 3-10 Years

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

2.4 Impairment of non-financial assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired, based on internal or external factors. If any such indication exists, the Group estimates the recoverable amount of the asset or the cash generating unit. If such recoverable amount of the asset or cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. Impairment losses previously recognised are accordingly reversed in the Statement of Profit and Loss.

2.5 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

Initial recognition and measurement

All financial assets are recognised in balance sheet when, and only when, the entity becomes party to



the contractual provisions of the instrument and initially measured at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset or liability are added to or deducted from the fair value.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments and equity instruments at fair value through profit or loss (FVTPL) and
- Equity instruments measured at FVTOCI"

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category covers Trade Receivables, Loans, Cash & Bank Balances and Other Receivables.

Debt instruments at fair value through other comprehensive income (FVTOCI)

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified to the Statement of Profit and Loss. Interest earned while holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instruments and equity instruments at fair value through profit or loss (FVTPL)

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

Debt and Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Equity instruments measured at FVTOCI

All equity investments in the scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Group decides to classify the same either as at FVTOCI or FVTPL. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

De-recognition

The Group de-recognises a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to

what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss for the following financial assets and credit risk exposures:

- a) Financial assets that are debt instruments and are measured at amortised cost e.g., loans, deposits and bank balance
- b) Trade Receivables that result from transactions that are within the scope of Ind AS 115.

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Group to track changes in credit risk. It recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analysed.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 quarter ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then

the entity reverts to recognising impairment loss allowance based on 12 quarter ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 quarter ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date. ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive.

When estimating the cash flows, the Group is required to consider:

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

(b) Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.



Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

This category generally applies to interest-bearing loans and borrowings.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid as per agreed terms. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.6 Taxes

Tax expense for the year, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the year.

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the year end date.

The Group recognises interest levied and penalties related to income tax assessments in interest expense.

(b) Deferred tax

Deferred tax is provided using the Balance Sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.7 Inventories

Inventories consist of chemicals and consumables, stores and spares, are measured at the lower of cost and net realisable value. Cost includes purchase price, duties and taxes (other than those subsequently recoverable by the Group from the concerned revenue authorities), freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. In determining the cost, First In First Out (FIFO) method is used. The carrying cost of inventories are appropriately written down when there is a decline in replacement cost of such materials.

Work in progress are valued at the lower of cost and net realisable value. Cost of work in progress is determined on the basis of cost and on the cost which comprises direct material consumed and human resource cost.

2.8 Provisions and contingent liabilities

Provisions are recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the year end.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Contingent liabilities and assets are not recognised in consolidated financial statements. A disclosure of the contingent liability is made when there is a possible or a present obligation that may, but probably will not, require an outflow of resources.

2.9 Revenue Recognition

Rendering of services

The Group primarily earns revenue from Contract research and testing services.

Revenue is recognised upon transfer of control of promised services to customers in an amount that reflects the consideration the Group expect to receive in exchange for those services.

Revenue from providing services is recognised in the accounting period in which such services are rendered.

At contract inception, the Group assesses its promise to transfer services to a customer to identify separate performance obligations. The Group applies judgment to determine whether each service promised to a customer is capable of being distinct, and are distinct

in the context of the contract, if not, the promised services are combined and accounted as a single performance obligation. The Group allocates the arrangement consideration to separately identifiable performance obligation based on their relative stand-alone selling price or residual method.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

Revenues in excess/short of invoicing are classified as assets/liabilities, as the case may be.

Export incentives

Export incentives are recognised when the right to receive the credit is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds and utilization of export incentives within its validity period.

Interest

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's gross carrying amount on initial recognition. Interest income is included in other income in the Statement of Profit and Loss.

Service Concession Arrangements

The group constructs or upgrades infrastructure (construction or upgrade services) used to provide a public service and operates and maintains that infrastructure (operation services) for a specified period of time. These arrangements may include Infrastructure used in a public-to-private service concession arrangement for its entire useful life.

Under Appendix C to Ind AS 115 – Service Concession Arrangements, these arrangements are accounted for based on the nature of the consideration. The intangible asset model is used to the extent that the operator receives a right (i.e. a concessionaire) to charge users of the public service.

The financial model is used when the operator has an unconditional contractual right to receive cash or other financial assets from or at the direction of the grantor for the construction service. When the



unconditional right to receive cash covers only part of the service, the two models are combined to account separately for each component. If the operator performs more than one service (i.e. construction, upgrade services and operation services) under a single contract or arrangement, consideration received or receivable is allocated by reference to the relative fair values of the service delivered, when the amount are not separately identifiable.

The intangible asset is amortised over the shorter of the estimated period of future economic benefits which the intangible assets are expected to generate or the concession period, from the date they are available for use.

An asset carried under concession arrangements is derecognised on disposal or when no future economic benefits are expected from its future use or disposal.

The group recognises a financial asset to the extent that it has an unconditional right to receive cash or another financial asset from or at the direction of the grantor. In case of annuity based carriageways, the group recognises financial asset.

2.10 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to income are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to the profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

2.11 Foreign Currency Transactions

(a) Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is the Group's functional and presentation currency.

(b) Transactions and balances

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the functional

currency and the foreign currency at the date of the transaction. Gains/Losses arising out of fluctuation in foreign exchange rate between the transaction date and settlement date are recognised in the Statement of Profit and Loss.

All monetary assets and liabilities in foreign currencies are restated at the year end at the exchange rate prevailing at the year end and the exchange differences are recognised in the Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

2.12 Retirement and other Employee Benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the year in which the employees render the related service are recognized in respect of employees' services up to the end of the year and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(b) Other long-term employee benefit obligations

(i) Defined contribution plan

Provident Fund: Contribution towards provident fund is made to the regulatory authorities, where the Group has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Group does not carry any further obligations, apart from the contributions made on a monthly basis which are charged to the Statement of Profit and Loss.

Employee's State Insurance Scheme: Contribution towards employees' state insurance scheme is made to the regulatory authorities, where the Group has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Group does not carry any further obligations, apart from the contributions made on a monthly basis which are charged to the Statement of Profit and Loss.

(ii) Defined benefit plans

The Group has gratuity as defined benefit plan where the amount that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The Group has subscribed to gratuity scheme of Life Insurance Corporation of India ('LIC') to which the Group

makes periodic Funding. Under the said policy, the eligible employees are entitled for gratuity upon their resignation, retirement, incapacitation, termination or in the event of death in lump sum after deduction of necessary taxes, as applicable. The liability in respect of defined benefit plans is calculated using the projected unit credit method consistent with the advice of qualified actuaries. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms of maturity approximating to the terms of the related defined benefit obligation.

The current service cost of the defined benefit plan, recognised in the statement of profit and loss under employee benefit expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements.

Past Service costs are recognised in statement of profit and loss in the period of plan amendment. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and fair value of plan assets. The cost is included in the employee benefit expenses in the statement of profit and loss. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

Compensated Absences (Leave Encashment):

The Group's current policy permits employees to accumulate and carry forward a portion of their unutilised compensated absences and utilise/encash them in future periods in accordance with the terms of such policies. The Group measures the expected cost of accumulated absences as the additional amount that the Group incurs as a result of the unused entitlements that has accumulated at the balance sheet date and charge to Statement of Profit and loss. The Group's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Such measurement is based on actuarial valuation at the balance sheet date carried out by a qualified actuary. Actuarial losses/gains are recognized in the statement of profit and loss in the year in which they arise.

(c) **Share-based payment arrangements**

The stock options granted to employees in terms of the Employee Stock Options Schemes, are measured at the fair value of the options at the grant date. The

fair value of the options is treated as discount and accounted as employee compensation cost over the vesting period on a straight-line basis. The amount recognised as expense in each year is arrived at based on the number of grants expected to vest. If a grant lapses after the vesting period, the cumulative discount recognised as expense in respect of such grant is transferred to the general reserve within equity.

2.13 Leases (as a lessee)

The Group has applied Ind AS 116 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under Ind AS 17.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following: –

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and



- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short term leases of real estate properties that have a lease term of 12 months. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.14 Borrowing Costs

Borrowing costs consist of interest, ancillary costs and other costs in connection with the borrowing of funds and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to interest costs.

Borrowing costs attributable to acquisition and/or construction of qualifying assets are capitalised as a part of the cost of such asset, up to the date such assets are ready for their intended use. Other borrowing costs are charged to the Statement of Profit and Loss.

2.15 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the Group's earnings per share is the net profit or loss for the year after

deducting preference dividends and any attributable tax thereto for the year. The weighted average number of equity shares outstanding during the year and for all the years presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares.

2.16 Dividend Distributions

The Company recognizes a liability to make the payment of dividend to owners of equity, when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

2.17 Cash Flows

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payment and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

2.18 Segment Reporting

The management has assessed the identification of reportable segments in accordance with the requirements of Ind AS 108 'Operating Segment' and believes that the Group has only one reportable segment namely "Contract Research and Testing Services".

2.19 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks, cash on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

2.20 Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the fair value of net identifiable assets acquired and liabilities assumed. If the fair value of the net assets

acquired is in excess of the aggregate consideration transferred, the group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in other comprehensive income and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognizes the gain directly in equity as capital reserve, without routing the same through other comprehensive income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

3 Significant accounting judgments, estimates and assumptions

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

3.1 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the year end date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Leases

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any

periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

(b) Deferred Taxes

The assessment of the probability of future taxable profit in which deferred tax assets can be utilised is based on the Group's latest approved forecast, which is adjusted for significant non-taxable profit and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the jurisdiction in which the Group operates are also carefully taken into consideration. If a positive forecast of taxable profit indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full.

(c) Defined benefit plans (gratuity benefits and leave encashment)

"The cost of the defined benefit plans such as gratuity and leave encashment are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future due to changing market and economic conditions, regulatory events, judicial rulings, higher or lower withdrawal rates, or longer or shorter participant life spans.

The assumptions include determination of the discount rate, salary growth rate, mortality rate, retirement age and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each year end.

(d) Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate



about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

(e) Impairment of financial assets

The impairment provisions of financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(f) Impairment of non-financial assets

An impairment loss is recognised for the amount by which an asset's or cash-generating unit's carrying amount exceeds its recoverable amount to determine the recoverable amount, management estimates expected future cash flows from each asset or cash generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Group's assets.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

(g) Research and Developments Costs

Management monitors progress of internal research and development projects by using a project management system. Significant judgment is required in distinguishing research from the development phase. Development costs are recognised as an asset when all the criteria are met, whereas research costs are expensed as incurred. Management also monitors whether the recognition requirements for development costs continue to be met. This is necessary due to inherent uncertainty in the economic success of any product development.

(h) Property, Plant and Equipment

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted prospectively, as appropriate.

(i) Current income taxes

Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being

sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods. The recognition of taxes that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

(j) Provision for expected credit losses (ECL) of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due across all segments. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

(k) Significant judgements

In the process of applying the Group's accounting policies, the management has made the following judgements, which have the most significant effect on the amounts recognized in these consolidated financial statements

Determination of applicability of Appendix C of Service Concession Arrangement ('SCA'), under Ind AS - 115 'Revenue from contracts with customers'

Holding Company, have entered into concession agreements with Food Safety and Standards Authority of India ('FSSAI') to setup, operate and transfer (SOT) a National food Testing Laboratory (NFL) in JNPT, Mumbai. The management of the Group conducted detailed analysis to determine applicability of SCA. The concession agreements of these entities, have significant non-regulated revenues, this arrangement has been considered as a "Service Concessionaire Arrangement" (SCA) and accordingly, revenue and costs are allocatable between those relating to lab setup services and those relating to operation and maintenance services. Further, the Company has acquired the right to charge the customer for the services to be rendered which has been assessed as an intangible asset.

4 Standards (including amendments) issued but not yet effective

Ministry of Corporate Affairs (“MCA”) notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, as below.

IND AS 16 - Property Plant and equipment

The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant and equipment. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022. The company has evaluated the amendment and there is no impact on its financial statements.

IND AS 37 - Provisions, Contingent Liabilities and Contingent Assets

The amendment specifies that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract ₹. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022, although early adoption is permitted. The company has evaluated the amendment and the impact is not expected to be material.



Notes forming part of the Consolidated Financial Statements

(Amount in INR millions, unless otherwise stated)

5 Property Plant and Equipment

Particulars	Gross Carrying Value			Accumulated Depreciation			Net Carrying Value		
	As at 1 April 2021	Additions/ Adjustments	Deductions/ Adjustments	As at 31 March 2022	As at 1 April 2021	Charge for the year	Deductions/ Adjustments	As at 31 March 2022	As at 31 March 2021
(A) Tangible Assets									
Land	21.88	-	-	21.88	-	-	-	21.88	21.88
Buildings	575.44	72.72	-	648.16	62.51	13.14	-	572.51	512.93
Furniture & Fixtures	114.87	17.27	8.09	124.05	63.23	9.88	3.00	53.94	51.64
Plant & Equipment	1,231.74	368.09	108.19	1,491.64	630.53	170.92	64.49	754.68	601.21
Electrical Installation	32.30	-	-	32.30	29.22	1.44	-	1.64	3.08
Office Equipment	19.49	5.35	0.69	24.15	15.74	2.17	0.52	6.76	3.75
Computers	154.83	20.17	1.16	173.84	72.20	27.49	1.09	75.24	82.63
Vehicles	27.92	-	-	27.92	13.40	3.41	-	11.11	14.52
Total-5A	2,178.47	483.60	118.13	2,543.94	886.83	228.45	69.10	1,497.76	1,291.64
(B) Intangible Assets									
Operating rights	-	138.43	-	138.43	-	4.84	-	133.59	-
Total-5B	-	138.43	-	138.43	-	4.84	-	133.59	-
Total- (5A+5B)	2,178.47	622.03	118.13	2,682.37	886.83	233.29	69.10	1,631.35	1,291.64

Note:

- (i) Title deeds of all the immovable properties are held in the name of the company.
- (ii) The company has not held / dealt in investment property during the year.
- (iii) The company has not revalued its Property, Plant and Equipment (including the Right of use assets) and intangible assets during the year under review
- (iv) Refer Note No. 16 of the Consolidated financial statements for disclosures relating to property, plant and equipment pledged as security by the Company.
- (v) Refer Note No. 33.B of the Consolidated financial statements for disclosures relating to contractual commitments for acquisition of property, plant and equipment.
- (vi) The company has no intangible assets under development, whose completion is overdue or has exceeded its cost compared to its original plan.

(Amount in INR millions, unless otherwise stated)

6 Capital work-in-progress

Particulars	As at 31 March 2022	As at 31 March 2021
Property, Plant & Equipment (under erection/ installation)		
Opening balance	174.62	18.20
Add: Additions during the year	3.07	171.70
Less: Capitalised during the year	174.62	15.28
TOTAL	3.07	174.62

Note: The amount of Borrowing costs capitalised to CWIP during the year ended March 31, 2022 was ₹ 6.77 million (March 31, 2021 ₹ 1.13 million)

31 March 2022

Particulars	Amount in CWIP for a period of				
	< 1 Year	1-2 Years	2-3 Years	> 3 Years	Total
Projects in progress	3.07	-	-	-	3.07
Projects temporarily suspended	-	-	-	-	-
TOTAL	3.07	-	-	-	3.07

CWIP	To be completed in				
	< 1 Year	1-2 Years	2-3 Years	> 3 Years	Total
Pre-clinical Department	3.07	-	-	-	3.07
Others	-	-	-	-	-
TOTAL	3.07	-	-	-	3.07

31 March 2021

Particulars	Amount in CWIP for a period of				
	< 1 Year	1-2 Years	2-3 Years	> 3 Years	Total
Projects in progress	174.62	-	-	-	174.62
Projects temporarily suspended	-	-	-	-	-
TOTAL	174.62	-	-	-	174.62

CWIP	To be completed in				
	< 1 Year	1-2 Years	2-3 Years	> 3 Years	Total
Electrical & Electronic Testing Project	154.98	-	-	-	154.98
Others	19.64	-	-	-	19.64
TOTAL	174.62	-	-	-	174.62

7. Financial Assets

Particulars	As at 31 March 2022	As at 31 March 2021
Loans Current - considered good, unsecured		
Loans - Employees	0.98	1.37
TOTAL	0.98	1.37

Note: The company has not granted any loans or advances in the nature of loans to promoters, directors, KMPS and the related parties (as defined under Companies Act, 2013), either severally or jointly with any other person that are repayable on demand; or without specifying any terms or period of repayment



Notes forming part of the Consolidated Financial Statements

(Amount in INR millions, unless otherwise stated)

8 Deferred tax Assets/(liabilities) (Net)

Particulars	As at 31 March 2022	As at 31 March 2021
A. Holding Company:		
(a) Deferred tax liability on account of		
- property, plant and equipment	26.37	29.18
(b) Deferred tax asset on account of		
- Gratuity	17.70	12.95
- Compensated absences	9.19	9.74
- Bonus	3.40	2.70
- Impairment loss on trade receivables	16.76	13.45
	47.05	38.84
Total Deferred Tax Assets/(Liabilities) (Net)	20.68	9.66
B. Subsidiary Company:		
(a) Deferred tax liability on account of		
- property, plant and equipment	0.83	0.77
(b) Deferred tax asset on account of		
- Gratuity	0.07	-
- Compensated absences	0.02	-
- Other employee benefits	-	-
- Impairment loss on trade receivables	-	0.07
	0.09	0.07
Total Deferred Tax Assets/(Liabilities) (Net)	(0.74)	(0.70)

Movement in the Deferred Tax Assets/(Liabilities):

Particulars	Employee benefit expenses	Property, plant and equipment	Impairment loss on trade receivables	Total
Opening balance as of April 1, 2020	33.19	(36.10)	8.02	5.11
<u>Charged/(credited)</u>				
- to profit	(7.46)	6.92	5.43	4.89
- to OCI	(0.34)	-	-	(0.34)
Closing balance as at March 31, 2021	25.39	(29.18)	13.45	9.66
Opening balance as of April 1, 2021	25.39	(29.18)	13.45	9.66
<u>Charged/(credited)</u>				
- to profit	4.21	2.81	3.31	10.33
- to OCI	0.69	-	-	0.69
Closing balance as at March 31, 2022	30.29	(26.37)	16.76	20.68
Opening balance as of April 1, 2020	-	(0.72)	-	(0.72)
<u>Charged/(credited)</u>				
- to profit	-	(0.05)	0.07	0.02
- to OCI	-	-	-	-
Closing balance as at March 31, 2021	-	(0.77)	0.07	(0.70)
Opening balance as of April 1, 2021	-	(0.77)	0.07	(0.70)
<u>Charged/(credited)</u>				
- to profit	0.09	(0.06)	(0.07)	(0.04)
- to OCI	-	-	-	-
Closing balance as at March 31, 2022	0.09	(0.83)	-	(0.74)

(Amount in INR millions, unless otherwise stated)

9 Other Assets

Particulars	As at 31 March 2022	As at 31 March 2021
(A) Other Non-Current assets (Unsecured, considered good)		
Capital advances	7.72	13.25
Income tax assets (Net)	84.80	70.87
TOTAL	92.52	84.12
(B) Other Current Assets (Unsecured, Considered good)		
Prepaid expenses	34.05	35.35
Advances for services and supplies	33.31	10.29
Balance with government authorities	18.48	12.16
Export incentives	83.60	75.49
Advance for Expenses	7.04	8.02
TOTAL	176.48	141.31

Note: Due by Directors or other officers of the company or any of them either severally or jointly with any other persons or due by firms / private companies in which any Director is a Partner or a Director or a Member

Nil

Nil

10 Inventories

Particulars	As at 31 March 2022	As at 31 March 2021
Valued at the lower of cost and net realisable value		
Chemicals and consumables	157.41	130.86
Stores and spares	14.20	10.68
Work-in-progress	2.15	4.81
TOTAL	173.76	146.35

Note:

(i) Refer Note No. 16 for disclosures relating to inventories offered as security for the borrowings.

11 Trade Receivables

Particulars	As at 31 March 2022	As at 31 March 2021
Unsecured		
Trade receivables - considered good	769.36	734.56
Trade receivables - credit impaired	66.57	53.72
Gross Trade receivables	835.93	788.28
Less : Impairment allowance for trade receivables - credit impaired	66.57	53.72
TOTAL	769.36	734.56

Note:

(i) Due by directors or other officers of the company or any of them either severally or jointly with any other person, or debts due by firms or private companies respectively in which any director is a partner or a director or a member ₹ 3.23 Mn (Previous year ₹ Nil).

(ii) Refer Note 32 for information about credit risk and market risk of trade receivables.

(iii) Refer Note No. 16 for disclosures relating to receivables pledged as security by the Company.



Notes forming part of the Consolidated Financial Statements

(Amount in INR millions, unless otherwise stated)

31 March 2022

Particulars	Outstanding for following periods from due date of payment						
	Not Due	< 6 Months	6 Months -1 Year	1-2 Years	2-3 Years	> 3 Years	Total
(i) Undisputed Trade receivables – considered good	255.95	420.66	41.63	33.11	9.95	8.06	769.36
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(ii) Undisputed Trade Receivables – credit impaired	-	10.54	9.79	13.76	12.17	20.31	66.57
(iv) Disputed Trade Receivables– considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade receivables – Credit impaired	-	-	-	-	-	-	-
(vii) Unbilled Trade receivables	-	-	-	-	-	-	-
Gross Trade receivables	255.95	431.20	51.42	46.87	22.12	28.37	835.93
Less : Impairment allowance for trade receivables - credit impaired	-	10.54	9.79	13.76	12.17	20.31	66.57
TOTAL	255.95	420.66	41.63	33.11	9.95	8.06	769.36

31 March 2021

Particulars	Outstanding for following periods from due date of payment						
	Not Due	< 6 Months	6 Months -1 Year	1-2 Years	2-3 Years	> 3 Years	Total
(i) Undisputed Trade receivables – considered good	239.74	364.50	72.56	31.48	11.75	14.53	734.56
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(ii) Undisputed Trade Receivables – credit impaired	-	8.88	6.06	24.04	7.87	6.87	53.72
(iv) Disputed Trade Receivables– considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade receivables – Credit impaired	-	-	-	-	-	-	-
(vii) Unbilled Trade receivables	-	-	-	-	-	-	-
Gross Trade receivables	239.74	373.38	78.62	55.52	19.62	21.40	788.28
Less : Impairment allowance for trade receivables - credit impaired	-	8.88	6.06	24.04	7.87	6.87	53.72
TOTAL	239.74	364.50	72.56	31.48	11.75	14.53	734.56

(Amount in INR millions, unless otherwise stated)

12 Cash and Bank Balances

Particulars	As at 31 March 2022	As at 31 March 2021
(A) Cash and Cash equivalents:		
(i) Balance with Banks in India		
- Current Accounts	12.49	34.16
- Deposit Accounts	90.30	-
- EEFC Accounts	4.73	27.37
(ii) Cash on hand	0.48	0.40
TOTAL	108.00	61.93
(B) Bank balances other than (A) (i) above		
Deposits held as security for bank guarantees and others	4.06	3.92
Unclaimed Dividend accounts	2.13	2.11
TOTAL	6.19	6.03

Note :

- (i) There are no repatriation restrictions in respect of cash and cash equivalents in the reporting period and previous period.
- (ii) Unclaimed Dividends are transferred to Investor Education and Protection Fund after seven years from due date in accordance with applicable provisions of the Companies Act, 2013.
- (iii) Term deposit with original maturity of more than twelve months but remaining maturity of less than twelve months from the balance sheet date have been disclosed under other bank balances.

13 Other Financial Assets

Particulars	As at 31 March 2022	As at 31 March 2021
A. Non Current - Unsecured, considered good		
Security deposits (Service providers and suppliers)	24.99	22.35
TOTAL	24.99	22.35
B. Current - Unsecured, considered good		
Security deposits (Service providers and suppliers)	7.65	12.87
Interest accrued on deposits and Others	1.15	0.94
TOTAL	8.80	13.81

14 Equity Share Capital

Particulars	As at 31 March 2022		As at 31 March 2021	
	No. of Shares	Amount	No. of Shares	Amount
Authorized				
Equity Shares of ₹ 2/- each	35,000,000	70.00	35,000,000	70.00
Issued, subscribed and fully paid-up				
Equity Shares of ₹ 2/- each	22,107,810	44.22	22,107,810	44.22

(a) Reconciliation of equity shares outstanding at the beginning and at the end of the year

Particulars	As at 31 March 2022		As at 31 March 2021	
	No. of Shares	Amount	No. of Shares	Amount
Outstanding at the beginning of the year	22,107,810	44.22	22,107,810	44.22
Add: Issued during the year	-	-	-	-
Outstanding at the end of the year	22,107,810	44.22	22,107,810	44.22



Notes forming part of the Consolidated Financial Statements

(Amount in INR millions, unless otherwise stated)

(b) Rights, preferences and restrictions attached to shares

The Company has only one class of equity shares having par value of ₹ 2/- per share. Each shareholder is entitled to one vote per share held and ranks pari passu. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in the case of Interim Dividend.

In the event of liquidation of the company, the holders of equity shares are entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

The board of directors of the company have recommended a dividend of ₹ 2/- per equity share of ₹ 2/- each for the financial year 2021-22 (FY 2020-21: ₹ 2/- per equity share of ₹ 2/- each), subject to approval of the shareholders at the ensuing Annual General Meeting, and if approved, would result in a cash outflow of approximately ₹ 44.22 Mn.

(c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Particulars	As at 31 March 2022		As at 31 March 2021	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Eurofins Analytical Services India Pvt. Ltd.	4,403,668	19.92	4,403,668	19.92
Sivalinga Prasad Vasireddi	3,598,525	16.28	3,598,525	16.28
LCGC Chromatography Solutions Pvt. Ltd.	2,083,175	9.42	2,083,175	9.42
Vangal Harriman	1,777,893	8.04	1,777,893	8.04
Vasireddi Veerbhadra Prasad	1,463,515	6.62	1,463,515	6.62

Note: The above shareholding is as per the records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

(d) Shares held by promoters and promoter group at the end of the year 31st March 2022

S. No	Promoter Name	As at 31 March 2022		As at 31 March 2021		
		No of Shares	% of Total Shares	No of Shares	% of Total Shares	% of Change during the year
1	Sivalinga Prasad Vasireddi	3,598,525	16.28	3,598,525	16.28	Nil
2	Vangal Harriman	1,777,893	8.04	1,777,893	8.04	Nil
3	Vasireddi Veerbhadra Prasad	1,463,515	6.62	1,463,515	6.62	Nil
4	APIDC	590,000	2.67	590,000	2.67	Nil
5	Harita Vasireddi	167,964	0.76	167,964	0.76	Nil
6	Praveena Vasireddi	122,550	0.55	122,550	0.55	Nil
7	Sujani Vasireddi	122,542	0.55	122,542	0.55	Nil
8	Sireesh Chandra Vungal	113,055	0.51	113,055	0.51	Nil
9	Swarnalatha Vasireddi	101,535	0.46	101,535	0.46	Nil
10	Sudheshna Vungal	100,879	0.46	100,879	0.46	Nil
11	Rajeswari Vungal	80,725	0.37	80,725	0.37	Nil
12	Rajya Lakshmi Vasireddi	42,300	0.19	42,300	0.19	Nil

(Amount in INR millions, unless otherwise stated)

(e) Shares reserved for issue under options outstanding as at the end of the year on un-issued share capital:

Particulars	As at 31 March 2022		As at 31 March 2021	
	No. of Shares to be issued fully paid up	Amount	No. of Shares to be issued fully paid up	Amount
Employee stock option granted and outstanding	454879	28.97		

The details of grant under the aforesaid scheme are summarised below:

Vimta Labs Employee Stock Option Plan -2021	2021-22
Grant price	₹ 2 per option
Grant dates	19 th September 2021 onwards
Vesting commences on	19 th September 2022 onwards
Options granted and outstanding at the beginning of the year	NIL
Options Granted	507769
Options lapsed	52890
Options exercised	NIL
Options granted and outstanding at the end of the year, of which	454879
Options vested	NIL
Options yet to vest	454879
Weighted average remaining contractual life of options (in years)	4.5 years

The number and weighted average exercise price of stock options are as follows:

Particulars	No of Stock options	Weighted Average Exercise price
(A) Options granted and outstanding at the beginning of the year	NIL	NIL
(B) Options granted	507769	₹ 2/-per option
(C) Options allotted	-	₹ 2/-per option
(D) Options lapsed	52890	₹ 2/-per option
(E) Options granted and outstanding at the end of the year	454879	₹ 2/-per option
(F) Options exercisable at the end of the year out of (E)	NIL	NIL

Weighted average share price at the date of exercise for stock options exercised during the year is Not applicable.

The fair value of the options granted under the stock option scheme is accounted as employee compensation over the vesting period.

Weighted average fair values of options granted during the year is ₹ 289.69 per option.

The fair value of the options granted during the year has been calculated as per the Black-Scholes Option Pricing Model using the following significant assumptions and inputs:



Notes forming part of the Consolidated Financial Statements

(Amount in INR millions, unless otherwise stated)

Particulars	2021-22
Weighted average risk-free interest rate	6.00%
Weighted average expected life of options	4.5 years
Weighted average expected volatility	61.52%
Weighted average expected dividends over the life of the option	80%
Weighted average share price	289.69
Weighted average exercise price	₹ 2/-per option
Method used to determine expected volatility	Expected volatility is based on the historical volatility of the Company's share price

- (e) No shares have been issued as bonus shares or for consideration other than cash by the Company during the period of five years immediately preceding the current year end.
- (f) No shares have been bought back by the Company during the period of five years immediately preceding the current year end.

15 Other equity

Particulars	As at 31 March 2022	As at 31 March 2021
Security Premium		
Balance at the beginning and end of the year	773.73	773.73
General Reserve		
Balance at the beginning and end of the year	86.40	86.40
Retained Earnings		
Balance at the beginning of the year	1,055.93	841.88
Add: Profit for the year	413.30	214.05
Less: Dividend on Equity Shares	44.22	-
Less: Tax on Dividend	-	-
Balance at the end of the year	1,425.01	1,055.93
Share based payment reserve		
Balance at the beginning of the year	-	-
Add: Expense arising from equity-settled share-based payment transactions (Refer note 26)	28.97	-
Balance at the end of the year	28.97	-
Other Comprehensive Income		
Balance at the beginning of the year	(16.46)	(17.46)
Add: Other comprehensive income/(loss) for the year	(2.03)	1.00
Balance at the closing of the year	(18.49)	(16.46)
TOTAL	2,295.62	1,899.60

Nature and purpose of reserves:

Security premium: This is the premium received on issue of equity shares and will be utilised as per the applicable provisions of the Act.

General reserves: This is the amount transferred from retained earnings and will be utilised as per the applicable provisions of the Act.

Retained earnings: This comprises of net accumulated profit of the Company after declaration of dividend.

Other comprehensive income: This comprises of actuarial gain/(loss) [net of taxes] at the end of the reporting period.

(Amount in INR millions, unless otherwise stated)

16 Borrowings

Particulars	As at 31 March 2022	As at 31 March 2021
(A) Non-current Borrowings		
Secured		
Loans from Banks		
- Rupee term loan	23.24	114.07
- Foreign currency term loan	155.90	76.06
Loans from NBFC		
- Rupee term loan	2.62	12.55
Less: Current maturities	59.03	69.18
Sub total---A	122.73	133.50
Unsecured		
- Loans from NBFC	8.45	11.51
Less: Current maturities	4.55	2.65
Sub total---B	3.90	8.86
TOTAL (A+B)	126.63	142.36
(B) Current Borrowings		
Secured, repayable on demand		
- Working capital loans from relatives	3.19	7.89
- Working capital loans from banks	-	82.07
- Current Maturities from banks	63.59	71.83
TOTAL	66.78	161.79

Note:

(a) Terms and conditions of secured rupee term loans and nature of security for FY 2021-22

1. i) The working capital term loan from Axis Bank amounting to ₹ 23.23 Million as at March 31, 2022 (Sanctioned limit of ₹ 23.90 Million in the FY 2020-21) under emergency Credit Line Guarantee Scheme is secured by extension of charge (second charge) on existing primary and collateral security and guaranteed by NCGTC.
- ii) The above mentioned working capital term loan carries interest at the rate of 1 Year MCLR + 0.10% i.e., 7.45% { Prev Year 4% (Repo rate) + 3.5% i.e., 7.5% p.a} and is repayable in 36 equal monthly installments commencing from March, 2022 (as per sanction letter)

for FY 2020-21

1. i) The rupee term loan from Axis Bank outstanding amount ₹ 59.55 Million as at March 31, 2021 (sanctioned limit of ₹ 150.00 Million) is secured by way of first charge to bank on assets created out of Term Loan. This loan is also secured by Second Charge on Current Assets (Both Present and Future) of the company at paripasu basis with Kotak Mahindra bank ltd.
- ii) The above mentioned rupee term loan carries interest at the rate of 0.80% above MCLR 1 Year rate and is repayable in 20 equal quarterly instalments commencing from September 2021 (as per sanction letter).
2. i) The rupee term loan from Kotak Mahindra Bank aggregating to ₹ 30.62 Million as at March 31, 2021 (sanctioned limit of ₹ 54.00 Million in FY 2019-20) is secured by way of first charge to bank on assets created out of Term Loan. This loan is also secured by Second Charge on Current Assets (Both Present and Future) of the company at paripasu basis with Axis bank ltd.
- ii) The above mentioned rupee term loan carries interest at the rate of 0.80% above MCLR 1 Year rate and is repayable in 9 equal quarterly instalments commencing from February 2020 (as per sanction letter).
- iii) First paripassu charge along with Axis bank on Industrial land and building situated at Plot No 141/2 and 142, IDA, Phase -II, Cherlapally, Hyderabad- 500051 as collateral security.



Notes forming part of the Consolidated Financial Statements

(Amount in INR millions, unless otherwise stated)

(b) Terms and conditions of secured foreign currency term loans and nature of security

- The foreign currency term loan from Axis Bank taken for General Capex amounting to ₹ 66.64 Million (equivalent to USD 0.87906 Million) as at March 31, 2022 (Sanctioned limit of ₹ 75.00 Million in FY 2020-21 and subsequently converted into FCTL of USD 1.034 Million) is secured by way of first charge to bank on assets created out of Term Loan. This loan is also secured by Second Charge on Current Assets (both present and future) of the company at pari passu basis with HDFC Bank Ltd. The loan is covered by collateral security by way of equitable mortgage of property bearing Plot Nos.141/2 & 142, IDA, Phase – II, Cherlapally, Hyderabad – 500 083, Telangana.

The above mentioned foreign currency term loan carries interest at LIBOR + 2.75% plus 1% mark up fee upfront and repayable in 20 equal quarterly installments commencing from September 2021 (as per sanctioned letter).

- The foreign currency term loan from Axis Bank taken for E& E Project amounting to ₹ 89.26 Million (equivalent to USD 1.177522 Million) as at March 31, 2022 (sanctioned limit of ₹ 150.00 Million in FY 2020-21 and subsequently converted into FCTL of USD 1.177522) is secured by way of first charge to bank on assets created out of Term Loan. This loan is also secured by Second Charge on Current Assets (both present and future) of the company at pari passu basis with HDFC Bank Ltd. The loan is covered by collateral security by way of equitable mortgage of property bearing Plot Nos.141/2 & 142, IDA, Phase – II, Cherlapally, Hyderabad – 500 083, Telangana.

The above mentioned foreign currency term loan carries interest at SOFR +275 bps +1.00% per annum(markup fee upfront) and repayable in 20 quarterly installments commencing from September 2021 (as per sanction letter).

(c) Secured rupee term loans from NBFC :

- The rupee term loan from Cisco Systems Capital India Private Limited amounting to 2.62 Million as at March 31, 2022 (Sanctioned limit ₹ 19.24 Million in FY 2019-20) is secured by way of exclusive charge on assets acquired from such loan by way of hypothecation.
- The above mentioned rupee term loan carries an interest at the rate of 5.00% as at March 31, 2022 and is repayable in 12 Quarterly installments commencing from October, 2019.

(d) Unsecured loans from NBFC:

- The rupee term loan from Cisco Systems Capital India Private Limited amounting to ₹ 2.87 Million as at March 31, 2022 (Sanctioned limit of ₹ 8.67 Million in FY 2019-20) carries at NIL interest and is repayable in 20 quarterly installments commencing from September, 2019.
- The rupee term loan from Cisco Systems Capital India Private Limited amounting to ₹ 3.89 Million as at March 31, 2022 (Sanctioned limit of ₹ 9.69 Million in FY 2019-20) carries at NIL interest and is repayable in 20 quarterly installments commencing from January, 2020.
- The rupee term loan from Cisco Systems Capital India Private Limited amounting to ₹ 2.09 Million as at March, 31, 2022 (sanctioned limit of ₹ 4.54 Million in FY 2020-21) carries an interest at the rate of 5.00% as at March 31, 2022 and is repayable in 20 quarterly installments commencing from September, 2019.

(e) Maturity profile of long-term borrowings:

31 March 2022

Particulars	Within 1 year	1 - 2 years	2 - 5 years	More than 5 Years	Total
Rupee term loan from bank	7.97	7.97	7.30	-	23.24
Foreign currency term loan from bank	48.45	45.00	62.45	-	155.90
Loan from Financial Institutions	7.17	2.13	1.77	-	11.07
TOTAL	63.59	55.10	71.52	-	190.21

31 March 2021

Particulars	Within 1 year	1 - 2 years	2 - 5 years	More than 5 Years	Total
Rupee term loan from bank	47.00	44.09	22.98	-	114.07
Foreign currency term loan from bank	12.31	15.00	45.00	3.75	76.06
Loan from Financial Institutions	12.53	6.04	5.50	-	24.07
Loans from Others	-	-	-	-	-
TOTAL	71.84	65.13	73.48	3.75	214.20

(Amount in INR millions, unless otherwise stated)

(f) Details of working capital limits from banks :

1. The working capital facility from Axis bank amounting ₹ Nil as at March 31, 2022 (sanctioned limit ₹ 150 million) carries an interest of 0.80% above 1 year MCLR rate and is secured by way of first paripassu charge on entire current assets of the company (both present and future) along with HDFC Bank Ltd.
 2. The working capital facility from HDFC bank amounting ₹ Nil as at March 31, 2022 (sanctioned limit ₹ 150 million) carries an interest spread of 3% over & above of REPO rate @ 4% i.e. 7% and is secured by way of first paripassu charge on entire current assets of the company (both present and future) along with Axis Bank Ltd.
 3. First paripassu charge to HDFC bank on Industrial land and building situated at Plot No 141/2 and 142, IDA, Phase -II, Cherlapally, Hyderabad- 500051 as collateral security.
- (g) There were no defaults as on balance sheet date In repayment of above borrowings and interest thereon (Period and amount)
- (h) The company has used the borrowings from Banks and Financial Institutions for the specific purpose for which it was taken at the Balance sheet date
- (i) Company's borrowings from Banks on the basis of security of current assets, the quarterly returns or statements filed by the company with Banks are in agreement with the books of account
- (j) company is not a declared wilful defaulter by any Bank or Financial Institution or other lender
- (k) There are no charges or satisfaction which are yet to be registered with ROC beyond the statutory period.

17 Provisions

Particulars	As at 31 March 2022	As at 31 March 2021
(A) Non-current		
Provision for employee benefits		
- Gratuity, funded	41.21	47.54
- Compensated absences	30.28	31.69
TOTAL	71.49	79.23
(B) Current		
Provision for employee benefits		
- Gratuity, funded	29.37	23.91
- Compensated absences	6.31	12.03
TOTAL	35.68	35.94

18 Other non-current liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Deferred grant income related to Property, Plant & Equipment*	53.66	36.22
Deferred grant income related to revenue**	2.13	2.13
TOTAL	55.79	38.35

Note:

- *i) Waiver of duty of ₹ 55.97 millions on import of plant and equipment under Export Promotion Capital Goods (EPCG) Scheme. There are no contingencies attached to these grants except the fulfilment of export obligations. As these grants are relating to Plant and equipments, the same has been capitalised and amortised over the useful life of respective assets.
- **ii) The company was granted an in-principle approval of a grant-in-aid of ₹ 7.1 million during FY 2017-18 by the biotechnology industry research assistance council for project entitled towards preclinical evaluation of clinical grade vaccine. Against this sanctioned amount, so far an amount of ₹ 2.13 millions was received. Since the terms and conditions of sanction are not fully complied, the said grant is not yet recognised as income.



Notes forming part of the Consolidated Financial Statements

(Amount in INR millions, unless otherwise stated)

19 Trade payables

Particulars	As at 31 March 2022	As at 31 March 2021
Outstanding dues of micro enterprises and small enterprises	14.01	24.16
Outstanding dues of creditors other than micro enterprises and small enterprises	109.40	124.14
TOTAL	123.41	148.30

Note:

- (i) Detailed disclosure relating to supplier registered under MSMED Act are given below.
- (ii) Trade Payables due to related parties as at March 31, 2022 is ₹ Nil (March 31, 2021: ₹ Nil)

31 March 2022

Particulars	Outstanding for following periods from due date of payment				
	< 1 Year	1-2 Years	2-3 Years	> 3 Years	Total
(i) MSME	14.01	-	-	-	14.01
(ii) Others	104.13	3.26	0.26	1.75	109.40
TOTAL	118.14	3.26	0.26	1.75	123.41

31 March 2021

Particulars	Outstanding for following periods from due date of payment				
	< 1 Year	1-2 Years	2-3 Years	> 3 Years	Total
(i) MSME	24.16	-	-	-	24.16
(ii) Others	110.20	11.64	0.48	1.82	124.14
TOTAL	134.36	11.64	0.48	1.82	148.30

Disclosures under Micro, Small and Medium Enterprises Development Act, 2006 [MSMED Act]

Particulars	As at 31 March 2022	As at 31 March 2021
(a) Amount remaining unpaid to any supplier at the end of each accounting year:		
Principal	14.01	24.16
Interest	-	-
TOTAL	14.01	24.16
(b) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act.	-	-
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act.	-	-

Note: The Micro, Small and Medium enterprises have been identified by the Management on the basis of information available with the Company and have been relied upon by the auditors.

(Amount in INR millions, unless otherwise stated)

20 Other current financial liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Other Current Financial Liabilities (Unsecured)		
Interest accrued on borrowings	0.06	0.54
Unclaimed dividends	2.13	2.11
Creditors for capital expenditure	73.48	64.83
Revenue expenses payable	75.88	61.39
TOTAL	151.55	128.87

Note:

- (i) Unclaimed dividends do not include any amount due and outstanding to be credited to investor education and protection fund.

21 Other Current Liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Deferred grant income related to Property, Plant & Equipment (Refer note no 19)	8.47	3.35
Advances from customers	47.85	41.36
Statutory Dues	43.75	19.50
TOTAL	100.07	64.21

22 Revenue from Operations

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Sale of services - Testing and Analysis *	2,759.42	2,085.67
Other operating revenue - Export Incentives	23.37	21.12
TOTAL	2,782.79	2,106.79
Revenue disaggregation by geography is as follows:#		
Revenue from Foreign countries	707.35	566.20
Revenue from country of domicile-India	2,075.44	1,540.59
TOTAL	2,782.79	2,106.79

Geographical revenue is allocated based on the location of the customers.

* Includes revenues relating to lab setup services provided under SCA amounting ₹ 138.43 Mn considered for services rendered.



Notes forming part of the Consolidated Financial Statements

(Amount in INR millions, unless otherwise stated)

23 Other Income

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
i) Interest income on:		
- Bank deposits	0.56	0.19
- Deposits with State Electricity Corporations	0.58	0.80
- Interest Income on fair value measurement	0.99	0.70
- Income tax refunds	6.06	2.30
- Employees loans	0.12	0.12
ii) Others		
- Liabilities no longer required written back	0.87	0.60
- Bad debts recovered	0.30	-
- Government grant income	4.59	3.36
- Miscellaneous receipts	-	0.22
- Profit on Sale of Property, Plant and Equipment	0.42	-
TOTAL	14.49	8.29

24A Cost of material consumed and testing expenditure

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
(A) Cost of materials consumed		
Inventory at the beginning of the year	141.54	136.66
Add : Purchases	439.71	357.38
Less : Inventory at the end of the year	171.61	141.54
SUB - TOTAL (A)	409.64	352.50
(B) Testing expenditure		
Sample preparation, data generation, inspection & testing expenditure	123.47	123.10
Carriage Inwards	4.13	2.88
Power and fuel	107.23	97.01
Water Charges	6.40	5.81
SUB - TOTAL (B)	241.23	228.80
TOTAL (A) + (B)	650.87	581.30

(Amount in INR millions, unless otherwise stated)

24B Cost of Lab setup under Service Concession arrangement

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Cost of National Food Laboratory set up in JNPT Mumbai Under Service Concession arrangement (Refer note 43)	138.43	-
TOTAL	138.43	-

25 Changes in inventories of Work-in Progress

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Opening Work-in-Progress	4.81	34.65
Less : Closing Work-in-Progress	2.15	4.81
Decrease/(Increase) in Work-in-Progress	2.66	29.84

26 Employee benefits expense

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Salaries and wages	599.10	513.18
Directors remuneration	45.63	29.75
Contribution to provident and other funds	32.15	26.05
Expenses on Employee Stock Option scheme *	28.97	-
Gratuity	12.78	11.01
Compensated absences	19.87	12.08
Staff welfare expenses	21.31	15.71
TOTAL	759.81	607.78

* Pursuant to the shareholders' approval and all necessary regulatory requirements, the Company has constituted the 'Vimta Labs Employee Stock Option Plan 2021 (VLESOP-2021)' to grant, offer and Issue options to the employees of the Company. Pursuant to VLESOP-2021, the Nomination and Remuneration Committee has granted 507,769 options to the eligible employees. In respect of stock options granted pursuant to the Company's stock options plan, the fair value of the options is accounted as employee compensation expense over the vesting period. Consequently, the amount of employee benefits expense for the year ended March 31,2022 includes employee compensation expense amounting to ₹28.97 million. (Refer Annexure F of Directors Report)

27 Finance costs

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Interest on term loans	6.59	7.97
Interest on working capital loans	0.70	9.28
Interest expense on fair value measurement	1.00	0.03
Bank charges	4.30	4.40
Exchange differences regarded as an adjustment to borrowing cost	2.39	-
TOTAL	14.98	21.68



Notes forming part of the Consolidated Financial Statements

(Amount in INR millions, unless otherwise stated)

28 Other expenses

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Sitting fees to directors	0.64	0.73
Rent	26.24	23.79
Rates, taxes, duties and levies	23.02	32.31
Insurance	7.98	8.59
Repairs and maintenance to:		
- Plant and Machinery	94.16	80.20
- Buildings	11.75	14.24
- Vehicles	5.29	4.81
Advertisement and sales promotion	2.98	1.66
Commission	18.67	1.05
Travelling and conveyance	50.50	34.88
Communication expenses	24.85	19.64
Printing and Stationery	16.37	1.85
Books and periodical	0.10	0.12
Professional and consultancy services	50.80	47.35
Membership and subscriptions	1.82	0.90
House Keeping and premises maintenance	12.10	10.25
Security charges	7.64	7.40
Recruitment and training expenses	0.69	0.51
Payment to auditors :		
- as auditors	1.65	1.33
- for tax audit	0.17	0.15
- for other services	0.54	0.45
- reimbursement of expenses	0.03	0.02
Software charges	4.31	1.87
Loss on foreign currency transactions and translations (net)	1.92	4.31
Loss on sale of assets	-	0.17
Bad debts written off	44.51	31.69
Impairment loss on receivables	13.14	21.86
Corporate Social Responsibility expenses	4.82	4.49
Miscellaneous expenses	1.46	1.68
TOTAL	428.15	358.30

(Amount in INR millions, unless otherwise stated)

29 Tax Expense

Particulars	For the Year Ended 31 March 2022	For the Year Ended 31 March 2021
(A) Tax expense charged to Statement of Profit and Loss		
Current tax (I)		
Current tax expense for current year	149.37	76.26
Current tax expense pertaining to prior years	4.48	-
	153.85	76.26
Deferred tax (II)		
Deferred tax expense for current year	(10.30)	(4.91)
	(10.30)	(4.91)
Total tax expense recognised in current year (I + II)	143.55	71.35
(B) Tax expense charged to Other Comprehensive Income	0.68	(0.34)
(C) Reconciliation of tax expense		
Profit before tax	556.86	285.40
Tax expense at applicable tax rates March 31, 2022: 25.17% (March 31, 2021: 25.17%;)	140.16	71.83
Tax effect of adjustments to reconcile expected tax expense to reported tax expense:		
- adjustment for previous years	4.48	-
- items not deductible for tax	(1.09)	(1.13)
- Others	-	0.65
Tax expense reported in Statement of Profit and Loss	143.55	71.35

30 Earnings per share

Basic earnings per share amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

The following are the income and share data used in the basic and diluted EPS computations:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Profit attributable to equity holders (in INR Million)	413.30	214.04
Profit attributable to equity holders adjusted for the effect of dilution (in INR Million)	413.30	214.04
Weighted average number of equity shares for basic EPS (in No's)	22,107,810	22,107,810
Weighted average number of equity shares adjusted for the effect of dilution (in No's)	22,560,192	22,107,810
Nominal/Face Value per share (INR)	2.00	2.00
Basic Earnings per share (INR)	18.70	9.68
Diluted Earnings per share (INR)	18.32	9.68



Notes forming part of the Consolidated Financial Statements

(Amount in INR millions, unless otherwise stated)

31 Fair value measurements

The following table shows the carrying amount and fair value of financial assets and financial liabilities:

Particulars	Note No.	As at 31 March 2022	As at 31 March 2021
Financial Assets			
Loans (current and non-current)	7	0.98	1.37
Trade receivables (net)	11	769.36	734.56
Cash and cash equivalents	12A	108.00	61.93
Bank balances other than Cash and cash equivalents	12B	6.19	6.03
Other financial assets	13A & 13B	33.79	36.17
		918.32	840.06
Financial Liabilities			
Borrowings (current and non-current)	16A & 16B	193.41	304.15
Trade Payables	19	123.41	148.30
Other financial liabilities	20	151.55	128.87
		468.37	581.32

The Group's principal financial liabilities comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include loans, trade and other receivables, cash and cash equivalents and other bank balances that derive directly from its operations.

The carrying amounts of trade receivables, trade payables and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature. The difference between carrying amounts and fair values of bank deposits, other financial assets, other financial liabilities and borrowings subsequently measured at amortised cost is not significant in each of the years presented. For all other amortised cost instruments, carrying value represents the best estimate of fair value. For financial assets measured at fair values, the carrying amounts are equal to the fair values.

32 Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Group's primary risk management focus is to minimize potential adverse effects of market risk on its financial performance. The Group's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Group's activities. The Board of Directors and the Audit Committee is responsible for overseeing the Group's risk assessment and management policies and processes. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken.

(i) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long-term debt. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

a) Foreign Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency) in United States Dollar ('USD'), Euro ('EUR'), Great Britain Pound ('GBP'), Malaysian Ringgit ('MYR'), Swiss Franc ('SF'), Singapore dollar ('SGD'), Japan Yen ('JY') and borrowings in USD.

(Amount in INR millions, unless otherwise stated)

The Group's exposure to foreign currency risk from non-derivative financial instruments at the end of the financial year, are as follows:

Particulars	As at 31 March 2022		As at 31 March 2021	
	Foreign Currency	Amounts in INR	Foreign Currency	Amounts in INR
United States Dollar				
Assets - Trade Receivables	2.79	211.22	2.52	185.26
Assets - Vendor Advances	0.01	0.47	0.08	5.87
Liabilities - Trade Payables	(0.28)	(21.22)	(0.64)	(46.73)
Liabilities - Borrowings	(2.06)	(155.90)	(1.03)	(76.06)
Liabilities - Customer Advances	(0.20)	(15.34)	(0.12)	(8.95)
Euro				
Assets - Trade Receivables	0.04	3.45	0.13	11.24
Liabilities - Customer Advances	(0.03)	(2.71)	-	(0.28)
Assets - Vendor Advances	0.07	6.12	0.01	0.91
Liabilities - Trade Payables	(0.00)	(0.01)	(0.10)	(8.77)
Great Britain Pound				
Assets - Trade Receivables	0.06	5.77	-	-
Liabilities - Trade Payables	(0.00)	(0.13)	-	(0.13)
Assets - Vendor Advances	0.00	0.29	-	0.24
Malaysian Ringgit				
Assets - Trade Receivables	-	-	0.11	1.94
Swiss Franc				
Assets - Vendor Advances	0.02	2.02	0.09	6.75
Liabilities - Trade Payables	-	-	-	(0.05)
Singapore dollar				
Assets - Vendor Advances	-	-	-	0.05
Japan Yen				
Liabilities - Trade Payables	-	-	-	-
Assets - Vendor Advances	10.36	6.45	-	-

The following exchange rates have been applied at the end of the financial year:

Particulars	Year End Spot Rate	
	As at 31 March 2022	As at 31 March 2021
United States Dollar	75.8071	73.5047
Euro	84.6599	86.0990
Great Britain Pound	99.5524	100.9509
Malaysian Ringgit	-	17.6615
Swiss Franc	82.2725	77.6902
Singapore dollar	-	54.4295
Japan Yen	0.6223	-



Notes forming part of the Consolidated Financial Statements

(Amount in INR millions, unless otherwise stated)

Foreign currency sensitivity

The impact on the Group's profitability and equity is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives are as follows:

Particulars	Impact on Profit		Impact on Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2022				
<i>5% Sensitivity* of:</i>				
United States Dollar	0.96	(0.96)	0.72	(0.72)
Euro	0.34	(0.34)	0.26	(0.26)
Great Britain Pound	0.30	(0.30)	0.22	(0.22)
Malaysian Ringgit	-	-	-	-
Swiss Franc	0.10	(0.10)	0.08	(0.08)
Singapore dollar	-	-	-	-
Japan Yen	0.32	(0.32)	0.24	(0.24)
31 March 2021				
<i>5% Sensitivity* of:</i>				
United States Dollar	2.97	(2.97)	2.22	(2.22)
Euro	0.16	(0.16)	0.12	(0.12)
Great Britain Pound	0.01	(0.01)	-	-
Malaysian Ringgit	0.10	(0.10)	0.07	(0.07)
Swiss Franc	0.33	(0.33)	0.25	(0.25)

* Holding all other variables constant

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's fixed rate borrowings are carried at amortised cost and hence are not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates. Further, the Group's investments in deposits is with banks and electricity authorities and therefore do not expose the Group to significant interest rates risk. The Group's main interest rate risk arises from borrowings with variable rates, which expose it to cash flow interest rate risk.

The Group's exposure to fixed rate and variable rate instruments at the end of the financial year, are as follows:

Particulars	As at 31 March 2022	As at 31 March 2021
Fixed rate instruments		
Financial assets	122.46	42.62
Financial liabilities	14.25	31.95
Variable rate instruments		
Financial liabilities	179.14	272.20

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	As at 31 March 2022	As at 31 March 2021
Interest rates increase by 100 basis points *	1.79	2.72
Interest rates decrease by 100 basis points *	(1.79)	(2.72)

* Holding all other variables constant

(Amount in INR millions, unless otherwise stated)

c) Price risk

The Group does not have any investments which are classified in the balance sheet either as fair value through OCI or at fair value through profit or loss. Hence, the Group is not exposed to any price risk.

ii) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade and other receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. The credit quality of a customer is assessed based on an extensive credit rating scorecard, internal evaluation and individual credit limits. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over the last 12 quarters before the reporting date and the corresponding historical credit losses experienced at the end of each quarter. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The expected credit loss assessment from customers as at March 31, 2022 are as follows:

Particulars	Gross carrying amount	Expected credit losses	Carrying amount of trade receivables
31 March 2022			
Upto 180 days	687.16	10.55	676.61
Over 180 days	148.77	56.02	92.75
TOTAL	835.93	66.57	769.36
31 March 2021			
Upto 180 days	613.42	(8.89)	604.53
Over 180 days	174.86	(44.83)	130.03
TOTAL	788.28	(53.72)	734.56

Collateral held as security and other credit enhancements

The Group does not collect any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Financial assets that are neither past due nor impaired

Other than trade receivables, the Group has no significant class of financial assets that is past due but not impaired.

Financial assets that are neither past due but not impaired

The Group's credit period for customers generally ranges from 0 - 180 days. The aging of trade receivables that are not due and past due but not impaired is given below:

Period in days	As at 31 March 2022	As at 31 March 2021
Upto 180 days	676.61	604.53
Over 180 days	92.75	130.03
	769.36	734.56



Notes forming part of the Consolidated Financial Statements

(Amount in INR millions, unless otherwise stated)

iii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. The Group manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Group's reputation.

Management monitors rolling forecasts of the Group's liquidity position (comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected cash flows. This is generally carried out by the Group in accordance with practice and limits set by the management. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The Group had following working capital at the end of the reporting years :

Particulars	As at 31 March 2022	As at 31 March 2021
Current assets	1,243.57	1,105.36
Current liabilities	477.49	539.11
Working capital	766.08	566.25

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments at the reporting period:

Particulars	As at 31 March 2022	As at 31 March 2021
Less than 1 year		
- Borrowings	63.59	71.83
- Trade payables	118.13	134.35
- Other financial liabilities	151.55	128.86
1 to 2 years		
- Borrowings	55.09	65.13
- Trade payables	3.26	11.64
2 to 5 years		
- Borrowings	71.53	73.48
- Trade payables	0.26	0.48
More than 5 years		
- Borrowings	-	3.75
- Trade payables	1.75	1.82

iv) Excessive risk concentration

Concentrations arise when a number of counter parties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the Group to manage risk concentrations at both the relationship and industry levels.

(Amount in INR millions, unless otherwise stated)

33 Contingent liabilities & Commitments (to the extent not provided for)

Particulars	As at 31 March 2022	As at 31 March 2021
A. Contingent liabilities		
Claims against the Group not acknowledged as debts in respect of:		
Employees provident fund demand not provided for (pending before the Employees' Provident Funds Appellate Tribunal)	8.70	8.70
Bank Guarantees	15.70	22.67

Note:

- Based on the Supreme Court Judgment dated February 28, 2019, the Company was required to reassess the components to be included in the basic salary for the purposes of deduction of Provident Fund. On the basis of legal advice, the management has determined that there is no impact of the aforesaid ruling on the financial statements of the Company.
- The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under consideration by the Ministry. The company will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.
- Bank Guarantees are issued to meet certain business obligations towards government agencies and certain customers.

B. Commitments

Particulars	As at 31 March 2022	As at 31 March 2021
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	18.21	91.38

C. Impact of pending Litigations:

There are no material pending litigations against the company, which will impact its financial position.

34 Leases

The Group's significant leasing arrangements are in respect of operating leases for premises. The leasing arrangements are generally cancellable leases which range between 1 years to 5 years and are usually renewable by mutual consent on agreed terms.

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Total rental expense relating to operating lease	26.24	23.79
- Non-cancellable	-	-
- Cancellable	26.24	23.79



Notes forming part of the Consolidated Financial Statements

(Amount in INR millions, unless otherwise stated)

35 Research and development expenditure

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Aggregate amount of research and development expenditure recognised as an expense during the year		
Revenue Expenditure	-	11.20
Capital Expenditure	-	1.50
	-	12.70

36 Corporate social responsibility expenditure (CSR)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Gross amount required to be spent during the year	4.82	4.49
Amount spent during the year on:		
(i) On Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	4.82	4.49
Unspent amount	-	-

Nature of activities undertaken by the company during FY 2021-22:

S. No	Nature of Activitie	Implemented Through	Amount Utilised ₹ . Mn
1	Supporting people having deformities and disabilities, with reconstructive surgery	Narsingh Swain Memorial Trust	1.50
2	To run schools, Hostels and other institutions to promote education in villages and tribal areas in the State.	Sri Saraswathi Vidya Peetham	2.00
3	Nutritious mid-day meals to children, health camps and life skills trainings to students.	The Akshaya Patra Foundation	0.50
4	Serve the needy children for their education.	Venkata Subbareddy Memorial Foundation	0.20
5	Protection of Animal Welfare.	People For Animals	0.20
6	Services to the poorest of the poor in all aspects like food, education, cremation etc.	Amma Charitable Trust	0.42
	Total Spent amount		4.82

(Amount in INR millions, unless otherwise stated)

37 Related Party Disclosures

(A) Names of related parties and nature of relationship

Name of the Related Parties	Nature of Relationship
(i) Key Management Personnel (KMP)	
Dr. S P Vasireddi	Non-Executive Chairman
Harita Vasireddi	Managing Director
Harriman Vungal	Executive Director (ED) - Operations
Satya Sreenivas Neerukonda	Executive Director
D R Narahai Naidu	Chief Financial Officer (w.e.f 22 nd February 2021)
Amit Pathak	Chief Financial Officer (up to 28 th January 2021)
Sujani Vasireddi	Company Secretary
(ii) Independent Directors	
Y Prameela Rani	Independent Director
Popuri Adheyya Chowdary	Independent Director (upto 30 th June 2020)
Sanjay Dave	Independent Director
G Purnachandra Rao	Independent Director
Dr. Yadagiri R Pendri	Independent Director (w.e.f 10 th August 2020)
(iii) Relatives of Key Management Personnel (KMP)	
Sireesh Chandra Vungal	Son of ED - Operations
Sudheshna Vungal	Daughter of ED - Operations
Praveena Vasireddi	Daughter of Chairman
(iv) Wholly Owned Subsidiary	
Emtac Laboratories Private Limited	
(v) Companies in which some of the Directors or other relatives are interested	
Bloomedha Info Solutions Limited	
Escientia Biopharma Private Limited	
Avanti Frozen Foods Private Limited	
Covide Business Integrated Private Limited	



Notes forming part of the Consolidated Financial Statements

(Amount in INR millions, unless otherwise stated)

(B) Details of transactions with related party in the ordinary course of business:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
(i) Remuneration to Key Management Personnel (KMP) #		
Dr. S P Vasireddi	-	-
Harita Vasireddi	17.59	6.72
Harriman Vungal	17.40	13.44
Satya Sreenivas Neerukonda	14.64	9.59
D R Narahai Naidu	2.36	0.25
Amit Pathak	-	3.41
Sujani Vasireddi	2.80	2.15
(ii) Remuneration to relatives of Key Management Personnel (KMP) #		
Sireesh Chandra Vungal	6.80	5.74
Sudheshna Vungal	0.02	1.98
Praveena Vasireddi	1.96	1.63
# Remuneration is inclusive of Provident Fund and leave encashment paid during the year. As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the Key Management Personnel and their relatives is not ascertainable and, therefore, not included above.		
(iii) Sitting Fees to KMP - Independent Directors		
Y Prameela Rani	0.25	0.24
Popuri Adheyya Chowdary	-	0.05
Sanjay Dave	0.20	0.22
G Purnachandra Rao	0.19	0.24
(iv) Services provided		
Escientia Biopharma Private Limited	6.88	-
Avanti Frozen Foods Private Limited	0.63	-
(v) Services received		
Bloomedha Info Solutions Limited	2.35	2.63
Covide Business Integrated Private Limited	0.50	1.29

(C) Balances payable/(receivable)

Particulars	As at 31 March 2022	As at 31 March 2021
(i) Dues Payable to KMPs and their relatives:		
Dr. S P Vasireddi	-	-
Harita Vasireddi	4.30	6.06
Harriman Vungal	1.60	0.32
Satya Sreenivas Neerukonda	1.60	-
Praveena Vasireddi	0.80	2.42
Sireesh Chandra Vungal	(0.16)	(0.16)
(ii) Others		
Bloomedha Info Solutions Limited	0.19	0.02
Escientia Biopharma Private Limited	(2.87)	-
Avanti Frozen Foods Private Limited	(0.36)	-
Covide Business Integrated Private Limited	-	-

(Amount in INR millions, unless otherwise stated)

38 Employee benefits

(A) Defined Contribution Plans

The Group has recognised the following amounts in the Statement of Profit and Loss:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Employers' Contribution to Provident Fund	33.06	27.78
Employers' Contribution to Employee State Insurance	3.12	2.50

(B) Defined benefit plans

- (i) The Group provides for gratuity to employees working in India as per the Payment of Gratuity Act, 1972. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure @ 15 days of last drawn salary for each completed year of service. The level of benefits provided depends on the member's length of service and salary at retirement age.

Amounts recognised in the Statement of Profit and Loss are as follows:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Current service cost	8.38	7.23
Past service cost	0.19	-
Net Interest Cost/(Income) on the Net Defined Benefit Liability/(Asset)	4.03	3.79
Total amount recognized in the Statement Profit and Loss	12.60	11.02

Amounts recognised in Other Comprehensive Income are as follows:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Actuarial losses		
- change in financial assumptions	(1.17)	(0.27)
- experience variance (i.e. Actual experience vs assumptions)	3.83	(1.42)
Return on plan assets, excluding amount recognised in net interest expense	0.05	0.35
Total amount recognised in the other comprehensive income	2.71	(1.34)

Changes in present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

Particulars	As at 31 March 2022	As at 31 March 2021
Present value of obligation at the beginning of the year	72.17	68.48
Current service cost	8.38	7.23
Interest Expense or Cost	4.08	3.80
<u>Re-measurement (or Actuarial) (gain) / loss arising from:</u>		
- change in demographic assumptions	-	-
- change in financial assumptions	(1.17)	(0.27)
- experience variance (i.e. actual experience v/s assumptions)	3.83	(1.43)
Past service cost	0.19	-
Benefits paid	(5.72)	(5.64)
Present value of obligation at the end of the year	81.76	72.17



Notes forming part of the Consolidated Financial Statements

(Amount in INR millions, unless otherwise stated)

Changes in the Fair Value of Plan Assets are as follows:

Particulars	As at 31 March 2022	As at 31 March 2021
Fair Value of Plan Assets as at the beginning of the year	0.71	0.20
Investment Income	0.05	0.01
Employer's Contribution	16.19	6.49
Benefits Paid	(5.72)	(5.64)
Return on plan assets, excluding amount recognised in net interest expense	(0.05)	(0.35)
Fair Value of Plan Assets as at the end of the year	11.18	0.71

The net liability disclosed above relates to funded and unfunded plans are as follows:

Particulars	As at 31 March 2022	As at 31 March 2021
Present value of defined benefit obligation	(81.23)	(72.17)
Fair value of plan assets	11.18	0.71
Net Asset/(Liability)	(70.05)	(71.46)

The assumptions used in accounting for the gratuity plan are set out as below:

Particulars	As at 31 March 2022	As at 31 March 2021
Discount rate (per annum)	6.05%	5.65%
Salary growth rate (per annum)	4.00%	4.00%
Mortality rate (% of IALM 12-14)	100.00%	100.00%
Normal retirement age (as per Group's policy)	60 and 70	60 and 70
Attrition / Withdrawal rate (per annum)	20.00%	20.00%

The estimates of future salary increase considered in actuarial valuation taken into account of inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market. The Group evaluates these assumptions annually based on its long-term plans of growth and industry standards.

Impact on defined benefit obligation

Particulars	As at 31 March 2022	As at 31 March 2021
Discount Rate		
1% increase	78.97	69.60
1% decrease	84.77	74.95
Salary Growth Rate		
1% increase	84.59	74.77
1% decrease	79.07	69.70
Attrition Rate		
50% increase	82.31	72.45
50% decrease	79.46	70.47
Mortality Rate		
10% increase	81.77	72.18
10% decrease	81.75	72.17

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

(Amount in INR millions, unless otherwise stated)

Risk exposure

Through its defined benefit plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

- Asset volatility:** The plan liabilities are calculated using a discount rate set with reference to current investment patterns in the economy; if plan assets underperform this yield, this will create a deficit. The plan asset investments are subject to interest rate risk. The Group has a risk management strategy where the aggregate amount of risk exposure is maintained at a fixed range. Any deviations from the range are corrected by rebalancing the investments. The Group intends to maintain the investment pattern in the continuing years.
- Changes in bond yields:** A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.
- Life expectancy:** The defined benefit obligation is to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

Defined benefit liability and employer contributions

The following contributions and expected undiscounted future benefit payments:

Particulars	As at 31 March 2022	As at 31 March 2021
0 - 1 Year	29.37	24.63
2 - 5 Years	40.59	36.58
6 - 10 Years	23.04	19.92
More than 10 Years	10.78	9.65

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 3 years (31 March 2021: 3years).

Expected Contribution to the plan for the next annual period ₹ 78.10 millions

- The Group provides for accumulation of compensated absences by certain categories of its employees. These employees can carry forward a portion of their unutilised compensated absences and utilise/encash them in future periods as per the Group's policy. The Group records a liability for compensated absences in the period in which the employee renders the services that increases this entitlement.

39 Segment Reporting

The Managing Director of the holding company has been identified as the Chief Operating Decision Maker (CODM) as required by Ind AS 108 Operating Segments. The Group is in the business of providing contract research and testing services. The Managing Director reviews the operations of the Group as one operating segment taking into account the nature of the business, the organization structure, internal reporting structure and risk and rewards. Hence no separate segment information has been furnished herewith.

40 Capital Management & Ratios

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the following gearing ratio i.e. Net debt (total borrowings net of cash and cash equivalents) divided by total equity (as shown in the balance sheet):



Notes forming part of the Consolidated Financial Statements

(Amount in INR millions, unless otherwise stated)

Particulars		As at 31 March 2022	As at 31 March 2021
Equity Share Capital		44.22	44.22
Other Equity		2,295.62	1,899.60
Total Equity	(i)	2,339.84	1,943.82
Long-term borrowings		126.63	142.36
Short-term borrowings		66.78	161.79
Less: Cash and Cash equivalents		108.00	61.93
Total Debt	(ii)	85.41	242.22
Overall financing	(iii) = (i) + (ii)	2,425.24	2,186.04
Gearing ratio	(ii)/ (iii)	3.52%	11.08%

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period. Further there were no changes were made in the objectives, policies or processes for managing capital for the year ended March 31, 2022.

Ratios as per Schedule III requirements

Particulars	Notes	31 March 2022	31 March 2021	% change from 31 March 2021 to 31 March 2022
Current Ratio	(a)	2.60	2.05	27%
Debt-Equity Ratio	(b)	0.08	0.16	-47%
Debt Service Coverage ratio	(c)	7.50	4.06	85%
Inventory Turnover Ratio	(d)	2.58	2.41	7%
Trade Payable Turnover Ratio	(e)	3.24	2.82	15%
Net Profit Ratio	(f)	14.85%	10.16%	46%
Return on Equity Ratio/Return on Investment Ratio	(g)	0.18	0.11	60%
Trade Recievables Turnover Ratio	(h)	3.70	3.21	15%
Net Capital Turnover Ratio	(i)	3.63	3.72	-2%
Return on Capital Employed	(j)	24.72%	17.56%	41%

(a) Current Ratio - Current Assets divided by Current Liabilities

Particulars	31 March 2022	31 March 2021
Current Assets	1,243.57	1,105.36
Current Liabilities	477.49	539.11
Ratio	2.60	2.05

Reason for % change from previous year: Current ratio improved with the repayment of short term borrowings and the investments made in fixed deposits of the available surplus cash balance.

(Amount in INR millions, unless otherwise stated)

(b) Debt-Equity Ratio - Total debt divided by Total equity where total debt refers to sum of current & non-current borrowings

Particulars	31 March 2022	31 March 2021
Long term borrowings	126.63	142.36
Short term borrowings	66.78	161.79
Total debt	193.41	304.15
Total equity	2,339.84	1,943.82
Ratio	0.08	0.16

Reason for % change from previous year: Debt-equity ratio improvement aided by the repayment of the short term borrowings to meet the operational requirements and increase in shareholders' equity value.

(c) Debt Service Coverage ratio - Earnings available for debt services divided by Total interest and principal repayments

Particulars	31 March 2022	31 March 2021
Profit after tax	413.30	214.05
Add: Non cash operating expenses and finance cost		
- Depreciation and amortization expense	233.29	230.78
- Finance cost	10.68	17.28
Earnings available for debt service	657.27	462.11
Interest cost on borrowings	10.68	17.28
Principal repayments	76.96	96.46
Total interest and principal repayments	87.64	113.74
Ratio	7.50	4.06

Reason for % change from previous year: Debt service coverage ratio improvement aided by decrease in interest cost owing to debt repayment and increase in earnings available for debt service driven by higher operating revenue.

(d) Inventory Turnover Ratio - Cost of materials consumed divided by average inventory

Particulars	31 March 2022	31 March 2021
Purchases of stock-in-trade	439.71	357.38
Changes in inventories of stock-in-trade	(27.41)	24.96
Cost of materials consumed	412.30	382.34
Opening inventory	146.35	171.31
Closing inventory	173.76	146.35
Average inventory	160.06	158.83
Ratio	2.58	2.41

(e) Trade Payable Turnover Ratio - Total purchases divided by average trade payables

Particulars	31 March 2022	31 March 2021
Purchases of stock-in-trade	439.71	357.38
Opening Trade payables	148.30	105.00
Closing Trade payables	123.41	148.30
Average Trade payables	135.86	126.65
Ratio	3.24	2.82



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(Amount in INR millions, unless otherwise stated)

(f) Net Profit Ratio - Net profit after tax divided by Sales

Particulars	31 March 2022	31 March 2021
Net profit after tax	413.30	214.05
Net Sales	2,782.79	2,106.79
Ratio	14.85%	10.16%

Reason for % change from previous year: Net profit for the year came in higher boosted by the higher operating revenues.

(g) Return on Equity Ratio/Return on Investment Ratio - Net profit after tax divided by Equity

Particulars	31 March 2022	31 March 2021
Profit after tax	413.30	214.05
Total equity	2,339.84	1,943.82
Ratio	0.18	0.11

Reason for % change from previous year: Return on equity ratio improvement aided by higher net profits driven by higher operating revenues and increase in shareholders' equity value.

(h) Trade Receivables Turnover Ratio - Revenue from operations divided by average trade receivables

Particulars	31 March 2022	31 March 2021
Revenue from operations	2,782.79	2,106.79
Opening Trade receivables	734.56	578.45
Closing Trade receivables	769.36	734.56
Average Trade receivables	751.96	656.51
Ratio	3.70	3.21

(i) Net Capital Turnover Ratio - Revenue from operations divided by Net Working capital where net working capital = current assets - current liabilities

Particulars	31 March 2022	31 March 2021
Revenue from operations	2,782.79	2,106.79
Net Working Capital	766.08	566.25
Ratio	3.63	3.72

(j) Return on Capital Employed - Earnings before interest and taxes (EBIT) divided by Capital Employed

Particulars	31 March 2022	31 March 2021
Profit before tax (A)	556.85	285.40
Finance costs (B)	14.98	21.68
Other Income (C)	14.49	8.29
EBIT (D) - (A)+(B)-(C)	557.34	298.79
Total equity (E)	2,339.84	1,943.82
Non-current borrowings (F)	126.63	142.36
Current borrowings (G)	66.78	161.79
Cash and cash equivalents (H)	108.00	61.93
Capital Employed	2,254.43	1,701.60
Ratio	24.72%	17.56%

Reason for % change from previous year: Return on capital employed ratio improvement aided by higher earnings before interest, tax driven by higher operating revenues and decrease in borrowings.

(Amount in INR millions, unless otherwise stated)

- 41** Pursuant to the notification issued by the central government under Foreign Trade Policy 2015-20 vide Notification no 29 dated September 23, 2021 the admissible rate on net foreign earnings has been revised to 5% from 7%. Accordingly, an impact of ₹ 12.24 million is recognised as an exceptional item.
- 42** The company has complied with the number of layers prescribed under Clause 87 of Sec.2 of the Act read with the Companies (Restriction on number of layers) Rules 2017.
- 43** During the financial year ended March 31, 2022, the company has entered into a Public Private Partnership (PPP) agreement with Food Safety and Standards Authority of India (FSSAI) to setup, operate and transfer (SOT) a National food Testing Laboratory (NFL) in JNPT, Mumbai. In accordance with the provisions of Ind AS 115, this arrangement has been considered as a “Service Concessionaire Arrangement” (SCA) and accordingly, revenue and costs are allocatable between those relating to lab setup services and those relating to operation and maintenance services. Further, the Company has acquired the right to charge the customer for the services to be rendered which has been assessed as an intangible asset. Consequently, the amount of revenues from operations and lab setup expenses for the year ended 31, 2022 ₹ 138.43 million respectively representing the revenues relating to lab setup services provided under SCA, the costs of fulfilling the contract and the right to charge the customer for the services to be rendered, respectively. (Refer Directors Report)
- 44** Disclosure U/s.186(4) of the Companies Act, 2013: During the year under review, the company has not given any loans, made Investment, given Guarantee, provided Security to any others.
- 45** During the year, no scheme of arrangements has been approved by the competent authority in terms of Sec.230 to 237 of the Act, in which the company is a party.
- 46 a)** The company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies) including foreign entities (intermediaries) with the understanding (whether recorded in writing or otherwise) that the intermediary shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries); or (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- b)** The company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- 47** Previous year figures have been regrouped/reclassified wherever necessary to correspond with current year classification and disclosure.

Per our report of even date attached.

For Gattamaneni & Co

Chartered Accountants

Firm Registration No. 009303S

G. Srinivasa Rao

Partner

Membership No. 210535

Place: Hyderabad

Date : May 12, 2022

For and on behalf of the Board of Directors

Dr. S. P. Vasireddi

Non-Executive Chairman

DIN : 00242288

G Purnachandra Rao

Director

DIN : 00876934

Place: Hyderabad

Date : May 12, 2022

Harita Vasireddi

Managing Director

DIN: 00242512

D R Narahai Naidu

Chief Financial Officer

Harriman Vungal

ED-Operations

DIN : 00242621

Sujani Vasireddi

Company Secretary



Notes forming part of the Consolidated Financial Statements

(Amount in INR millions, unless otherwise stated)

48. Additional Information as per Part III of Division II of Schedule III to the Act

Name of the entity in the Group	Net Assets, i.e. Total assets minus total liabilities		Share in profit or (loss)		Share in other comprehensive income/ (loss)		Share in total comprehensive income/ (loss)	
	As % of Consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total comprehensive income	Amount
Parent								
VIMTA Labs Ltd.,								
FY 2021-22	99.86%	2,336.49	99.34%	410.58	100.00%	(2.03)	99.34%	408.55
FY 2020-21	99.97%	1,943.19	99.32%	212.60	100.00%	1.00	99.33%	213.60
Subsidiary - Indian								
EMTAC laboratories Pvt Ltd.,								
FY 2021-22	0.39%	9.03	0.66%	2.69	0.00%	-	0.66%	2.69
FY 2020-21	0.33%	6.33	0.68%	1.45	0.00%	-	0.67%	1.45
On account of Inter-company eliminations & adjustments								
FY 2021-22	-0.24%	(5.70)	-	-	-	-	-	-
FY 2020-21	-0.30%	(5.70)	-	-	-	-	-	-
Total (FY2021-22)	100.00%	2,339.84	100.00%	413.30	100.00%	(2.03)	100.00%	411.27
Total (FY2020-21)	100.00%	1,943.82	100.00%	214.05	100.00%	1.00	100.00%	215.05

Per our report of even date attached.

For Gattamaneni & Co

Chartered Accountants
Firm Registration No. 009303S

G. Srinivasa Rao

Partner
Membership No. 210535

Place: Hyderabad

Date : May 12, 2022

For and on behalf of the Board of Directors

Dr. S. P. Vasireddi

Non-Executive Chairman
DIN : 00242288

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Director
DIN : 00876934

Place: Hyderabad

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Managing Director
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D R Narahai Naidu

Chief Financial Officer

Harriman Vungal

ED-Operations
DIN : 00242621

Sujani Vasireddi

Company Secretary

Form AOC-1: Statement containing salient features of the financial statements of Subsidiaries.

(Pursuant to first proviso to sub-section (3) of Section 129 of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014)

Subsidiaries

Name of the Subsidiary Company	EMTAC LABORATORIES PRIVATE LIMITED	
The date since when subsidiary was acquired	March 4, 2020	
Financial Year ending on	March 31, 2022	March 31, 2021
Reporting Currency	Indian Rupees in Million	
Share Capital	34.17	34.17
Reserves & Surplus (Other Equity)	(25.14)	(27.84)
Total Assets	23.04	22.36
Total Liabilities	14.01	16.03
Investments (excluding Investments made in subsidiaries)	Nil	Nil
Total Income	25.81	16.64
Profit/(Loss) before tax	3.35	1.42
Provision for tax (net)-Credit	0.66	(0.02)
Total other Comprehensive income/(loss)	-	-
Profit/(Loss) after tax	2.69	1.44
Proposed Dividend	-	-
% of shareholding	100%	100%

For and on behalf of the Board of Directors

Dr. S. P. Vasireddi
Non-Executive Chairman
DIN : 00242288

Harita Vasireddi
Managing Director
DIN: 00242512

Harriman Vungal
ED-Operations
DIN : 00242621

G Purnachandra Rao
Director
DIN : 00876934

D R Narahai Naidu
Chief Financial Officer

Sujani Vasireddi
Company Secretary

Place: Hyderabad
Date : May 12, 2022



Vimta Labs Limited

CIN : L24110TG1990PLC011977

Registered Office: Plot Nos. 141/2 & 142, IDA

Phase II, Cherlapally, Hyderabad - 500 051, India.

E-mail : shares@vimta.com Web : www.vimta.com