Vimta Labs Limited
Registered Office
142, IDA Phase II, Cherlapally
Hyderabad-500 051,Telangana, India
T : +91 40 2726 4141
F : +91 40 2726 3657

Driven by Quality. Inspired by Science.

VLL\SE\025\2023-24
Date: 01.06.2023

Listing Centre
BSE Limited
PJ Towers, Dalal Street
Mumbai: 400001
Scrip 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 2022-23.**

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 2022-23, together with notice of 33rd AGM to be held on **Wednesday, 28th June 2023 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/wp-content/uploads/Annual-Report-2022-23-Website.pdf

This is for your information and records.

Thanking you,

Yours faithfully,
for VIMTA LABS LIMITED

SUJANI VASIREDDI
Digitally signed by SUJANI VASIREDDI
Date: 2023.06.01 16:53:33 +05'30'

VIMTA LABS LIMITED HYDERABAD-51

Sujani Vasireddi
Company Secretary

Encl. as above

Vimta

Driven by Quality. Inspired by Science.

Notice Calling

33rd Annual General Meeting

Scheduled to be held on Wednesday, 28th June 2023

Vimta Labs Limited

CIN : L24110TG1990PLC011977

www.vimta.com

NOTICE

NOTICE is hereby given that the 33rd Annual General Meeting of the Members of Vimta Labs Limited ("the Company") will be held on Wednesday, 28th June, 2023 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:**

   (a) the Standalone Audited Financial Statements of the company for the financial year ended 31st March, 2023 together with the reports of the Board of Directors and the Auditors of the company thereon; and

   (b) the Consolidated Audited Financial Statements of the company for the financial year ended 31st March, 2023 together with the report of the Auditors of the company thereon.

2. To declare a Dividend of ₹ 2/- per equity share for the financial year ended 31.03.2023.

3. To appoint a Director in place of Shri. Harriman Vungal (DIN: 00242621) who retires by rotation and being eligible, offered himself for reappointment. Subject to reappointment, the Director shall continue to be the Executive Director - Operations for the rest of the tenure for which he was appointed as such.

SPECIAL BUSINESS:

4. **Ratification of remuneration of cost auditors for financial year ended 31st March 2024.**

   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("the Act") 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 and as recommended by the Audit Committee and duly approved by the Board of Directors, remuneration of ₹ 50,000/- (Rupees Fifty Thousand only) plus applicable GST, is payable to M/s Lavanya & Associates, Cost Accountants, Hyderabad (Firm Regn. No. 101257), Cost Auditors for conducting Audit of cost records of the company for the Financial Year ending 31st March 2024 be and is hereby ratified."

5. **Appointment of Dr. S P Vasireddi (DIN: 00242288) as Executive Chairman of the Company for a period of 3 years.**

   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 Section 196, 197,198, 203 and other applicable provisions, if any, of the Act read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Schedule V of the Act including any statutory modification or re-enactment thereof, and pursuant to the provisions of Regulation 17(6)(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and based on the recommendation of the Nomination and Remuneration Committee and further by the Board, approval of the members be and is hereby accorded to the appointment of Dr S P Vasireddi (DIN 00242288) as Executive Chairman of the company for a period of three years w.e.f., 1st July 2023 with a remuneration, partly by way of monthly salary and perquisites and partly as a percentage of the Net Profit of the Company payable annually, on the following terms and conditions:

   A. By way of Monthly remuneration and perquisites:

   I. Salary (Consolidated): 15,00,000/- (Rupees Fifteen lakhs only) per month

   II. Perquisites and allowances:

   a) Leave Travel Concession: For self and family, to and from any place in India, once in a year subject to ceiling of one month's salary per annum.

   b) Pension/Superannuation Fund: Company's contribution to Provident Fund, Superannuation Fund, or annuity fund in accordance with the Scheme of the Company to the extent these either singly or put together are not taxable under Income Tax Act, 1961.

   c) Gratuity: As per the rules of the Company, at the rate not exceeding one-half month's salary for each completed year of service.

   d) Encashment of Leave: Encashment of leave as per the rules of the Company.

   e) Telephone and Car: Telecommunication facilities and car for Company's business purposes.

   f) Personal accident insurance: Personal accident insurance premium as per the rules of the Company."

B. By way of percentage on Net Profit of the Company:

In addition to the salary and perquisites stated at 'A' above, commission shall be paid at such percentage as the Board may deem fit, not exceeding 2% of the Net Profit of the Company as computed under the provisions of Section 198 of the Companies Act, 2013.

However, the aggregate remuneration paid to the appointee under 'A' & 'B' above and to all other Whole-time Directors i.e., Ms. Harita Vasireddi, Managing Director, Mr. Harriman Vungal, Executive Director – Operations and Mr. Satya Sreenivas Neerukonda, Executive Director put together in any financial year shall not exceed the limits specified in Section 197 of Companies Act, 2013 and other applicable provisions and Rules made thereunder, read with Schedule V of the Act or any statutory modification(s) or re-enactment(s) thereof, for the time being in force.

"**RESOLVED FURTHER THAT** during the tenure of 3 years, if the company has no profit or its profit is inadequate in any financial year, the remuneration mentioned at 'A' above shall be paid as minimum remuneration."

"**RESOLVED FURTHER THAT** the Board of Directors of the company (hereinafter referred to as the Board, which term shall be deemed to include any committee whether called Nomination and Remuneration Committee or such other name which may exercise its powers including the powers conferred by this resolution) be and is hereby authorized to vary, alter or modify the scope, components and terms and conditions of the above stated remuneration including to increase/decrease as they may deem fit, within the permissible provisions of the Act and rules made thereunder, including any statutory modification(s) or re-enactment(s) thereof for the time being in force."

"**RESOLVED FURTHER THAT** the Directorship of Dr. S P Vasireddi shall be subject to retirement by rotation during his tenure as Executive chairman and further he is not eligible to draw sitting fee for any Board/Committee Meetings."

"**RESOLVED FURTHER THAT** the Company Secretary be and is hereby severally authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for the purpose of giving effect to this resolution."

6. Approval of maximum limit for payment of Remuneration to Ms. Sujani Vasireddi, a related party, holding an Office or Place of Profit in the Company.

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 188(1)(f) read with Companies (Meetings of Board and its Powers) Rules, 2014 and other applicable provisions, if any, of the Act including statutory modification/s or re-enactment/s thereof for the time being in force and as per the recommendations of Nomination & Remuneration Committee and Audit Committee and duly approved by the Board, approval of the members be and is hereby accorded to fix the maximum limit for payment of remuneration payable to Ms. Sujani Vasireddi, a related party to Mr. Satya Sreenivas Neerukonda, Executive Director, who holds an office or place of profit in the Company with the designation as "Company Secretary & Compliance Officer" at ₹ 5,00,000 (Rupees Five Lakh only) per month plus Company contribution to Provident Fund/ Superannuation fund, Annuity fund; Gratuity, Medical and other perquisites as per the rules of the Company and/or as may be approved by the competent authority/Board from time to time."

"**RESOLVED FURTHER THAT** the Board may delegate its powers in this regard to the Managing Director for implementation."

7. Approval of maximum limit for payment of Remuneration to Ms. Sudheshna Vungal, a related party, holding an Office or Place of Profit in the Company.

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 188(1)(f) read with Companies (Meetings of Board and its Powers) Rules, 2014 and other applicable provisions, if any, of the Act including statutory modification/s or re-enactment/s thereof for the time being in force and as per the recommendations of Audit Committee and duly approved by the Board, approval of the members be and is hereby accorded to fix the maximum limit for the payment of remuneration payable to Ms. Sudheshna Vungal, a related party to Mr. Harriman Vungal, Executive Director - Operations, who holds an office or place of profit in the Company with the designation as "General Manager - Quality Assurance" at ₹ 3,50,000 (Rupees Three Lakh Fifty Thousand only) per month plus Company contribution to Provident Fund/Superannuation fund, Annuity fund; Gratuity, Medical and other perquisites as per the rules of the Company and/or as may be approved by the competent authority/Board from time to time."

"**RESOLVED FURTHER THAT** the Board may delegate its powers in this regard to the Managing Director for implementation."

8. **Approval of maximum limit for payment of Remuneration to Ms. Praveena Vasireddi, a related party, holding an Office or Place of Profit in the Company.**

   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 188(1)(f) read with Companies (Meetings of Board and its Powers) Rules, 2014 and other applicable provisions, if any, of the Act including statutory modification/s or re-enactment/s thereof for the time being in force and as per the recommendations of Audit Committee and duly approved by the Board, approval of the members be and is hereby accorded to fix the maximum limit for payment of remuneration payable to Ms. Praveena Vasireddi, a related party to Dr. S P Vasireddi, Non-Executive Chairman & Ms. Harita Vasireddi, Managing Director who holds an office or place of profit in the Company with the designation as "Senior Manager–Infrastructure Planning & Development" at ₹ 3,50,000 (Rupees Three Lakh Fifty Thousand only) per month plus Company contribution to Provident Fund/ Superannuation fund, Annuity fund; Gratuity, Medical and other perquisites as per the rules of the Company and/or as may be approved by the competent authority/Board from time to time."

   "**RESOLVED FURTHER THAT** the Board may delegate its powers in this regard to the Managing Director for implementation."

By Order of the Board
For Vimta Labs Limited

Place: Hyderabad
Date: 03.05.2023

Sujani Vasireddi
Company Secretary

NOTES:

1. 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, General Circular No. 3/2022 dated 05.05.2022, and General Circular No. 10/2022 dated 28.12.2022 (collectively referred to as "MCA Circulars") has permitted holding of AGM through Video Conferencing (VC) or Other Audio Visual Means (OAVM) on or before 30.09.2023. Hence, 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 set out above 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 **22nd June 2023 (Thursday) to 28th June 2023 (Wednesday) (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.

6. The Company has appointed Mr. Datla Hanumanta Raju, or failing him, Mr. Mohit Kumar Goyal, Partners, M/s D Hanumanta Raju & Co, Company Secretaries, Hyderabad, as the Scrutinizer to the e-voting process and voting 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. As per the provisions of the Companies Act 2013, a Member entitled to attend and vote at the AGM and is also entitled to appoint a proxy to attend and vote on his/ her behalf and the proxy need not be a member of the company. However, since this AGM is being held 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 are transferrable only in dematerialised form with effect from 1st April, 2019, except in case of requests 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 may contact the Company's Registrar and Transfer Agent, CIL Securities Limited (RTA) at rta@cilsecurites.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 by sending a physical copy of the same duly signed to the Company along with the requisite documents enumerated in Form IEPF-5. Members may 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/PoD-2/P/CIR/2023/4 dated 5th January 2023, Notice of the AGM along with the Annual Report 2022-23 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 2022-23 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 2023 through email on 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 appear in the register of members as on 22nd June 2023, 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 depositary 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 22nd June 2023

➢ Declaration for "No Permanent Establishment" in India;

- Beneficial Ownership Declaration;
- Tax Residency Certificate (TRC) for FY 2023-24;
- 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) The general meeting of the company will be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020. The forthcoming AGM will be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members may attend and participate in the ensuing AGM 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 MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 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 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 AGM will be provided by CDSL.

(iii) The Members may join the 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 AGM through VC/OAVM would be made available to atleast 1000 members on first come first served basis. This does 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 AGM without restriction on account of first come first served basis.

(iv) The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.

(v) Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. 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 through VC/OAVM and cast their votes through e-voting.

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

Option 1 : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

Option 2 : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

(i) The voting period begins on **25th June 2023; 09:00 A.M.** and ends on **27th June 2023; 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 (22nd June 2023) 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) **Option 1: Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.**

(a) In terms of S**EBI 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.

Pursuant to abovesaid 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 Depository**	1) Users who have opted for CDSL Easi/ Easiest facility, may login through their existing User ID and password. Option will be made available to reach e-Voting page without any further authentication. The users to login to Easi/Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab. 2) 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 their vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there are also links provided to access the system of all e-Voting Service Providers, so that the user may visit the e-Voting service providers' websites directly. 3) If the user is not registered for Easi/ Easiest, option to register is available at CDSL website www.cdslindia.com. To login click on login & New System Myeasi Tab and then click on registration option. 4) Alternatively, the user may 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. 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 e-Voting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders holding securities in demat mode with **NSDL Depository**	1) 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.nsdl.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 for joining virtual meeting & voting during the meeting. 2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp

Type of shareholders	Login Method
	3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.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 held 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
Individual Shareholders (holding securities in demat mode) login through their **Depository Participants (DP)**	You may 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 for 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 websites.

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

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with **CDSL**	Members facing any technical issue in login may contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33
Individual Shareholders holding securities in Demat mode with **NSDL**	Members facing any technical issue in login may contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free nos.: 1800 1020 990 and 1800 22 44 30

(v) **Option 2 : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.**

(a) 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 their 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). • 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. • 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.

(vi) After entering these details appropriately, click on "SUBMIT" tab.

(vii) 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 their password with any other person and take utmost care to keep their password confidential.

(viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(ix) Click on the EVSN for the relevant <Company Name> on which you choose to vote.

(x) 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.

(xi) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xii) 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.

(xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xiv) You may also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xv) 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.

(xvi) There is also an optional provision to upload Board Resolution/Power of Attorney if any uploaded, which will be made available to scrutinizer for verification.

(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 will be mapped automatically & can be delinked in case of any wrong mapping.
- It is Mandatory that a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required mandatorily 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 & have not uploaded in the CDSL e-voting system for the scrutinizer to verify the same.

20. INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:

i. The procedure for attending meeting & e-Voting on the day of the AGM 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. However, they will not be eligible to vote at the AGM.

iv. Shareholders are encouraged to join the Meeting through Laptops/Tablets or similar devices for better experience.

v. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

vi. Please note that Participants Connecting from 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.

vii. 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 22nd June 2023 (09:00 a.m.) to 24th June 2023 (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 during **22nd June 2023 (09:00 a.m.) to 24th June 2023 (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.

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

ix. Only those shareholders, who are present in the AGM 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 AGM.

x. If any votes are cast by the shareholders through the e-voting facility available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders may be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

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

i. 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

ii. For Demat shareholders -, Please update your email ID & mobile no. with your respective Depository Participant (DP)

iii. 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 may write an email to helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33.

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 toll free no. 1800 22 55 33.

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

A. Item No.4: Ratification of remuneration of cost auditors for financial year ended 31st March 2024.

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

Based on the recommendations of the Audit Committee made at its meeting held on 3rd May 2023, the Board of Directors at their meeting held on 3rd May 2023 approved the reappointment of M/s Lavanya & Associates, Cost Accountants, Hyderabad (Firm Regn. No. 101257), to conduct audit of the cost records of the Company for the financial year ending 31st March, 2024 at a remuneration of ₹ 50,000/- (Rupees fifty thousand only) plus applicable GST.

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

None of the Directors or KMPs or their relatives are in anyway concerned or interested in this resolution.

The Board recommends the Ordinary Resolution.

B. Item No. 5: Appointment of Dr. S P Vasireddi (DIN: 00242288) as Executive Chairman of the Company for a period of 3 years.

Dr. S P Vasireddi is the founder of the Company, and served as the Chairman & Managing Director of the company till 14th July 2013 and continued as Executive Chairman till 30th June 2018, and further he was appointed as Non-Executive Chairman of the Company and continuing in the same position till date.

It is now proposed to appoint Dr. S P Vasireddi as Executive Chairman of the Company. He has rich and varied experience of over 45 years in the industry. It would be in the interest of the Company to avail the services of Dr. S P Vasireddi in the capacity of Executive Chairman. Dr. S P Vasireddi is a qualified Scientist [Ph.D in Chemistry].

He has guided the Company through the last 4 decades and largely responsible for the growth of the company. Dr. S P Vasireddi has consented for the appointment.

Brief profile of Dr. S P Vasireddi as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is given as an Annexure to this Notice. Ms. Harita Vasireddi is his relative and is interested in this resolution. Save and except her and Dr. S P Vasireddi himself, none of the other Directors, Key Managerial Personnel and their relatives are concerned or interested in any way in this resolution.

The Board recommends the Special Resolution for appointment of Dr. S P Vasireddi as Executive Chairman for a period of three years w.e.f., 1st July 2023 at the remuneration and terms specified in the resolution .

Dr. S P Vasireddi will attain the age of 75 years on 1st July 2023 and hence as per the provisions of section 196(3)(a) of the Companies Act, 2013, appointing him as Executive Chairman requires approval of members by way of a special resolution. Further, as the proposed remuneration to the appointee together with the remuneration of other whole-time Directors who are promoters or members of the promoter group, in aggregate, exceeds 5% of the net profit of the Company, approval of Members is sought by way of a Special Resolution as required under Regulation 17(6)(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Dr. S P Vasireddi holds 3,598,525 equity shares in the company.

C. Item No. 6: Approval of maximum limit for payment of Remuneration to Ms. Sujani Vasireddi, a related party holding an Office or Place of Profit in the Company.

Pursuant to provision of Section 188(1)(f) of the Companies Act, 2013 read with Rule 15 of The Companies (Meetings of Board and its powers) Rules, 2014, except with the prior approval of the company by a resolution, a company shall not enter in to a transaction with a related party, where the transaction is for appointment of such related party to hold an office or place of profit in the company at the monthly remuneration exceeding two and half lakh rupees.

The Board of Directors at its meeting held on 3rd May 2023, based on the recommendation of Nomination and Remuneration Committee and Audit Committee, approved a maximum limit of ₹ 5,00,000/- per month plus applicable perquisites and benefits as per the Company's Rules towards remuneration payable to Ms. Sujani Vasireddi, the Company Secretary & Compliance Officer, a related party to Mr. Satya Sreenivas Neerukonda, Executive Director, within which her remuneration can be fixed from time to time. Since the maximum amount fixed is in excess of ₹ 2.50 lakhs per month, approval of shareholders is required by way of an ordinary resolution.

Brief Profile of Ms. Sujani Vasireddi:

Ms. Sujani Vasireddi, currently designated as Company Secretary & Legal has 15 years of experience and is a qualified Company Secretary. She also holds a degree in Law and Commerce. She was appointed Company Secretary and Chief Compliance Officer of the company in September 2018 and currently heads secretarial and legal Departments. She has, in addition to her routine functions, impeccably handled major assignments of Listed entities compliances including drafting legal petitions. The combination of her qualifications and wide experience adds value to the Company. Her current CTC is 2.49 lakhs/ month.

Brief profile of Related Party and disclosure pursuant to Rule 15(3) of Companies (Meetings of Board and its powers) Rules 2014 are as under:

Name of Related Party	Ms. Sujani Vasireddi
Name of Director or KMP who is related	Mr. Satya Sreenivas Neerukonda
Nature of Relationship	Spouse
Nature, material terms, monetary value and particulars of contract or arrangement	Maximum remuneration to be paid shall not exceed ₹ 5,00,000 (Rupees Five Lakh only) per month excluding Company's contribution to Provident Fund/Superannuation fund, Annuity fund; Gratuity, Medical and other perquisites as per the rules of the Company
Brief Profile and information relevant or important for the members to take a decision on the proposed resolution	As covered above

Ms. Sujani Vasireddi's contribution in the Company is highly desirable and immense value at this point of time, given her experience in the role of Company Secretary and compliance Officer. Hence, the Board approved a maximum limit of ₹ 5.00 lakhs per month plus applicable perquisites/benefits as per company's rules up to which she can be paid the remuneration from time to time.

Except Mr. Satya Sreenivas Neerukonda, Executive Director, none of the other Directors/Key Managerial Personnel or their relatives are in anyway concerned or interested in the resolution.

The Board recommends the Ordinary Resolution.

D. Item No. 7: Approval of maximum limit for payment of Remuneration to Ms. Sudheshna Vungal, a related party holding an Office or Place of Profit in the Company.

Pursuant to the provisions of Section 188(1)(f) of the Companies Act, 2013, read with Rule 15 of The Companies (Meetings of Board and its powers) Rules, 2014, except with the prior approval of the company by a resolution, a company shall not enter in to a transaction with a related party, where the transaction is for appointment of such related party to hold an office or place of profit in the company at the monthly remuneration exceeding two and half lakh rupees.

The Board of Directors at its meeting held on 3rd May 2023, based on the recommendations of the Audit Committee, approved a maximum limit of ₹ 3,50,000/- towards the remuneration payable to Ms. Sudheshna Vungal, General Manager - Quality Assurance, a related party of Mr. Harriman Vungal, Executive Director–Operations, within which her remuneration can be fixed from time to time. Since the maximum amount fixed is in excess of ₹ 2.50 lakhs per month, approval of shareholders is required by way of an ordinary resolution.

Brief Profile of Ms.Sudheshna Vungal:

Ms. Sudheshna Vungal, currently designated as “General Manager – Quality Assurance” is a qualified, well trained and experienced Quality Management System professional. Ms. Sudheshna has 9 years experience in quality functions (ISO 15189, ISO 17025), project management and customer care. She has effectively held various positions including, QA Head – Food Division (Branch Laboratories), Sr. Manager – Process Excellence & Customer Relations Management. She is a Masters in Biochemistry and is pursuing Masters in business law at NLSIU, Bangalore. Her current CTC is 2.49 Lakhs/month.

Brief profile of Related Party and disclosures pursuant to Rule 15(3) of Companies (Meetings of Board and its powers) Rules 2014 are as under:

Name of Related Party	Ms. Sudheshna Vungal
Name of Director or KMP who is related	Mr. Harriman Vungal
Nature of Relationship	Daughter
Nature, material terms, monetary value and particulars of contract or arrangement	Maximum remuneration of ₹ 3,50,000 (Rupees Three Lakh Fifty Thousand only) per month excluding Company’s contribution to Provident Fund/Superannuation fund, Annuity fund; Gratuity, Medical and other perquisites as per the rules of the Company
Brief Profile and information relevant or important for the members to take a decision on the proposed resolution	As covered above

Ms. Sudheshna Vungal’s contribution in the company is highly desirable at this point of time, given her strong experience in Quality Management. Hence, the Board approved a maximum limit of ₹ 3.5 lakhs per month plus applicable perquisites/benefits as per company’s rules up to which she can be paid the remuneration from time to time.

Except Mr. Harriman Vungal, Executive Director – Operations, none of the other Directors/Key Managerial Personnel or their relatives are in anyway concerned or interested in the resolution.

The Board recommends the Ordinary Resolution.

E. Item No. 8: Approval of maximum limit for payment of Remuneration to Ms. Praveena Vasireddi, a related party holding an Office or Place of Profit in the Company.

Pursuant to provision of Section 188(1)(f) of the Companies Act, 2013 read with Rule 15 of The Companies (Meetings of Board and its powers) Rules, 2014, except with the prior approval of the company by a resolution, a company shall not enter in to a transaction with a related party, where the transaction is for appointment of such related party to hold an office or place of profit in the company at the monthly remuneration exceeding two and half lakh rupees.

The Board of Directors at its meeting held on 3rd May 2023, based on recommendation of the Audit Committee, approved a maximum limit of ₹ 3,50,000/- per month plus applicable perquisites and benefits as per the Company’s Rules towards remuneration payable to Ms. Praveena Vasireddi, Senior Manager – Infrastructure Planning & Development a related party of Dr. S P Vasireddi, Non-Executive Chairman & Ms. Harita Vasireddi, Managing Director, within which her remuneration can be fixed from time to time. Since the maximum amount fixed is in excess of ₹ 2.50 lakhs per month, approval of shareholders is required by way of an ordinary resolution.

<u>Brief Profile of Ms. Praveena Vasireddi:</u>

Ms. Praveena Vasireddi, currently designated as Senior Manager – Infrastructure Planning & Development with additional responsibility of overseeing the Infrastructure Development Department, has 10 years of experience in the areas of internal audit, payables management and lab infrastructure development. She has spearheaded major infrastructure development projects of the company including the design and set up of food branch labs, Diagnostic labs and NFL at JNPT, Mumbai. She has been directly trained and mentored by the Chairman on various aspects of lab design and project management. Currently, she is the Project Manager for Company's large scale infrastructure expansion Project. Her current CTC is 1.95 Lakhs/month.

Brief profile of Related Party and disclosure pursuant to Rule 15(3) of Companies (Meetings of Board and its powers) Rules 2014 are as under:

Name of Related Party	Ms. Praveena Vasireddi
Name of Director or KMP who is related	Dr. S P Vasireddi & Ms. Harita Vasireddi
Nature of Relationship	Daughter & Sister respectively
Nature, material terms, monetary value and particulars of contract or arrangement	Maximum remuneration to be paid shall not exceed ₹ 3,50,000 (Rupees Three Lakh Fifty Thousand Only) per month excluding Company's contribution to Provident Fund/Superannuation fund, Annuity fund; Gratuity, Medical and other perquisites as per the rules of the Company
Brief Profile and information relevant or important for the members to take a decision on the proposed resolution	As covered above

Ms. Praveena Vasireddi's contribution in the company is highly desirable and very essential at this point of time, given her strong experience in infrastructure development. Hence, the Board approved a maximum limit of ₹ 3.5 lakhs per month plus applicable perquisites/benefits as per company's rules up to which she can be paid the remuneration from time to time.

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

The Board recommends the Ordinary Resolution.

By Order of the Board
For Vimta Labs Limited

Place: Hyderabad
Date: 03.05.2023

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 28th June 2023 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. 5 of Notice
Name	Shri. Harriman Vungal	Dr. S P Vasireddi
DIN	00242621	00242288
Date of first Appointment	16.11.1990	16.11.1990
Designation	Executive Director – Operations	Executive Director & Chairman
Date of Birth	01.10.1951	01.07.1948
Qualification	D. Tech (Toronto)	Ph.D in Chemistry
Expertise in specific functional Areas	D. Tech. from Toronto, Canada with over 44 years of experience. He is one of the promoter Director of the company and has been its Director Operations since inception.	Dr. S P Vasireddi has over 45 years of experience in laboratory and contract research organization's management. He is the founder 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. Given his rich knowledge and experience he is/has been nominated as a member on the Advisory/ Governing Boards of several apex scientific bodies of the country. His present/past associations include: • Member of Central Advisory Committee – Food Safety & Standards Authority of India (FSSAI). • Member of the Governing Board of NABL. • Chairperson – NABL, Risk Management Committee. • Member of National Committee – CII National Committee on Drugs and Pharmaceuticals. • Member of Research Council – National Physical Laboratories, India. • Chairman of Calibration Committee – National Physical Laboratories, India. He has been instrumental in setting up a centre of excellence VIMTA-UNIDO South South Cooperation Training Centre.

Particulars	Item No. 3 of Notice	Item No. 5 of Notice
Terms and conditions of appointment and details of last salary drawn	Retiring by rotation, being eligible offers himself for reappointment. Last drawn salary – ₹ 10,00,000/- per month.	As mentioned in the Explanatory Statement. Last drawn salary – Not Applicable.
Number of meetings of the Board attended During the year	4	4
Disclosure of relationship between directors inter-se	NA	Harita Vasireddi – Managing Director is daughter.
Shareholding as on 31.03.2023	1777893	3598525
Directorships	Nil	Nil
Board (Listed entities)		
Committees (Listed entities)		

By Order of the Board
For Vimta Labs Limited

Place: Hyderabad
Date: 03.05.2023

Sujani Vasireddi
Company Secretary

Driven by Quality. Inspired by Science.

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

Vimta

Driven by Quality. Inspired by Science.

33rd ANNUAL REPORT 2023

Vimta Labs Limited
CIN : L24110TG1990PLC011977

www.vimta.com

Forward Looking Statements

Some of the information contained herein is for general information purposes only and should not be considered as a recommendation that any investor should subscribe/purchase the company shares. The Company makes no representation or warranty, express or implied, as to, and does not accept any responsibility or liability with respect to, any forward looking statements made herein. These statements are based on current expectations, forecasts and assumptions that are subject to risks and uncertainties which could cause actual outcomes and results to differ materially from these statements. Important factors that could cause actual results to differ materially from our outlook include, amongst others, general economic and business conditions in India and abroad, ability to successfully implement our strategy, our growth & expansion plans and technological changes, changes in the value of the Rupee and other currencies, changes in the Indian and international interest rates, change in laws and regulations that apply to the Indian and global industries that we serve, increasing competition, changes in political conditions in India or any other country and changes in the foreign exchange control regulations in India. Neither the company, nor its Directors and any of the affiliates or employees have any obligation to update or otherwise revise any forward-looking statements. The readers may use their own Judgement and are advised to make their own calculations before deciding on any matter based on the forward looking statements given herein.

When we use the terms "VIMTA," "Vimta Labs Ltd.", the "Company," "we," "us" or "our" in this Annual Report, we mean Vimta Labs Ltd. and its subsidiaries on a consolidated basis, unless the context indicates otherwise.

Website and Social Media Disclosure

We use our website (www.vimta.com) and our LinkedIn accounts as channels of distribution of Company information. The information we post through these channels may be deemed material. Accordingly, investors should monitor these channels, in addition to following our press releases, Securities and Exchange Board of India (the "SEBI") filings and public conference calls and webcasts. The contents of our website and social media channels are not, however, a part of this Annual Report.

Trademarks

All trademarks, trade names, graphics and logos of VIMTA contained herein are trademarks or registered trademarks of Vimta Labs Ltd., or its subsidiaries, as applicable, in India. All other party trademarks, trade names, product names, graphics and logos which maybe contained herein are the property of their respective owners. The use or display of other parties' trademarks, trade names, product names, graphics or logos is not intended to imply, and should not be construed to imply, a relationship with, or endorsement or sponsorship of VIMTA or its subsidiaries by such other party. Solely for convenience, we may refer to trademarks in this Annual Report without the TM and ® symbols. Such references are not intended to indicate, in any way, that we will not assert, to the fullest extent permitted by law, our rights to our trademarks. Other trademarks appearing in this Annual Report are the property of their respective owners.

Industry and Market Data

Market data used throughout this Annual Report is based on management's knowledge of the industry and the good faith estimates of management. All of management's estimates presented herein are based on industry sources, including analyst reports and management's knowledge. We also relied, to the extent available, upon management's review of independent industry surveys and publications prepared by a number of sources and other publicly available information. We are responsible for all of the disclosure in this Annual Report and while we believe that each of the publications, studies and surveys used throughout this Annual Report are prepared by reputable sources and are generally reliable, we have not independently verified market and industry data from third-party sources. All of the market data used in this Annual Report involves a number of assumptions and limitations and therefore is inherently uncertain and imprecise, and you are cautioned not to give undue weight to such estimates. Projections, assumptions and any estimates of our future performance and the future performance of the industry in which we operate are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in Risks & Concerns section, in Management Discussion and Analysis, of this Annual Report and elsewhere in this Annual Report. These and other factors could materially impact the outlooks and beliefs discussed in this annual report.

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CORPORATE INFORMATION

Board of Directors

Dr. Sivalinga Prasad Vasireddi Chairman (Non-Executive) DIN: 00242288	**Mr. Harriman Vungal** Executive Director –Operations DIN: 00242621
Ms. Harita Vasireddi Managing Director DIN: 00242512	**Mr. Satya Sreenivas Neerukonda** Executive Director DIN: 00269814
Ms. Prameela Rani Yalamanchili Independent Director DIN: 03270909	**Mr. Sanjay Dave** Independent Director DIN: 08450232
Mr. Purnachandra Rao Gutta Independent Director DIN: 00876934	**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	Secretarial Auditors	Cost Auditors	Internal Auditors
Gattamaneni & Co. (Firm Reg. No 009303S) Chartered Accountants, Hyderabad	D Hanumanta Raju & Co. Company Secretaries, Hyderabad	Lavanya & Associates, (Firm Reg. No. 101257) Cost Accountants, Hyderabad	Chaitanya V & Associates, Chartered Accountants, Hyderabad

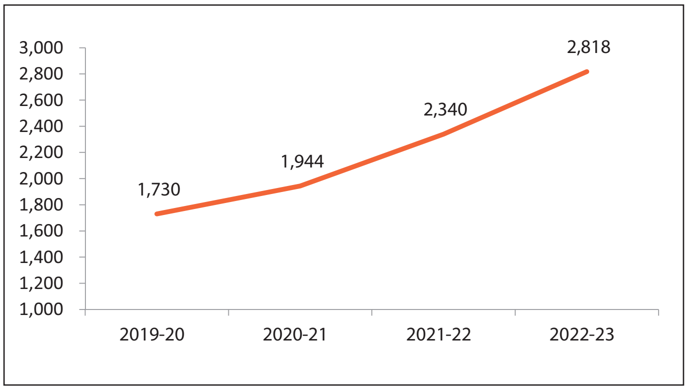
Bankers/Financial Institutions	Registrar & Share Transfer Agent	Registered Office	Life Sciences Facility
Axis Bank Limited. HDFC Bank Limited. CISCO Systems Capital (India) Private Limited.	CIL Securities Limited 214, Raghava Ratna Towers Chirag Ali Lane, Abids Hyderabad -500001	Vimta Labs Limited 141/2 & 142, IDA, Phase-II, Cherlapally, Hyderabad, Telangana – 500051	#5, Genome Valley, Shamirpet, Hyderabad, Telangana – 500101

Wholly Owned Subsidiary

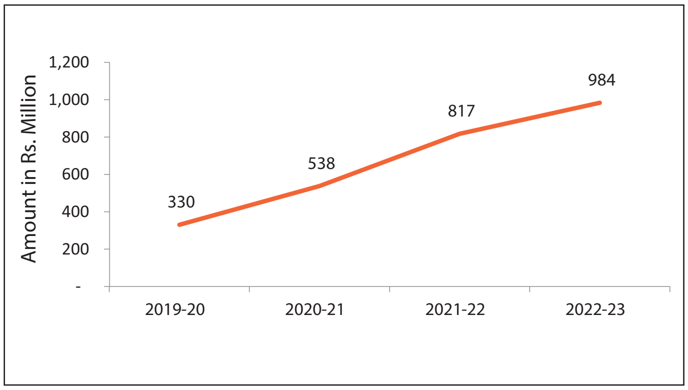
Emtac Laboratories Private Limited (EMTAC)
Plot No. 11/6, Road No.9 IDA,
Nacharam, Hyderabad
Telangana – 500076

GROUP AT A GLANCE

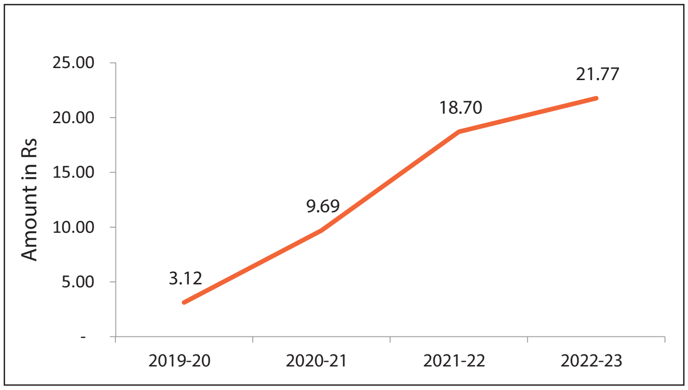
Net Worth



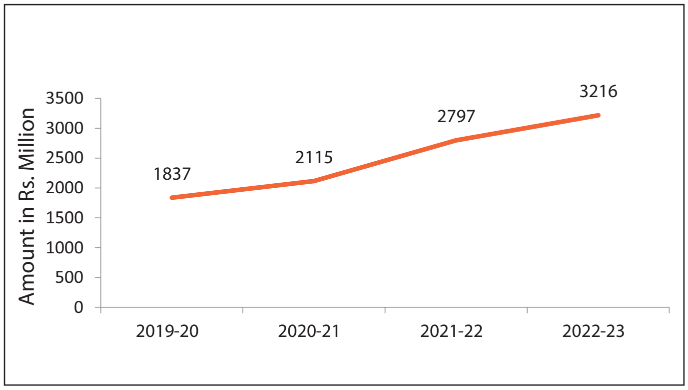
EBITDA



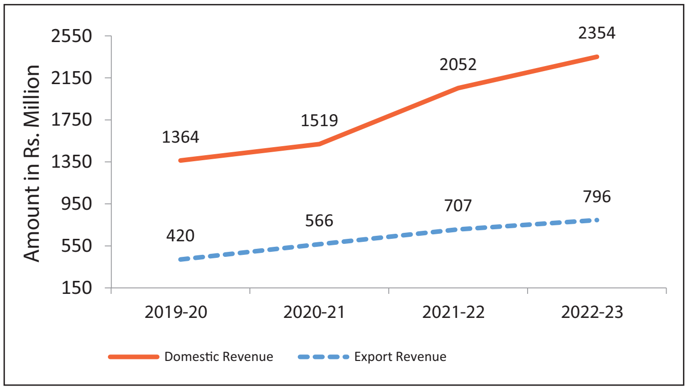
EPS



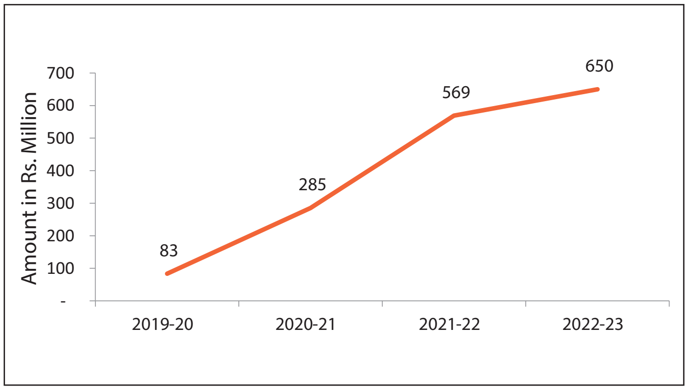
Total Income



Domestic Vs Export Revenue



PBT



BOARD'S REPORT

Dear Members,

Your Directors are happy to present the 33rd Annual Report together with the Standalone & Consolidated Audited Financial Statements of the Company for the year ended 31st March 2023.

1. OUR COMPANY (State of the Company's affairs)

Vimta Labs Ltd., originally established in 1984 as a Partnership firm, is India's most comprehensive contract research and testing organization, providing a wide range of services to biopharmaceutical, food, consumer goods, electronic, electrical, agrochemical, healthcare, medical device, power, cement, oil & gas, ores & minerals, infrastructure and many other industries, government organizations as well as other industry participants. Over the span of ~40 years, we have developed a track record of consistent quality, delivery and continuous innovation that has enabled us to grow faster than our underlying markets over the past four years and deliver strong financial results. We believe our scientific expertise, along with our cutting-edge technologies and knowledge of applicable regulatory requirements help our customers bring to market safe and quality products and maximize returns on their outsourcing spends. Broadly, these services include:

- Drug discovery, development, and drug life cycle management support services in the areas of preclinical research, clinical research, central lab, and analytical services for biopharmaceutical companies;
- Preclinical research and testing services for medical device companies;
- Contract research and testing for agrochemical and specialty chemical 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 Sciences Food Lab is a National Reference Lab for testing of Water, Alcoholic & Non-Alcoholic Beverages;
  - VIMTA setup and operates the National Food Laboratory at Navi Mumbai, under PPP model with FSSAI. 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/ components.

1.1. 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.

1.2. 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.

1.3. OUR CREDO

The values, beliefs and principles that guide us in our decisions and actions.

We believe our work impacts the wellbeing of millions of people across the globe. Our responsibility is to the end consumers, patients, and all others who use the products we help discover or develop and test for quality. In protecting the interests for these key stakeholders, everything we do must be with integrity, honesty, responsibility and of high quality.

We are strongly committed to provide value to our customers in terms of scientific knowledge, time and cost. Regulatory and quality system compliance must be the corner stone for our services. Customers' orders must be serviced as per promised timelines and accurately.

Our partner vendors must have fair and transparent opportunities to grow their business with us.

We are responsible to our employees to provide a safe, harmonious, and unbiased work environment where we are committed to each person's individual learning and development. Employees must feel valued and believe that each one of them contributes to the success and growth of the organization, and that their work impacts the society beneficially. We must respect them, recognize their merit, and encourage them to make suggestions and complaints. We must support the health and well-being of our employees and help them to fulfill the needs of their work-life balance. There must be equal opportunity for employment, development, and advancement for those qualified. We must have highly capable leaders and their actions must be just and ethical. Compensation must be fair and working conditions safe, clean, and orderly.

We acknowledge our responsibility to the communities and environment in which we live and work. We must be a good corporate citizen and contribute to the development of weaker sections of society. We must be a good corporate citizen and abide sincerely with all applicable laws and good governance practices. We must protect and even try to enrich the environment we live in, and also consciously use the natural resources that we are privileged to have.

Our final responsibility is to our shareholders. Our business must have intrinsic potential to flourish and make a sound profit. We must plan well for growth and sustainability and execute our plans well. We must pay close attention to the markets we work in and continuously evaluate the opportunities and risks to act upon. We must innovate our services to stay relevant to market needs and make investments with balance. We have to build state-of-the-art facilities, maintain current and reliable technologies, and use materials that befit the purpose of our activities. Capacities must be enhanced, and expansions must be pursued. Reserves must be created to provide for adverse times. When we operate according to these fundamental principles, the shareholders should realize a fair return.

1.4. OUR SERVICES

I. Biopharmaceutical industry services

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

- Preclinical/early development/studies
- IND/505 (b)(2) enabling/studies
- 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 locations:

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 categories of food, water, and beverages including specialty services such as GMO testing, testing for Dioxins & Furans, Trace Heavy Metals, Label Claims, Radioactive isotopes, Vitamins and Minerals, Packaging and shelf life.

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

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, Delhi, Kolkata, Varanasi, Bhubaneswar, Visakhapatnam, Vijayawada, Tirupati, Chennai.

Accreditations & Approvals

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

IV. **Environment testing**

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 locations and branch offices:

Hyderabad, Coimbatore (moved to Chennai in 2023), Chennai, Noida, 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 goods, medical devices, industrial devices, wireless and telecom products. EMI/EMC testing is a critical step in bringing a new product into market.

Lab Locations:

Hyderabad.

Accreditations & Approvals

- NABL (National Accreditation Board for Testing and Calibration Laboratories) Accredited as per ISO 17025
- TEC (Telecommunication Engineering Center, GOI) recognized.

1.5. SERVICES OF WHOLLY OWNED SUBSIDIARY - EMATC LABORATORIES PRIVATE LIMITED

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 Locations:

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

2. OUR COMPANY'S PERFORMANCE

For F.Y 2022-23, your company recorded a consolidated revenue of ₹ 3,216.34 million as compared to ₹ 2,797.28 million in the previous year and standalone revenue of ₹ 3185.84 million as compared to ₹ 2,774.34 million in the previous year, which in terms of growth is 15% and 14.8 % at consolidated and standalone levels respectively, over previous year.

The EBIDTA for FY 2022-23 is 30.6% and 30.5% for consolidated and standalone levels respectively, which grew well when compared to 28.8% and 28.8%, of the previous year.

The Financial performance of the Company for the year ended 31st March 2023 is summarized below: (₹ in Millions)

Sl. No.	Particulars	Year Ended March 31, 2023		Year Ended March 31, 2022	
		Standalone	Consolidated	Standalone	Consolidated
I	**Total Income**	**3,185.84**	**3,216.34**	**2,774.34**	**2,797.28**
	i) Expenses other than Finance costs and Depreciation	2,215.69	2,232.79	1,962.08	1,979.92
	ii) Finance costs	26.44	26.45	14.96	14.98
	iii) Depreciation	305.40	307.13	231.58	233.29
II	**Total Expenses (i+ii+iii)**	**2,547.53**	**2,566.37**	**2,208.62**	**2,228.19**
	PBT Before Exceptional Items (I-II)	**638.31**	**649.97**	**565.72**	**569.09**
	Less: Exceptional Item	**-**	**-**	**(12.24)**	**(12.24)**
III	**PBT- After Exceptional Item**	**638.31**	**649.97**	**553.48**	**556.85**
IV	Tax Expense	165.32	168.25	142.90	143.55
V	**Profit After Tax (III-IV)**	**472.99**	**481.72**	**410.58**	**413.30**
	Other comprehensive (loss)/income	(0.22)	(0.26)	(2.03)	(2.03)
VI	**Total Comprehensive income for the year (V+VI)**	**472.77**	**481.46**	**408.55**	**411.27**

3. MANAGEMENT DISCUSSION AND ANALYSIS

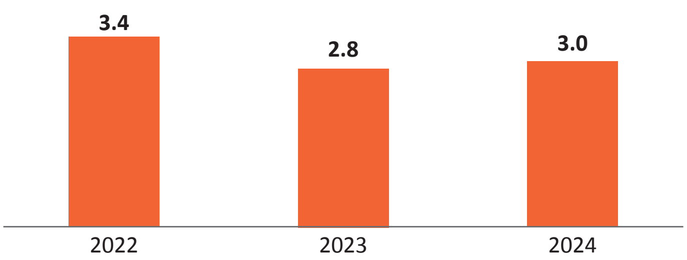
Macro Economy

Global Economy

More than a year later, repercussions of Russia's intervention in Ukraine and emergence of highly contagious variants of COVID-19 continue to have a bearing on several economies. Additionally, the global economic recovery is being hindered by the tightening of financial conditions worldwide. As a result, several economies are anticipated to experience a slowdown in income growth, along with an increase in unemployment in 2023. Despite the central banks' efforts to tackle inflation by raising interest rates, achieving price stability may take longer than expected. In the long term, the prospect for economic growth appears less encouraging than it has been for several decades. Global demand remained dampened driven by various economic factors, however, the gradual decline in commodity prices and China's reopening of its economy, normalized shipping conditions are expected to slightly boost global demand.

Outlook - Global

The global growth outlook remained uncertain due to sticky high inflation, weakened demand, and the ongoing war. The global economic growth is expected to slow from 3.4% in 2022 to 2.8% in 2023, with advanced economies experiencing the highest deceleration from 2.7% growth in 2022 to an expected 1.3% growth in 2023.



(Source: IMF_ WEO_ April 2023, Allianz Research and EY)

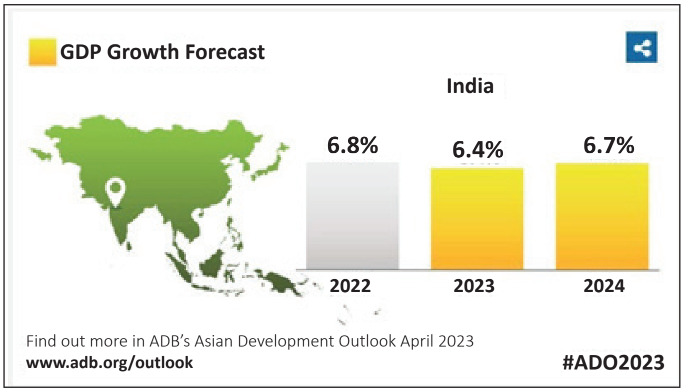
Indian Economy

In the fiscal year 2022, the Indian economy saw substantial growth due to private consumption and investment, though slower than the year before. However, in the fiscal year 2023, India's growth will be influenced by several factors, including the worldwide economic slowdown, restricted monetary conditions, and high oil prices. Despite these challenges, the government's conducive policies, decreased non-performing loans in banks, and considerable corporate deleveraging will serve as a boost to the economy's growth.

Private consumption is likely to grow due to improved labour market conditions, consumer confidence, and increased capital expenditure by the government. Services sector is expected to see a strong recovery whereas agricultural sector expected to sustain the growth momentum in FY2023. Inflation is expected to further cool due to base effects and slowing demand, although adverse weather and higher global oil prices present downside risks.

Outlook - India

India's GDP growth rate was 6.4% during FY2023 due to a combination of factors such as expected global economic slowdown, strict monetary policies, and high oil prices. Despite these obstacles, India's growth rate remains higher than that of comparable economies, primarily due to strong domestic consumption and lower dependence on global demand.



(Source: ADB_ Outlook Apr 2023 and EY)

Industry Overview

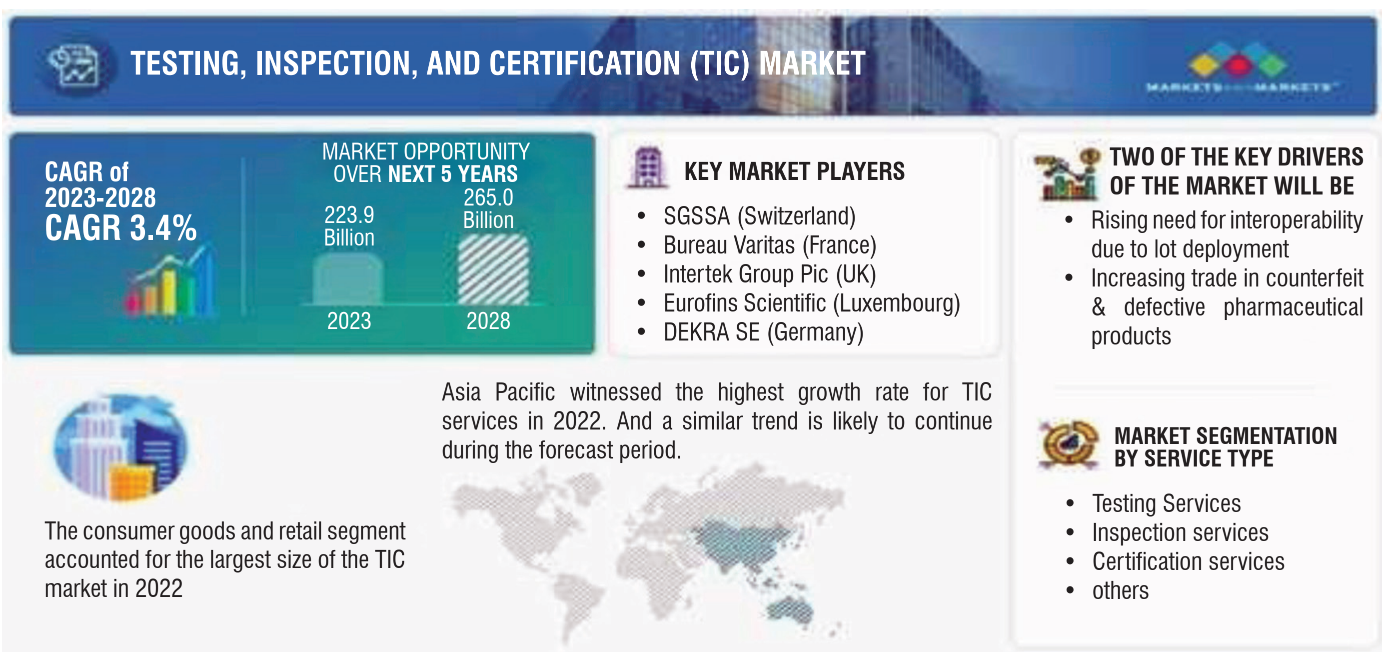
(Opportunities and Threats)

Testing, Inspection & Certification Market

Global

According to the forecast, the global testing, inspection, and certification (TIC) market is expected to experience growth from USD 223.9 billion in 2023 to USD 265.0 billion by 2028, with a projected compound annual growth rate (CAGR) of 3.4% during the forecast period.

Several key factors are anticipated to contribute to the growth of the TIC market, including stringent government regulations aimed at ensuring product safety and environmental protection. Additionally, the deployment of Internet of Things (IoT) technologies necessitates interoperability testing, while the increasing trade in counterfeit and defective pharmaceutical products calls for robust TIC measures. Furthermore, the growing emphasis on digitalization to enhance customer experience and the escalating significance of food safety and hygiene are expected to drive the TIC market's growth in the foreseeable future.



Testing, Inspection and Certification (TIC) Market Forecast to 2028

By adopting secure and effective testing and inspection practices, companies can uphold optimal quality standards, enhance productivity, and maximize efficiency. Leveraging TIC practices allows companies to tailor their supply chain activities to their specific requirements, streamlining their business processes.

The growing transportation and logistics sector offers promising growth prospects for the TIC industry, driven by increasing global trade and the adoption of intelligent logistics systems. These systems enable the use of TIC solutions to ensure timely product delivery, reducing operational expenses across the value chain. Reliable TIC practices are crucial in optimizing supply chain operations and maximizing profitability in a highly competitive market.

Moreover, regional governments' persistent endeavours to enhance transportation facilities, such as increasing frequency and improving safety measures for public vehicles, are driving the adoption of well-organized TIC practices. These efforts contribute to the establishment of a robust TIC environment, promoting efficient and safe transportation for people.

The COVID-19 pandemic has had a notable impact on the TIC market, with disruptions in manufacturing and production activities in various regions due to lockdown measures implemented by national governments. Despite these challenges, the healthcare sector has witnessed increased TIC practices, driven by the growing demand for healthcare services and related products, including medical supplies. Similarly, the consumer goods industry has also embraced TIC practices during the pandemic, as there has been a heightened demand for safe and high-quality food products to meet consumers' needs.

In 2022, the testing segment dominated the TIC market, representing the highest revenue share of over 70%. This can be attributed to the widespread use of testing practices across industries such as automotive, energy & utilities, oil & gas, petroleum, and manufacturing. Implementing rigorous testing of products enables companies to uphold stringent quality parameters and meet customer requirements. As a result, companies in various sectors are increasing their operational expenditure on testing equipment investments, thereby driving market growth. The emphasis on maintaining high-quality standards and customer satisfaction is acting as a catalyst for the adoption of testing practices in the TIC market.

(Source: MarketsandMarkets, Grand View Research, and EY)

India

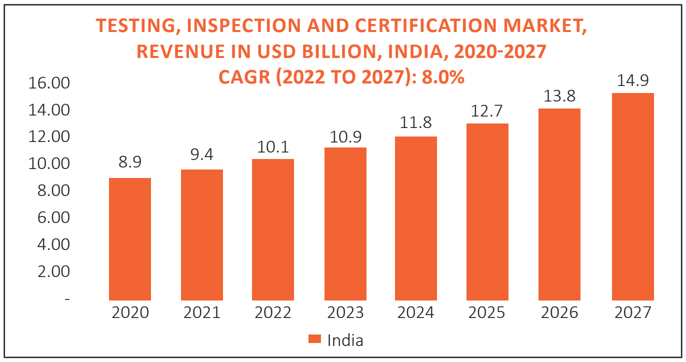
India is a dynamic market for testing and inspection in the Asia-Pacific region, driven by its status as one of the fastest emerging economies in the region with significant growth in the production sector and increasing export of goods. The Indian TIC market is projected to grow at a CAGR of 8.03% and reach USD 14.93 billion by 2027. Among the fastest-growing sectors in the region, TIC activities for the healthcare sector are prominent. The competitive advantage of Indian pharmaceutical companies is bolstered by low production costs and robust R&D efforts, leading to increased exports. Furthermore, the Indian government's Pharma Vision 2020 initiative aims to establish India as a global leader in drug manufacturing. The potential for product recalls is also expected to drive the demand for TIC activities in the pharmaceutical industry.

In the consumer electronics sector, the Indian government has permitted 100% foreign direct investment (FDI) in electronic hardware manufacturing through the automatic route, which is expected to attract increased investment in the sector. The National Electronics Policy is also anticipated to further stimulate investment in the electronics industry. Additionally, the "Made in India" policy promotes domestic manufacturing, encouraging companies to produce their products in India and comply with Indian TIC standards.

The food industry in India is expected to drive significant growth in testing and inspection practices, fuelled by increasing concerns about food safety and the need to reduce food recalls. To improve transparency and accountability in food safety inspection and sampling, the Food Safety and Standards Authority of India (FSSAI), the country's food regulator, has established a nationwide online platform. The FSSAI has urged states to adopt this system to eliminate discrepancies and ensure food safety officers are held accountable. Additionally, the FSSAI has developed inspection checklists to facilitate efficient inspections of Food Business Operators (FBOs) by food safety officers. These checklists are used to assess compliance with regulatory requirements and determine the level of adherence to each requirement. This emphasis on standardized inspection processes by the FSSAI is expected to drive growth in testing and inspection activities in the food industry in India.

India's EV Testing, Inspection and Certification Market is expected to grow at a significant rate on the back of growing EV adoption, rising focus by the Government to impose stricter regulatory standards on the automotive industry, increasing sales of EVs, among others. Statutory Indian bodies such as Bureau of Energy Efficiency, Structural Energy Research Centre and others have been playing a crucial role in enabling the EV sector by focusing on building standards, safety provisions, tariff categories. These, along with the growing consumer awareness on product quality and safety will drive the nation's EV-TIC market in the times to come.

Outsourcing has emerged as a lucrative option for companies that are unable to invest in setting up their own testing laboratories. As the Asia-Pacific region, including countries like India and China, transitions from developing to developed status through rapid industrial growth, several TIC firms have emerged to meet the increasing demand for testing services. This demand is expected to drive the growth of the TIC market in the region. However, a key concern for clients in this area is the potential infringement of proprietary technology while obtaining necessary permissions to establish testing units.



(Source: Morder Intelligence Report, 6wresearch Report and EY)

Contract Research Organisation Market

Global

The estimated value of the global CRO services market in revenue for 2023 is $76.6 billion, with a projected growth to reach $127.3 billion by 2028, representing a compound annual growth rate (CAGR) of 10.7% from 2023 to 2028. This growth is primarily attributed to factors such as the continuous expansion of pharmaceutical, biopharmaceutical, and medical device R&D pipelines, as well as technological advancements in the clinical trials process. Additionally, the increasing demand for novel clinical trial designs to support cell and gene therapies is expected to create growth opportunities for companies operating in this market.

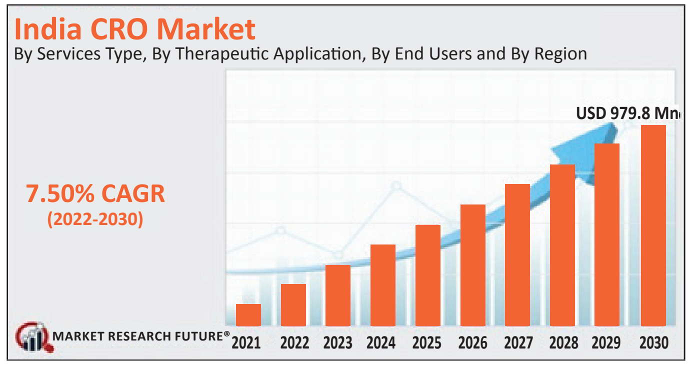
In the past decade, the field of drug discovery and development has witnessed consistent growth, with an increasing number of clinical studies being conducted and novel drug molecules advancing through various phases of the drug development cycle. According to the pharma R&D Annual Review 2022, the number of drugs in the R&D pipeline grew from 17,737 in 2020 to 20,109 in 2022. Additionally, data from clinicaltrials.gov shows that the number of registered studies increased from 32,517 in 2019 to 36,770 in 2022, at a CAGR of 4.2%. This growth in the R&D pipeline of novel drugs has resulted in an increased outsourcing of the drug development process, as companies seek to leverage external capabilities and access scientific and process innovations to develop cost-effective and efficient drug molecules. This trend is expected to drive the growth of the CRO services market.

(Source: MarketsandMarkets and EY)

India

The CRO market in India is projected to reach USD 979.8 million by 2030, with a CAGR of 7.5% during the period from 2022 to 2030.

The Indian CRO industry is driven by several factors, including the favourable climatic testing conditions in the country and the adoption of international norms and intellectual property rights. Regulatory agencies such as the Director Controller General of India (DCGI), the Indian Council of Medical Research (ICMR), and the Directorate General of Foreign Trade (DGFT) are actively working towards creating conducive conditions for research in India, which is further bolstering the industry.

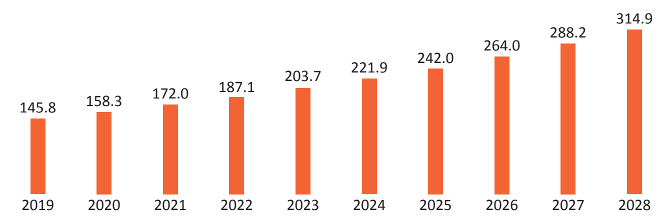


The Indian government has taken significant steps to streamline regulations related to clinical trials to promote drug development and innovation. The removal of restrictions on the number of clinical trials investigators can conduct has facilitated the growth of the Contract Research Organizations (CROs) market in India. Mandating trial sites to maintain emergency medical care and rescue arrangements has further improved trial safety and led to the development of experienced investigators and key opinion leaders who are driving the growth of CROs in India. These regulatory changes have made India an attractive destination for clinical trials, resulting in increased clinical research in the country. It is important to note that ethical conduct and participant safety remain a priority, with strict adherence to good clinical practices (GCP) and ethical guidelines. The government and regulatory authorities such as the Central Drugs Standard Control Organization (CDSCO) continue to monitor and regulate clinical trials to ensure compliance with established standards. Overall, these changes have promoted clinical research, stimulated drug development, and fostered innovation in India.

The COVID-19 pandemic has had a significant impact on the CRO market in India. The global efforts towards developing a vaccine for the coronavirus have also influenced the development of other vaccines and medicines. During the peak of the pandemic, a substantial portion, accounting for 30% of all clinical trials in the US, focused on vaccines and therapies for COVID-19.

The In-vitro Diagnostics (IVD) contract research organization market in India is projected to grow at a CAGR of 9.0%, reaching US$ 314.92 million by 2028, up from US$ 172.00 million in 2021. This growth is attributed to factors such as increased demand for IVD diagnostics due to rising prevalence of autoimmune disorders, infectious diseases, cancer, and other conditions. Additionally, heightened awareness among people, a surge in clinical trials, high research and development expenditure in the region for IVD, and low operational costs in India are expected to promote market growth. Furthermore, the COVID-19 pandemic has further accelerated the need for clinical trials for the development of IVD testing kits for COVID-19, contributing to the overall growth of the IVD contract research organization market in India.

Figure 31. India: IVD Contract Research Organization Market - Revenue and Forecast to 2028 (US$ Million)



Source: The Insight Partners Analysis

(Source: Markets Research Future, BlueWeave Consulting, Asia-Pacific IVD CRO Report and EY)

Clinical Diagnostics Industry

Global

The global clinical diagnostics market reached a size of US$76.2 billion in 2022 and is expected to grow at a CAGR of 8.56% to reach US$124.7 billion by 2028.

Clinical diagnostics involve detecting, identifying, and monitoring diseases through a patient's signs, symptoms, health history, and physical examination. These diagnostics include developing, manufacturing, and selling automated test systems, informatics systems, test kits, and specialized quality controls. They are widely used in hospitals, diagnostic laboratories, and point-of-care testing worldwide to aid in disease management, patient stratification, and predicting therapeutic efficacy to improve patient outcomes.

The market growth is driven by rising chronic disease prevalence, increasing adoption of automated platforms for disease management, growing awareness about laboratory tests, and healthcare providers using clinical diagnostics to develop targeted therapies. Furthermore, the market is positively influenced by the escalating demand for personalized medicine among patients.

(Source: Globe Newswire and EY)

India

The diagnostics industry in India is volume-driven and highly fragmented, with a few large, organized players and numerous small and regional players dominating 80-85% of the market. Factors such as higher life expectancy, changes in lifestyle, and a health-conscious population are expected to contribute to industry growth.

The COVID-19 pandemic led to an increase in demand for testing services, resulting in higher volumes and realizations for the industry. While the Indian government has promised to increase healthcare spending, pricing pressure remains a challenge for industry players, with stiff competition from small regional players.

Pathology and radiology are the two categories of the diagnostics industry, with pathology accounting for 58% of revenue and radiology for 42%. The industry offers potential for growth, especially in rural areas where there is a low penetration of testing centres, and consolidation may occur with the introduction of government healthcare policies.

(Source: Groww and EY)

Environment Testing Industry

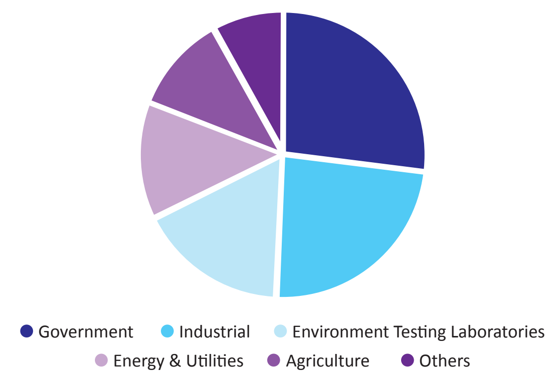
Global

The global environmental testing market was valued at USD 11.07 billion in 2022 and is projected to grow at a CAGR of 7.8% from 2023 to 2030. The increasing concern over environmental degradation due to industrial activities and pollution in many economies is driving the growth of the industry. Governments are investing in high-tech testing tools and services to maintain hygienic and environmental standards and safeguard the environment, leading to the growth of the market.

The demand for wastewater management is also expected to increase due to rising temperatures, depletion of freshwater resources, and the need to reduce carbon footprints. In addition, the industry is being driven by the privatization of testing services and the need for third-party testing. Service providers are adopting various strategies to gain a higher market share and meet changing technical demands from end-use industries. Finally, the COVID-19 pandemic has further emphasized the need for sustainable development and increased attention to Environmental, Social, and Governance (ESG) indices.

Global Environmental Testing Market

Share, by end-use, 2022 (%)



(Source: Grand View Research and EY)

India

The Indian environmental testing market is projected to reach $391.3 million by 2026 due to increasing pollution levels in the country and the need to adhere to government regulations. Customized testing services and demand from regulatory bodies for regular testing are driving market growth, along with the need for specific testing methods to provide efficient results.

The National Water Mission, launched in 2009, highlights the need for conservation of water and equitable distribution across India, which has led to a greater need for environmental testing services. However, the high initial investments required for deploying environmental testing equipment, especially for high sensitivity sensors used in analytical instruments, pose a challenge for the market.

(Source: Industry Arc and EY)

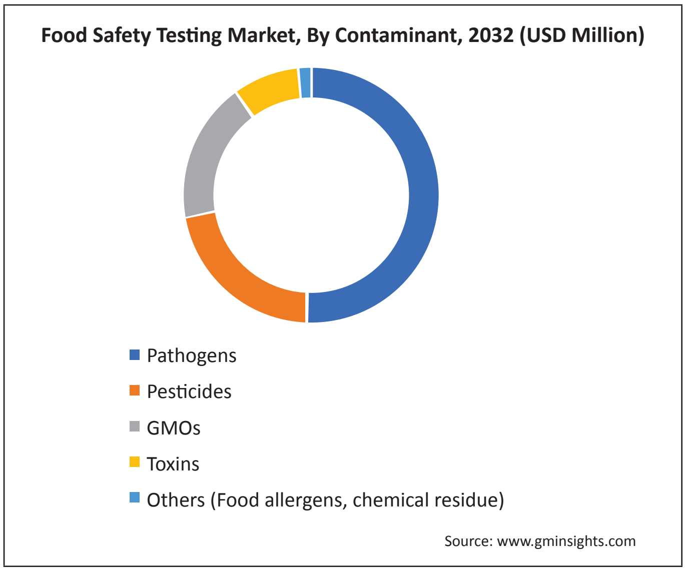
Food Testing Industry

Global

The Food Safety Testing Market has surpassed a value of USD 19.5 billion in 2022 and is expected to grow at a 7% CAGR from 2023 to 2032, driven by the rising demand for food consumption globally. The market growth is fuelled by the increasing population suffering from foodborne illnesses due to contamination from various sources.

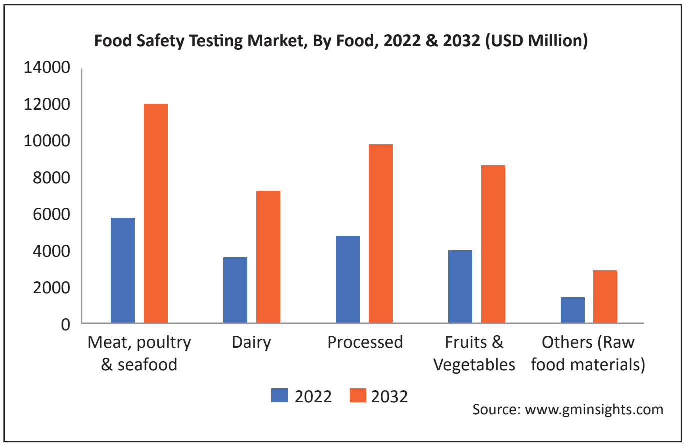
Rapid urbanization, surging consumer income, and changing dietary habits are expected to support industry growth. Rising concerns about product quality and recalls have led businesses to adopt food safety testing methods.

Meat, poultry, and seafood testing dominate the market share. The increasing need for proper food handling and preparation procedures to reduce the possibility of contamination will promote growth in the pathogens segment which is expected to reach USD 1 billion by 2032.



The rapid technology segment is expected to observe a 7% CAGR through 2032. Rapid technologies produce results in less than 48 hours, lowering the likelihood of contamination in products scheduled for testing and allows corrective actions to be performed in advance.

The market share from the processed food segment is expected to exceed USD 9.5 billion by 2032. Food safety is a critical concern for producers since contaminants can appear at any stage of production or supply.



The COVID-19 pandemic has positively amplified market revenue as technical solutions were adopted to safeguard food safety. The introduction of alternative rapid technologies and solutions for food testing is expected to complement industry development in the future.

(Source: GMI and EY)

India

The Indian food safety testing market is rapidly growing due to the high prevalence of foodborne illnesses in the country, particularly among young children. The market is expected to reach USD 923.4 million in 2027.

The Food Safety and Standards Authority of India (FSSAI) is a government-regulated organization that focuses on enhancing food safety testing procedures in the country. To this end, it has developed the "Food Safety on Wheels" initiative to provide mobile units for food testing. This initiative has been expanding and now has 60 mobile vans and 95 modified mobile vans operating in different states and union territories of the country.

Additionally, according to a study conducted by the Ministry of Food Processing Industries, 585 of the total number of food products testing laboratories in the country have been accredited to international standards, such as ISO/IEC 17025/ NABL. Overall, the increasing demand for food safety testing services in India presents a significant growth opportunity for both government-regulated organizations and private players in the market.

(Source: Mordor Intelligence Report and EY)

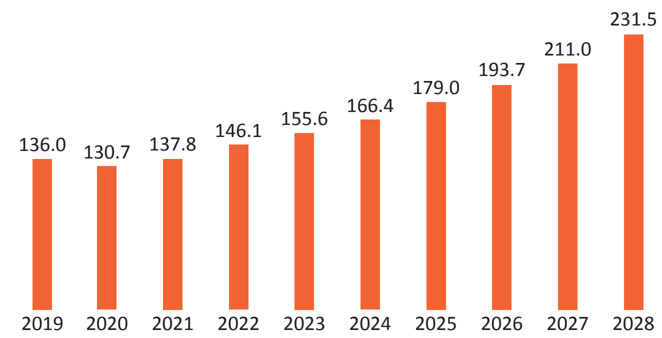
Electrical and Electronics Testing

Global

The worldwide market for testing, inspection, and certification (TIC) services in the electrical and electronics sector has experienced consistent growth in recent years. The key drivers behind this expansion include rising demand for household appliance testing, growing emphasis on electrical equipment validation, and the increasing trend of globalization and brand protection.

The market for Electromagnetic Compatibility (EMC) Testing is projected to grow significantly and reach $3.87 billion by 2028. EMC testing ensures that electronic and electrical devices do not emit excessive electromagnetic interference and continue to function as required in the presence of several electromagnetic phenomena. EMC is crucial for the installation of electrical equipment in various industries. As the number of electrical and electronic devices increases, governments are investing heavily in EMC testing. EMC testing services are in high demand by manufacturers to ensure compliance with regulatory standards, improve product marketability, and reduce manufacturing costs in pre-production phase. Consumer appliances and electronics are driving the growth of EMC testing applications due to the proliferation of wireless technologies and the interconnection of various systems and components in electronic devices.

Figure 32. India: Electromagnetic Compatibility (EMC) Testing Market - Revenue and Forecast to 2028 (US$ Million)



Source: The Insight Partners Analysis

(Source: TheExpressWire, GII and EY)

India

India EMC testing market is expected to grow at a CAGR of 7.7% and reach $231.5 Million by 2028.

The manufacturing industry in India has emerged as a rapidly growing sector. The Indian government has introduced the "Make in India" program to bolster the manufacturing sector and establish it as a prominent global manufacturing hub. The objective of this initiative is to elevate the contribution of the manufacturing sector to 25% of the country's GDP by the year 2022.

The electronics industry in the region is experiencing robust growth, fuelled by the increasing demand for advanced technological solutions. The widespread adoption of smartphones, smartwatches, and other electronic devices is a key driving force behind the market's expansion in the country.

The consumer appliances and electronics segment of the electromagnetic compatibility (EMC) testing market is anticipated to reach a value of US$ 55.8 million by 2028, with a projected compound annual growth rate (CAGR) of 6.4% during the forecast period. Similarly, the automotive segment of the EMC testing market is estimated to be valued at US$ 49.2 million by 2028, with an expected CAGR of 9.3% during the forecast period.

(Source: Asia-Pacific EMC Testing Market Report and EY)

3.1 COMPANY OUTLOOK

Your Company is positive about its growth prospects in the biopharmaceutical, food, environmental, and electronics & electrical contract testing and research markets all of which have a strong positive outlook despite the current global economic uncertainties, large competition, and stricter regulatory compliance requirements. The Company has a strong customer base, and promising pipelines which give it good visibility of growth over the medium term. Over the long term, the Company expects it would strategically look at acquisition opportunities or alliances or partnerships to enhance its market reach, capabilities and service portfolio, to gain further market share in various countries. Penetration into overseas markets would be an important lever of growth going forward. Domestic market continues to hold immense potential led by economic growth in the country. However, inflationary pressures in terms cost of manpower, technology and material, and pricing pressures due to proliferation of laboratories in the country will be the key risks to watch out for. VIMTA continues to maintain its dominance in the domestic food testing and contract research services to biopharmaceuticals industry. Its expansion into electronic and electrical products testing services should contribute to the Company's growth. The Company's leading position in the domestic market should help it sustain its growth.

3.2 OUR STRENGTHS & STRATEGIES

Your company believes it is well-positioned to serve the global biopharmaceutical, agrochemical, specialty chemical and medical device industries through its integrated product development services. VIMTA provides services to its customers through processes and procedures that are oriented to deliver strong compliance to regulatory requirements, thereby maintaining the integrity of data and the reports, and minimizing risks to the customers. VIMTA has a track record of strong science and quality over a 40-year history, earning it a reputation as a leading, sophisticated contract research and testing organization. Over the years it has developed wide range of capabilities and offers high-value, advanced testing services, including GMP lab services, bioanalytical, bioassays, ultra trace analyses and central laboratory infrastructure to support product research and development. VIMTA believes it is the leader in the domestic market for GMP analytical services and GLP nonclinical services. The GMP, GLP and GCP compliant facilities have been successfully audited more than 100 times during the year by customers, regulatory agencies, accrediting and certifying bodies, and Company's track record of quality has earned it a strong reputation in the market.

Similarly, in food testing business, VIMTA is recognized as the leader not only in its testing expertise, technologies, and quality, but also in its scale. VIMTA has the largest pan India network of laboratories positioning it to take more market share within the industry and continue to grow. It is counted as a center of excellence for the country by the government organizations as well.

In both food and above-mentioned product development services for biopharmaceutical companies, the broad spectrum of services, cutting edge instrumentation and facilities with large footprint allows VIMTA to offer a comprehensive set of scientific laboratory services. Further, the scale of services enables us to continuously develop and refine our expertise and enhance our ability to bend the cost and time curve of services to our customers.

In Electronics and Electrical testing, VIMTA has invested over Rs.300 million in capital expenditure to set up a state-of-the-art EMI/EMC testing facility which has capabilities to test electronics used for even military/ defense components. VIMTA believes that this capability is a differentiated offering to the industries in the domestic market. The safety and environment tests capabilities of Emtac Laboratories Pvt. Ltd., the WOS of VIMTA, complement well the EMI/EMC services. In future years the breadth of the menu offered by Emtac will be strengthened to widen the customer base, which will benefit VIMTA as well in expanding its reach in the market.

The environmental services comprise of again a diverse range of offerings. The experience of the company and its team in environmental services in second to none in the domestic market. Geographic expansion of VIMTA's Environment offices into more States has been undertaken to reach more customers. Company has long-standing relationships with its customers as demonstrated by having provided services for decade or more to several of its top customers. These relationships tend to have larger and longer-term contracts, which provide stability and visibility to Company's revenues in environmental services.

VIMTA's clinical diagnostics laboratory services are spread across 9 cities including central reference lab in Hyderabad, regional reference labs and satellite labs. Company has a strong B2B reputation in the local markets. Despite the tough market conditions in diagnostics industry, company has been able to retain its customers thanks to its reputation as a high quality service provider. Company will focus on B2B business to grow its reach in its local markets and in the future should be able to grow through professional partnerships with hospitals and other healthcare centers.

Across all its business units, the company believes that the technical and scientific expertise of its dedicated employees provides it with a competitive advantage. With a large pool of scientists holding advanced, masters or equivalent degrees, including PhDs, VIMTA has an edge due to the varied-scientific talent pool. The cross pollination of scientific domain expertise is leveraged often to create innovative as well as comprehensive solutions for customers across industries.

VIMTA has strategically developed and oriented its contract research and testing laboratory services towards the lucratively growing industries and their outsourcing needs, to position itself to win high value-add business. The service model is focused on providing to customers both stand-alone services as well as a mix of full-service contracts. VIMTA leverages its experience in managing laboratory operations for 40 years, to create efficient processes delivering quality outputs that helps in maintaining long term stable customer relationships. Furthermore, company is focused on continuous operational improvements and prudent cost management. Company believes that its strong financial profile demonstrates the quality and robustness of the business model and positions it for continued growth.

3.3 KEY FINANCIAL RATIOS

In accordance with SEBI (Listing Obligations and Disclosure Requirements), Regulations as amended in 2018, following 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.

Key financial ratios:

Ratio	Financial Year 2022-23	Financial Year 2021-22
Debtors Turnover Ratio (in days)	90.03	98.66
Inventory Turnover Ratio (in days)	22.94	20.99
Interest Coverage Ratio	50.38	46.20
Current Ratio	2.86	2.60
Debt Equity Ratio	0.05	0.08
Operating Profit Margin*	20.18%	20.47%
Net Profit Margin**	15.14%	14.85%
Price Earning Ratio	13.94	16.85
Return on Capital Employed	21.95%	24.72%

Brief reasons for significant change in the ratios when compared to previous year are as under:

Debt Equity Ratio: Debt-equity ratio improved due to debt repayments and higher cash accruals.

Price Earning Ratio: Price Earning ratio declined with increase in Earnings Per Share.

Return on Capital Employed: ROCE declined due to increase in total equity.

*Operating Profit Margin: Operating EBTDA to Revenue from Operations.

**Net Profit Margin: Net Profit to Revenue from Operations.

3.4 MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS, INCLUDING NUMBER OF PEOPLE EMPLOYED

With the growth in business, the company's human resource strength grew by 16% and as on 31st March 2023, Company had 1368 employees. Company's focus is on increasing productivity of manpower and engaging them well for achieving greater connect to business goals and objectives. Company has increased reliance on technology to drive these initiatives.

3.5 INFRASTRUCTURE

Vimta is one of India's largest Contract Research & Testing Organisations, equipped with state of art Testing. Headquartered in Hyderabad, Vimta has a network of 20 laboratories, including 03 Environment branches, 09 Clinical Diagnostics branch/satellite lab, 08 Food branch labs in India. The total built up area of the labs is ~ 4,00,000 sq.ft.

3.6 INVESTMENTS

VIMTA has consistently been committed to adding and improving its capabilities and service offerings. The broad range of industries that it serves and likewise its wide spectrum of services, are leveraged to stay resilient and pursue long term strategic objectives for growth. Company believes that the contract research and testing industry is constantly evolving, giving rise to newer opportunities. VIMTA is adept at evaluating opportunities in a disciplined manner that is both capital efficient and growth oriented.

It firmly believes that it is on a strong growth path and has made the right investments over the years. In order to sustain the growth momentum in coming years, company requires more capacities and therefore has embarked on almost doubling infrastructure capacities in its Life Sciences campus, Hyderabad. This significant investment is a strong reflection of the company's confidence on the increasing demand for its services.

3.7 RISKS & CONCERNS

Risks are inherent to any business. They are managed by the 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.

The Risk Management Committee duly constituted by the Board has 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 and this is reviewed periodically by the Audit Committee and the Board. The Company has adequate internal control systems and procedures to combat risks.

Vimta continues to strive to stay ahead on the competition curve through creation of new service opportunities, operational excellence and uncompromising commitment to quality, regulatory compliance, and customer service. However, there may be certain risk factors that could adversely impact business.

Quality related risks: Poor performance in regulatory audits and accreditation body audits could adversely impact our business. Maintaining quality and compliance is part of every activity in the organization. The 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 ruled out.

IT related risks: Our ability to serve customers effectively depends on the reliability of our data & information management and communication systems. We leverage computerized technologies and IT tools to perform many business critical activities hence we depend on the efficient and uninterrupted operation of our data & information management and communication systems, including systems we use in the laboratory, data management systems, systems used to deliver services to our customers, and failures in, breach of, or unauthorized access to or use of these systems or data contained therein may materially limit our operations and result in significant harm to our business. IT risk management is a part of our quality management system and thus the security and operation of our data management systems and communication systems, including data management systems and communication systems. Cyber-attacks could lead to disruption in operations. These are addressed through adequate back-up mechanisms and Disaster recovery process. A dedicated team is set up to constantly keep upgrading the IT Assets and implement the latest technologies to keep the environment safe and secure. Despite the extensive risk mitigation measures in place, the risk of disruption to our operations and business cannot be completely ruled out.

Service failure related risks: We are a scientific services organization and quality of service to the customers is critical for growth of our business. Quality of service is related to our ability to deliver reports and projects with scientifically reliable and accurate information; compliance to contractual requirements, regulations, standards, guidelines as applicable; and service customers with professional and ethical conduct. If we fail to perform our services per these expectations, we could lose confidence of our customers who may choose not to award further work to us, or make claims against us for breach of our contractual obligations. Any such action could have a material adverse effect on our reputation, business, results of operations, financial condition and/or cash flows. Our mitigation strategy is directed towards continuously strengthening our capabilities, and learning and implementing best practices. Further, stringent review systems and suitable preventive actions are in place.

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.

Growth and personnel related risks: Our business has been having sustained growth over the past few years and growth if not managed well places a strain on human, operational and financial resources. To manage our growth, we must continue to attract and retain talented staff across the business operations. Management pays strong attention to continuously building and improving operating and administrative systems to enhance productivity of personnel and processes and also to have a stronger administrative control on the businesses spread at various locations across the country. Given the dependency of business on quality of personnel there are inherent risks associated with personnel's abilities and ethical conduct, which may impact adversely customer satisfaction. Thus, if we are unable to manage our growth effectively, we could lose business from our customers. Further, if we are unable to recruit, retain and motivate key personnel, our business could be adversely affected. Our success depends on the collective performance, contribution and expertise of our senior management team and other key personnel throughout our businesses, including qualified management, professional, operational, scientific, technical, and business development personnel. There is significant competition for qualified personnel in all the industries that we operate in, particularly personnel with significant experience and expertise. The loss of any key executive, or our inability to continue to recruit, retain and motivate key personnel in a timely fashion, may adversely impact our ability to compete effectively and grow our business and negatively affect our ability to meet our short and long-term business and financial goals. Company takes several steps to maintain a motivated and engaged team. Initiatives such as ESOPs to attract & retain talent, rewards and recognition programs, personnel competency enlargement programs etc., are among the many best practices followed by the company. Nevertheless, the risks related to growth and personnel cannot be completely ruled out.

Other risks: A few more such risks and concerns 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 also include foreign exchange risks; interest rate risks; risks from terrorism etc. Further there are also risks of critical equipment breakdowns, power breakouts, short supply of any input material or consumable, fire, and other 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, nevertheless these risks cannot be completely ruled out.

It is possible that the above list of risks does not cover all risks exhaustively. However, 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.

4. DIVIDEND

Your Directors have recommended a dividend of ₹ 2/- per equity share of ₹ 2/- each, for 2022-23 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.

Details of 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
2015-16	821	426444.00	02.09.2016	08.10.2016	08.10.2023
2016-17	Dividend Not Declared				
2017-18	627	354280.00	25.08.2018	30.09.2018	29.09.2025
2018-19	506	325536.00	27.07.2019	01.09.2019	31.08.2026
2019-20	Dividend Not Declared				
2020-21	2316	618666.00	05.07.2021	10.08.2021	09.08.2028
2021-22	674	317981.00	25.06.2022	31.07.2022	30.07.2029

6. TRANSFER TO RESERVES

No amount is proposed to be transferred to reserves during the year.

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 and forms an integral part of this Board's 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 at https://vimta.com/wp-content/uploads/Anuual-Returns-2022-23.pdf.

9. CORPORATE SOCIAL RESPONSIBILITY

The Company as part of its Corporate Social Responsibility (CSR) initiative, undertook and supported many projects such as:

promoting health care;

preventive health care;

eradicating hunger, poverty, and malnutrition;

promoting education especially among children 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 ₹ 62,45,570/- 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 OF THE BOARD

During the year under review, four Meetings of the Board 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 limits prescribed under the Companies Act, 2013.

11. SHARE CAPITAL

As at the end of the year, the authorised Share Capital of the company stood at ₹ 7,00,00,000 (Rupees Seven Crore only) divided into 3,50,00,000 Equity shares of ₹ 2/- each and Paid-up Capital stood at ₹ 4,42,57,978 (Rupees Four Crore Forty-Two Lakh Fifty-Seven Thousand Nine Hundred and Seventy-Eight Only) divided in to 22,128,989 equity shares of ₹ 2/- each. During the year under review, the company has allotted 21,179 equity shares of ₹ 2/- each to the Employees upon exercise of Employee Stock Options under "Vimta Labs Employee Stock Option Plan 2021". 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:

i) Issued any shares with differential voting rights pursuant to provisions of Rule 4 of the Companies (Share Capital and Debenture) Rules, 2014;

ii) 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, whether directly or indirectly, and whether by means of a loan, guarantee, the provision of security or otherwise, financial assistance for the purpose of, or in connection with, a purchase or subscription made or to be made, by any person of or for any shares in the company in violation of the provisions of Section 67 of the Companies Act, 2013.

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 Option 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 I, on 11th May 2022 granted 17,961 Options in Tranche II, and on 26th October 2022 granted 35,702 Options in Tranche III, out of the Total Grant of 663,234 Options. The details of "Vimta Labs Employee Stock Option Plan 2021" form part of the Notes to Accounts of the Financial Statements in this Annual Report.

Further, during the year under review, the company allotted 21,179 equity shares of ₹ 2/- each to the Employees upon exercise of Employee Stock Options under "Vimta Labs Employee Stock Option Plan 2021."

The disclosures pursuant to Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 can be accessed at https://vimta.com/wp-content/uploads/Disclosures-pursuant-to-Regulation-14-of-the-Securities-and-Exchange-Board-of-India-Share-Based-Employee-Benefits-Regulations-2014.pdf and the same are 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, which is enclosed as **Annexure III** to this report.

15. CHANGES IN THE 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, the 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. Thus, there is no non-compliance with the requirements of Chapter V of the Companies Act.

17. SUBSIDIARIES

EMTAC laboratories Private Limited, established in 2014, became 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 products, (bank safes/lockers, ATMs, home use lockers, fire wall doors etc.) certification company.

Emtac 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 one of the very few labs 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 complement its 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 with safety and Environmental testing along with certification services to offer comprehensively packaged testing and certification services.

Emtac recorded revenues with a growth of 126% in the financial year 2022-23 at ₹ 58.38 million. Profit before tax for the financial year 2022-23 stands at ₹ 11.64 million compared to ₹ 3.35 million in the previous year.

The statement containing the salient features of the financial statements of the wholly owned subsidiary 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.

During the year, no other company has become or ceased to be a subsidiary or joint venture or associate company of this company.

18. PARTICULARS OF LOANS AND GUARANTEE GIVEN, SECURITY PROVIDED AND INVESTMENT MADE

As required under Section 186(4) of the Act, your Directors report includes Particulars of Loans, Guarantee given and security provided and investment made details, are shown in **Annexure V** and Notes to the Financial Statements (Refer Note 42 of Standalone Financial Statements).

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) Independent Auditor's 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 were no instances of frauds 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 term of five consecutive years from the conclusion of the 32nd Annual General Meeting (AGM) held on 25th June 2022 on a remuneration mutually agreed upon by the Board of Directors and the Auditors. They hold office until the conclusion of the 37th Annual General Meeting to be held in the calendar year 2027. The auditors have confirmed that they hold valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India and eligible to continue to hold the office for rest of their tenure.

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 3rd May 2023, have reappointed M/s Chaitanya V & Associates, Chartered Accountants as Internal Auditors of the Company for the financial year 2023-2024. 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 3rd May 2023 reappointed M/s Lavanya & Associates Cost Accountants (Firm Registration No. 101257) as Cost Auditors of the Company for the financial year 2023-2024. A resolution seeking ratification of remuneration payable to the Cost Auditors to conduct cost audit for the financial year 2023- 24 has been included in the notice convening 33rd 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 has made and maintained 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 3rd May 2023 reappointed M/s D Hanumanta Raju & Co., Practicing Company Secretaries as Secretarial Auditors for the financial year 2023-24. 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 2022-23 in the prescribed form MR-3 is enclosed with this Report as **Annexure VII.**

g) Annual Secretarial Compliance Report

Secretarial Compliance Report for the financial year ended March 31, 2023, 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 MEETINGS 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

Pursuant to section 134(5) of the Act, based on the representations received from the Operating Management, the Board of Directors, to the best of their knowledge and belief 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 and 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 2023 and of the profit and loss of the Company for the 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 and that such systems were adequate and operating effectively.

25. DIRECTORS AND KEY MANAGERIAL 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, Mr. Harriman Vungal (DIN: 00242621), Executive Director - Operations, retires by rotation and being eligible, offered himself for re-appointment. The proposal for the re-appointment of Mr. Harriman Vungal is being placed at the AGM along with the necessary details. Subject to his reappointment as Director, Mr. Harriman will continue to be the Executive Director – Operations for the balance of his tenure.

b) Changes in Directorship/Committee Position

During the year under review, Ms. Y Prameela Rani, Independent Director of the Company was reappointed for a second/final term for five consecutive years with effect from 1st December 2022 to 30th November 2027. The said reappointment was passed at 32nd Annual General Meeting held on 25th June 2022.

Apart from the above, 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 the 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) Appointment of Dr. S P Vasireddi (DIN: 00242288) as Executive Chairman of the Company.

Dr. S P Vasireddi's appointment as Non-Executive Non-Independent Director & Chairman of the Company was last approved at the Annual General Meeting held on 25th August 2018 and he has been continuing in the same position till date.

Dr. S P Vasireddi has a rich experience of over 40 years in the contract research and testing industry. He is the founder of VIMTA and under his leadership and guidance the Company has not only prospered with good growth but also earned a significantly remarkable reputation in the industry. Dr. Vasireddi is known as the pioneer and visionary who built the contract research and testing industry in India. The world class laboratory infrastructure and cutting-edge technologies he introduced over the years put India on the global map as an outsourcing destination for quality, testing and contract research services.

Dr. Vasireddi's vision, strategic insights, deep scientific and technical knowledge, and quick study abilities have enabled him to play a pivotal role in building numerous firsts and competitive edges for Vimta viz.,

- 1st GOI gazette notified EPA laboratory in the country.
- 1st CRO in India's who's BA/BE study got approved by USFDA.
- 1st ultra trace laboratory in country for testing dioxins and furans.
- 1st Lab in Asia to be pre-qualified by WHO for GPQCL.
- 1st Lab in India to offer Leachables and Extractables studies.
- 1st Lab in India to introduce Customer Specific Contract Labs.
- 1st Lab in India to be approved by European Commission for PCP trace analysis in Food exports to Europe.
- 1st Lab in India to set up a truly world class contract research and testing laboratory facility.
- Only Lab in India to have a PPP with UNIDO for Analytical Laboratory Capacity Building in Developing/Underdeveloped Nations.
- 1st lab in India to setup a pan India network of full-service food testing laboratories.

He brings critical expertise in laboratory business management and the Board is of the opinion that Dr S P Vasireddi's rare expertise and closer guidance to company's leadership as an Executive Chairman, will be of immense value to the Company at this juncture of growth and expansion. Dr. Vasireddi is a Ph.D. in Chemistry from Nagpur University.

Dr. Vasireddi's past and present associations include:

- Member of Central Advisory Committee–Food Safety & Standards Authority of India (FSSAI).
- Member of the Governing Board of NABL.
- Chairperson– ABL, Risk Management Committee.
- Member of National Committee–CII National Committee on Drugs and Pharmaceuticals.
- Member of Research Council–National Physical Laboratories, India.
- Chairman of Calibration Committee–National Physical Laboratories, India.
- Founder of Association of Contract Research Organizations (ACRO), India.

The Board based on the recommendations of the Nomination Remuneration Committee, recommends him as Executive Chairman of the Company for a period of 3 years w.e.f., 01.07.2023 for the approval of the shareholders. Dr. S P Vasireddi has consented to accept the proposed appointment. Board looks forward to his contributions as the company expands its scale and reach into new markets significantly.

He will attain the age of 75 years on 1st July 2023, and as per the provisions of section 196(3)(a) of the Companies Act, 2013, appointing him as Executive Chairman requires approval of members by way of a special resolution. Further, as the proposed remuneration to the Executive Director together with the remuneration of other whole time Directors who are promoters or members of the promoter group, in aggregate, exceeds 5% of the net profits of the Company, approval of Members is sought by way of a Special Resolution as required under Regulation

17(6)(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Dr. S P Vasireddi, Non-Executive Chairman holds 3,598,525 equity shares in the company. Except Dr. S P Vasireddi, Non-Executive Chairman and Mrs. Harita Vasireddi, Managing Director being daughter of Dr. S P Vasireddi none of the other Directors/Key Managerial Personnel are in anyway concerned or interested in his appointment.

e) 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.

f) 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.

g) During the year under review, no new Independent Director was appointed.

26. POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

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 and Board Diversity Policy is set out as **Annexure VIII,** and the same can be accessed at https://vimta.com/wp-content/uploads/Nomination-Remuneration-Policy.pdf and https://vimta.com/wp-content/uploads/Board-Diversity-Policy.pdf

27. HUMAN RESOURCES

Our success depends on the collective performance, contribution and expertise of our senior management team and several key personnel throughout our organization, including scientific, technical, administrative, and other business enabling functions such as business development. With close to 1400 employee base, the company leverages the diverse and abundant skills and domain expertise to build a scientifically strong and quality driven organization. Vimta believes that its Human Resources is the key to achieve business growth. Thus, to ensure employee satisfaction, the Company offers a safe, conducive, and productive environment. Endeavours are continuous to attract new talent and ensure the retention of existing employees. To establish a strong, connect with employees, several employee engagement initiatives are undertaken. Training and skill development programs are continuously delivered to promote a learning culture. Special skill development and training programs are conducted for identified special talent pool. Keeping pace with technological advancements, more and more HR processes are digitalised with substantial investments. The employees are sufficiently empowered, and company believes that such work environment propels the team to achieve higher levels of performance. The unflinching commitment of its employees is the driving force behind the Company's profitable growth. Your Company appreciates the spirit and the contributions of its dedicated employees.

28. PARTICLUARS 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** to this report.

The policy on materiality of related party transactions and on dealing with the related party transactions is uploaded on the website of the Company, which can be accessed at https://vimta.com/wp-content/uploads/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. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as required 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 MANAGEMENT POLICY

Your Company continues to have an effective Risk Management policy in place. The management and the Board oversees the risk management policy 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 a comprehensive Code of Conduct (the Code) in place 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 transitions 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 OF WOMEN AT WORKPLACE

The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The company formed a committee to attend to to the complaints under the above Act. During the financial year ended 31st March 2023, the Company has not received any complaint from any woman employee pertaining to any sexual harassment.

35. VIGIL MECHANISM/ WHISTLE BLOWER POLICY

The Company has a Whistle Blower Policy in place, framed to deal with instances 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 at https://vimta.com/wp-content/uploads/Whistle-Blower-Policy.pdf

36. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

A robust internal control mechanism is a prerequisite to ensure that an organisation functions ethically, complies with all legal and regulatory requirements and observes the generally accepted principles of good governance.

Your Company has adequate 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 controls 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. They report directly to the Audit Committee of the Board, which ensures process independence. The Audit Committee reviews the adequacy and efficacy of the internal controls, as well as the effectiveness of the risk management process across the Company. After reviewing the findings and suggestions, the Audit Committee 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. ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

The company has adequate internal financial controls with reference to the financial statements in place and the same were operating effectively.

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 with reference to the financial statements were adequate and effective during the year ended 31st March 2023.

39. During the year, the company has not made any applications under the Insolvency and Bankruptcy Code, 2016, nor any proceeding is pending under the said code.

40. During the year under review, the company has not approached its Bankers/Financial Institutions for one time settlement in respect of its borrowings. Accordingly, no valuation was done during the year under review.

41. 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 have an impact on the financial position of the Company.

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

During the year under review, there were no significant and material orders passed by any Regulator or Court or Tribunals which would impact the going concern status of the Company's operations in future.

43. 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.

44. 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.

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

Date: 03rd May 2023
Place: Hyderabad

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 and Meetings 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	1	1
2	Mr. Harriman Vungal	Member/ Executive Director – Operations		
3	Mr. Sanjay Dave	Member/ Non-Executive Independent Director		

3) Web-link(s) where Composition of CSR Committee, CSR Policy and CSR Projects approved by the board are disclosed on the website of the company https://vimta.com/corporate-social-responsibility-2/

4) Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8. NOT APPLICABLE

5) (a) Average net profit of the company as per sub-section (5) of section 135.

(In millions)

Particulars	For the Financial year ended 31st March		
	2022	2021	2020
Net Profit	561.09	289.80	85.95
Average Net profit for the preceding three financial years	312.28		

(b) Two percent of average net profit of the company as per sub-section (5) of section 135 - ₹ **62,45,570/-**

(c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. - **NIL**

(d) Amount required to be set off for the financial year, if any. - **NIL**

(e) Total CSR obligation for the financial year [(b)+(c)-(d)]. - ₹ **62,45,570/-**

Annexure -I contd.,

6) (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project).

Sl. No.	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No)	Location of the project.		Amount spent for the project (in ₹).	Mode of implemen-tation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
			State	District			Name	CSR registration number
1	Promoting health care including preventive health care.	Yes	Telangana	Hyderabad	18,00,000/-	No	Narsingh Swain Memorial Trust	CSR00006138
2	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	25,00,000/-	No	Sri Saraswathi Vidya Peetham	CSR00004233
3	Eradicating hunger, poverty and malnutrition	Yes	Telangana	Hyderabad	10,00,000/-	No	The Akshaya Patra Foundation	CSR00000286
4	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	CSR00024413
5	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	50,000/-	No	Deaf Enabled Foundation	CSR00003268
6	Eradicating hunger, poverty and malnutrition	No	Andhra Pradesh	Guntur	5,00,000/-	No	Amma Charitable Trust	CSR00019256
7	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	1,95,570/-	No	People For Animals	CSR00001927

(b) Amount spent in Administrative Overheads: Nil

(c) Amount spent on Impact Assessment, if applicable: Nil

(d) Total amount spent for the Financial Year [(a)+(b)+(c)]: ₹ **62,45,570/-**

Annexure -I contd.,

(e) 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 sub section (6) of section 135.		Amount transferred to any fund specified under Schedule VII as per second proviso to sub section (5) section 135.		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
62,45,570/-	Nil	NA	NA	Nil	NA

(f) Excess amount for set-off, if any:

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	62,45,570/-
(ii)	Total amount spent for the Financial Year	62,45,570/-
(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/-

7) Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub- section (6) of section 135 (in ₹)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in ₹)	Amount Spent in the Financial Year (in ₹)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub- section (5) of section 135, if any		Amount remaining to be spent in succeeding Financial Years (in ₹)	Deficiency, if any
					Amount (in ₹)	Date of transfer		
1	FY-1	NIL						
2	FY-2							
3	FY-3							

8) Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: **No**

If Yes, enter the number of Capital assets created/ acquired: **NA.**

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pin code of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered address
NIL							

(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office/Municipal Corporation/ Gram panchayat are to be specified and also the area of the immovable property as well as boundaries)

Annexure -I contd.,

9) Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per sub- section (5) of section 135. **NA**

Responsibility Statement:

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

For Vimta Labs Limited

Place: Hyderabad	**Harriman Vungal**	**Harita Vasireddi**
Date : 03rd May 2023	ED- Operations	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.

Sl.No.	Description	Year ended March 31, 2023
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: ₹ 472.99 in Mn Adjusted weighted avg. EPS: ₹ 20.96

Details of ESOS during the financial year.

Sl.No.	Description	Year ended March 31, 2023
1	Number of options outstanding at the beginning of the year (un-granted)	155,465 Options
2	Number of options granted during the year	53,663 options out of the Total Grant of 663,234 Options
3	Number of options forfeited/lapsed during the year	51,483 Options
4	Number of options vested during the year	62,403 Options
5	Number of options exercised during the year	21,179 Options
6	Number of shares arising as a result of exercise of options	21,179 shares
7	Amount realized by exercise of options (₹)	₹ 42,358
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)	435,880 Options
10	Number of options exercisable at the end of the year (out of total number of options approved under ESOS)	41,224 Options

Annexure -II contd.,

Sl.No.	Description	Year ended March 31, 2023	
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
	11.05.2022	2.00	289.63
	26.10.2022	2.00	289.63
12	**Employee wise details of options granted to**		
	a. Key managerial personnel	Narahai Naidu DR (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) Weighted Average Risk free interest rate	6.00%	
	(iv) Weighted Average expected Life of Options	3.5 years	
	(v) Weighted Average Expected Volatility	53.63%	
	(vi) Weighted average expected dividend	80%	
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	

Place: Hyderabad
Date: 03rd May 2023

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

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 12th May, 2022 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, 2023.

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 as per the Special Resolution passed by the members at the 31st Annual General Meeting of the Company held on Monday, 5th July, 2021. Relevantly, Company has allotted 21,179 Equity Shares towards the exercise of the options by the employees to whom Options were granted under Vimta Labs Employee Stock Option Plan, 2021.

For the purpose of verifying the compliance of the Regulations, we have examined the Scheme, Resolutions passed at General Meeting and the meeting of the Board of Directors, ESOP Allotment Committee, Disclosure by the Board of Directors and other relevant documents 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 as per the Special Resolution passed by the members at the 31st Annual General Meeting of the Company held on Monday, 5th July, 2021 and allotted 21,179 Equity Shares towards the vesting of the options by the employees to whom Options were granted under Vimta Labs Employee Stock Option Plan, 2021 by passing resolution at ESOP Allotment Committee.

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 SHAIK RAZIA
PARTNER
FCS: 7122, CP NO: 7824
UDIN: F007122E000247175
PR NO.: 699/2020

Place: Hyderabad
Date: 03.05.2023

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 – 2022-23.

(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 i.e., from 01.04.2022 to 31.03.2023
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	(16.46)
6	Total Assets	29.83
7	Total Liabilities	12.12
8	Investments	Nil
9	Turnover	58.38
10	Profit/Loss before taxation	11.64
11	Provision for taxation	2.92
12	Other Comprehensive Income	(0.04)
13	Profit/Loss after taxation	8.68
14	Proposed Dividend	Nil
15	% 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 : 03rd May 2023

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

Annexure - V

Details of Loans and Guarantees given, Security provided and Investment made by the Company pursuant to Section 186(4) of the Companies Act, 2013:

Corporate Guarantee given during the year:

Name and Address of the person or body corporate to whom the guarantee is given	Amount (in Mns.)
Emtac Laboratories Private Limited Plot No. 11/6, Road No.9 IDA, Nacharam, Hyderabad, Rangareddi Telangana – 500076 Wholly owned subsidiary	9.00
Purpose for which the guarantee was given	Principal business activities of the subsidiary

Loans given during the year:

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

Investment made during the year:

Name and Address of the person or body corporate in which the investment is made	Amount (in Mns.)
Nil	

The company has not provided security to any other person/body corporate during the year.

Place : Hyderabad
Date : 03rd May 2023

Dr Sivalinga Prasad Vasireddi
Non - Executive 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 Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014.

a) Employed throughout the Financial Year 2022-2023.

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	48	25 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	71	44 years	8.03	No	-	Promoter
3	Mr. Satya Sreenivas Neerukonda	Executive Director	96,00,000 (up to 13th July, 2022) 1,20,00,000 (w.e.f.,14th July, 2022)	Contractual	B. Pharm., MBA (USA)	01.04.2014	47	23 years	-	No	-	Impac Medical Systems, Mountain View, CA, USA

*Gross Remuneration does not include Contributions to Funds, Perquisites, Allowances, Perks and Managerial Remuneration.

Employed Part of the Financial Year 2022-2023 – **NIL.**

b) Other top ten employees employed throughout the Financial Year 2022-23: 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 2022-2023, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2022-2023, 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 Non-Executive Director& Chairman	NA	NA	NA	NA
2	Harita Vasireddi Managing Director	40:1	0%	16.44	472.99
3	Vungal Harriman Executive Director-Operations	40:1	0%	15.94	472.99
4	Satya Sreenivas Neerukonda Executive Director	40:1	25%	15.17	472.99
5	Y Prameela Rani Independent Director	NA	NA	NA	NA
6	Gutta Purnachandra Rao Independent Director	NA	NA	NA	NA
7	Sanjay Dave Independent Director	NA	NA	NA	NA
8	Dr. Yadagiri R Pendri Independent Director	NA	NA	NA	NA
9	D R Narahai Naidu Chief Financial Officer	10:1	46%	4.13	472.99
10	Sujani Vasireddi Company Secretary	8:1	12%	2.98	472.99

Median working is on monthly CTC.

i. There was no variable component (except commission on profits) of remuneration availed by the Directors.

ii. The remuneration paid to the Key Managerial Personnel was as per the remuneration policy of the Company.

iii. There were 1368 employees on the rolls of the Company as on March 31, 2023.

iv. The percentage increase in the median remuneration of employees in the financial year was 5.31%.

v. 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.

vi. We herewith affirm that the remuneration is as per the remuneration policy of the Company.

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

Place : Hyderabad
Date : 03rd May 2023

Annexure - VII

Form No. MR-3

SECRETARIAL AUDIT REPORTFOR THE FINANCIAL YEAR ENDED 31.03.2023.

[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, Cherlapally, 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, 2023, 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, 2023, 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 (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

  (f) Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021- (Not applicable to the Company during the period of audit);

  (g) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018- (Not applicable to the Company during the period of audit);

  (h) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

  (i) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021- (Not applicable to the Company during the period of audit); and

  (j) 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

Annexure -VII contd.,

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, the Company has allotted 9963 Equity Shares, 5056 Equity Shares and 6160 Equity Shares in its ESOP Allotment Committee Meetings held on 11.10.2022, 29.11.2022 and 14.02.2023 respectively aggregating to 21,179 equity shares upon conversion of stock options which were granted under 'Vimta Labs Employee Stock Option Plan 2021' and for which necessary listing and trading approvals were received from National Stock Exchange of India Limited and BSE Limited.

For D. HANUMANTA RAJU & CO
COMPANY SECRETARIES

CS SHAIK RAZIA
PARTNER
FCS: 7122, CP NO: 7824
UDIN: F007122E000247219
PR NO.:699/2020

Place: Hyderabad
Date: 03.05.2023

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

(part of Annexure VII)

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 with which the management has conducted the affairs of the company.

For D. HANUMANTA RAJU & CO
COMPANY SECRETARIES

CS SHAIK RAZIA
PARTNER
FCS: 7122, CP NO: 7824
UDIN: F007122E000247219
PR NO.:699/2020

Place: Hyderabad
Date: 03.05.2023

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.

Annexure -VIII contd.,

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

Annexure -VIII contd.,

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 or as approved by shareholders.

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.

Annexure -VIII contd.,

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.

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.

SCOPE

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

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.

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.

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.

Annexure -VIII contd.,

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.

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.

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.

POLICY GOVERNANCE

Approved by: The Board

Responsibility for document management: Managing Director & Company Secretary.

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

Place : Hyderabad
Date : 03rd May 2023

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 31st March 2023, 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: Present capacity as, Vice President- Information Technology Group.	w.e.f., 1st October 2019	Approval given by the Shareholders by Special Resolution to pay not exceeding ₹ 7,00,000/- per month	Shareholders' Approval Dated 27th July 2019	Commensurate with Qualification and experience an amount of ₹ 5,63,893 /- p.m. including Perquisites is being paid within the limits approved by Shareholders.

Annexure -IX contd.,

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., 1st April 2022	₹ 14,000/- per month	12th May 2022	Lease Rentals at prevailing market rates. Lease rentals to be paid for the year @ ₹ 14,000/- p.m. The same was discounted for the year 2022-23 and only ₹ 3,000/- p.m. was paid during the year.
2	Bloomedha Info Solutions Private Limited	Relative of Managing Director & Chairman of the Company.	Ongoing, w.e.f., 12th May 2022	IT Services	12th May 2022	Commensurate with market Services received for ₹ 3.04 million during the year.
3	Covide Business Integrated Private Limited	Relative of Executive Director – Operations of the Company.	Ongoing, w.e.f., 12th May 2022	IT Services	12th May 2022	Commensurate with market Services received for ₹ 1.88 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., 12th May 2022	Testing Services	12th May 2022	Commensurate with market Services provided for ₹ 0.41 million during the year.
5	Escientia Biopharma Private Limited	Dr. Yadagiri R Pendri is the Director of the Company.	Ongoing, w.e.f., 12th May 2022	Testing Services	12th May 2022	Commensurate with market. Services provided for ₹ 8.55 million during the year.
6	Emtac Laboratories Private Limited	Wholly owned subsidiary.	Ongoing, w.e.f., 12th May 2022	Testing Services	12th May 2022	Commensurate with market. Services provided for ₹ 27.55 million during the year.
7	Krishna Institute of Medical Sciences Limited	Ms. Y Prameela Rani is the independent Director of the Company.	Ongoing, w.e.f., 25th July 2022	Testing Services	25th July 2022	Commensurate with market. Services provided for ₹ 1.90 million during the year.

Annexure -IX contd.,

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
8	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: Present capacity as: Senior Manager– Infrastructure Planning & Development.	w.e.f., 1st April 2023	Appointed on a Monthly remuneration not exceeding ₹ 2,50,000/- per month	17th May 2014	Commensurate with Qualification and experience an amount of ₹ 1,87,525/- p.m. including perquisites is being paid.
9	Ms. Sudeshna Vungal Daughter of Executive Director– Operations of the Company	Appointment to office or place of profit: Present capacity as: General Manager– Quality Assurance.	w.e.f., 1st April 2023	Appointed on a Monthly remuneration not exceeding ₹ 2,50,000/- per month	17th May 2014	Commensurate with Qualification and experience an amount of ₹ 2,49,000/- p.m. including perquisites is being paid.

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

Place : Hyderabad
Date: 03rd May 2023

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, 2023).

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 daytime 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 ₹ 854.80 Million (previous year ₹ 693.26 Million). The Company's foreign exchange outgo was of ₹ 190.44 Million (previous year. ₹ 225.85 Million) on import of capital goods, software, chemicals, consumables & reference standards, travel expenditure, professional charges etc.

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

Place : Hyderabad
Date : 03rd May 2023

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 2023, the Board of Directors met four times. These meetings were held on 12th May 2022; 25th July 2022; 27th October 2022; and 27th January 2023 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:

Particulars of Attendance and other Directorships

Name	Category	No. of Board Meetings		Attendance at the last AGM 25th June 2022	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	4	4	Yes	-	-	-	-	-
Ms. Harita Vasireddi	Managing Director	4	4	Yes	1	-	-	-	-
Mr. Harriman Vungal	Promoter & Executive Director – Operations	4	4	Yes	-	-	-	-	-
Mr. Satya Sreenivas Neerukonda	Executive Director	4	3	Yes	1	-	-	-	-

Name	Category	No. of Board Meetings		Attendance at the last AGM 25th June 2022	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	4	4	Yes	3	2	-	1	Krishna Institute of Medical Sciences Limited
Mr. Gutta Purnachandra Rao	Independent Non-Executive Director	4	4	Yes	-	-	-	-	-
Mr. Sanjay Dave	Independent Non-Executive Director	4	4	Yes	-	-	-	-	-
Dr. Yadagiri R Pendri	Independent Non-Executive Director	4	2	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 familiarization 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 in relation to the business of the Company. 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 at https://vimta.com/wp-content/uploads/FamiliarizationProgrammesImpartedtoIndependentDirectorsupto2022-2023.pdf

vi. List of core skills/expertise/competencies identified for the Board of Directors are as under:

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 2023

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 APPOINTMENT AND REGULARISATION OF APPOINTMENT AT THE ANNUAL GENERAL MEETING:

i. Mr. Harriman Vungal

Mr. Harriman Vungal shall retire by rotation and being eligible, seeks re appointment. The details of Director are as follows:

Mr. Harriman Vungal shall retire by rotation and being eligible, seeks re-appointment. He is the Executive Director –Operations of the Company and is one of the Promoter Directors. He has been a Director since the inception of the Company.

He is a qualified D.Tech from Toronto, Canada with over 44 years of business management experience.

ii. Appointment of Dr. S P Vasireddi (DIN: 00242288) as Executive Chairman of the Company.

For details refer section 25 (d) of Board's Report.

The Board based on the recommendations of the Nomination Remuneration Committee, recommended his appointment as Executive Chairman of the Company for a period of 3 years w.e.f., 01.07.2023 for the approval of the shareholders. Dr. S P Vasireddi has consented to accept the proposed appointment. Board looks forward to his contributions as the company expands its scale and reach into new markets significantly.

He will attain the age of 75 years on 1st July 2023, and as per the provisions of section 196(3)(a) of the Companies Act, 2013, appointing him as Executive Chairman requires approval of members by way of a special resolution. Further, as the proposed remuneration to the Executive Director together with the remuneration of other whole time Directors who are promoters or members of the promoter group, in aggregate, exceeds 5% of the net profits of the Company, approval of Members is sought by way of a Special Resolution as required under Regulation 17(6)(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Dr. S P Vasireddi, Non-Executive Chairman holds 3,598,525 equity shares in the company. Except Dr. S P Vasireddi, Non-

Executive Chairman and Mrs. Harita Vasireddi, Managing Director being daughter of Dr. S P Vasireddi none of the other Directors/Key Managerial Personnel are in anyway concerned or interested in his appointment.

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 is 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 is provided below:

i. Audit Committee

a) Terms of Reference

The terms of reference of the Audit Committee are as per the guidelines set out in 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 non-executive 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 2023 the Audit Committee met four times. These meetings were held on 11th May 2022; 25th July 2022; 26th October 2022 and 27th January 2023.

Name of the member	Meetings held	Attendance
Mr. G Purnachandra Rao	4	4
Ms. Y Prameela Rani		
Mr. Sanjay Dave		

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

Ms. Harita Vasireddi, Managing Director, Mr. Satya Sreenivas Neerukonda, Executive 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 31st March 2023 the Nomination and Remuneration Committee met two times. These meetings were held on 11th May 2022 and 26th October 2022.

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

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.

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 nomination and remuneration 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 control's mechanism and ethical conduct.

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

(₹ In Millions)

Name of the Director	Salary	Commi-ssion	Sitting Fee	Total
Dr. Sivalinga Prasad Vasireddi	Nil	Nil	Nil	Nil
Ms. Harita Vasireddi	13.44	3.0	Nil	16.44
Mr. Harriman Vungal	13.44	2.5	Nil	15.94
Mr. Satya Sreenivas Neerukonda	12.67	2.5	Nil	15.17
Ms. Prameela Rani Yalamanchili	Nil	Nil	0.20	0.20
Mr. Purnachandra Rao Gutta	Nil	Nil	0.20	0.20
Mr. Sanjay Dave	Nil	Nil	0.20	0.20
Dr. Yadagiri R Pendri	Nil	Nil	Nil	Nil

Note:

1. Salary includes Basic Salary, Contribution to Funds, Perks 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.
2. During the Financial Year 2022-2023, 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; and
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. In order to expedite the process and for effective resolution of grievances/ complaints, the Committee has delegated powers to the Registrar and Share Transfer Agents i.e., M/s. CIL Securities Limited., to redress all complaints/ grievances/ enquiries of the shareholders/investors. It redresses the grievances/ complaints of shareholders/ investors under the supervision of Company Secretary & Compliance Officer of the Company.

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 2023 the Stakeholder Relationship Committee met four times. These meetings were held on 11th May 2022; 25th July 2022; 26th October 2022 and 27th January 2023.

Name of the member	Meetings held	Attendance
Ms. Y Prameela Rani	4	4
Mr. G Purnachandra Rao		
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, 2023 are given in the table below:

Particulars	No. of Complaints
Number of shareholders' complaints received during the Financial Year	01
Number of shareholders' complaints solved to the satisfaction of shareholders during the Financial Year	01
Number of pending shareholders' complaints as at March 31, 2023	Nil

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. There were no outstanding complaints as on 31st March 2023.

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. This Audit confirms that the total issued, and paid-up capital is in agreement with the total number of shares held in physical and dematerialized form with NSDL and CDSL.

As on 31st March, 2023, 2,19,21,810 Equity Shares of ₹ 2/- each representing 99.06% 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. In line with this belief, Vimta would be carrying out CSR activities to build a better, sustainable way of life for the weaker/ needy sections of society. Programmes, projects and activities (collectively known as "CSR Programmes") are independent of the normal business activities of Vimta.

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 31st March 2023 the Corporate Social Responsibility Committee met one time. The meeting was held on 30th April 2022.

Name of the member	Meetings held	Attendance
Ms. Harita Vasireddi	1	1
Mr. Harriman Vungal		
Mr. Sanjay Dave		

V. GENERAL BODY MEETINGS

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

The previous three Annual General Meetings were held through Video Conference which are deemed to be held at Registered Office of the Company i.e., Plot No. 142, IDA Phase-II, Cherlapally, Hyderabad, Telangana - 500051 as detailed below:

Sl. No.	For F/Y	AGM Detail	Date	Time
1.	2021-22	32nd AGM	25.06.2022	10:00 a.m.
2.	2020-21	31st AGM	05.07.2021	10:00 a.m.
3.	2019-20	30th AGM	09.09.2020	10:00 a.m.

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

Previous AGM held on 25th June 2022 passed a special resolution for Approval for Re-appointment of Ms. Y Prameela Rani (DIN: 03270909) as an Independent Director of the Company; Approval for payment of remuneration to Ms. Harita Vasireddi (DIN: 00242512) Managing Director of the Company and Approval for revision of payment of remuneration to Mr. Satya Sreenivas Neerukonda (DIN: 00269814) Executive Director of the Company.

31st 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.

c) **Postal Ballot conducted during the year:**

No Postal Ballot was conducted during the year 2022-2023.

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, circulated 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 13th May 2022, 28th October 2022 & 30th January 2023.

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:**

During the year institutional investor meet through Video Conference was held on 18th November 2022.

e) **Website:**

The results are also displayed on the Company's website at https://vimta.com/investors/financial-statements/

VII. GENERAL SHAREHOLDER INFORMATION

The 33rd Annual General Meeting of the Company will be held on 28th June 2023 at 10:00 A.M through Video Conference mode.

- Financial Calendar: 1st April 2023 to 31st March 2024
- First quarter results: On or before 14th August 2023
- Half yearly results: On or before 14th November 2023
- Third quarter results: On or before 14th February 2024

- Fourth quarter/Annual Results: On or before 30th May 2024
- Date of Book Closure: 22nd June 2023 to 28th June 2023 (both days inclusive)
- Date of dividend payment, if any: 07th July 2023
- 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 2023-2024 has been paid to both the above Stock Exchanges.

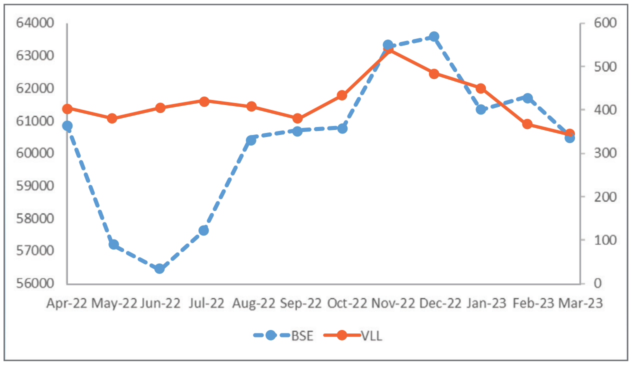
a) Market Price Data & Share Price Performance

High and low prices of Equity Shares during the last financial year 2022-23 at the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) are as under:

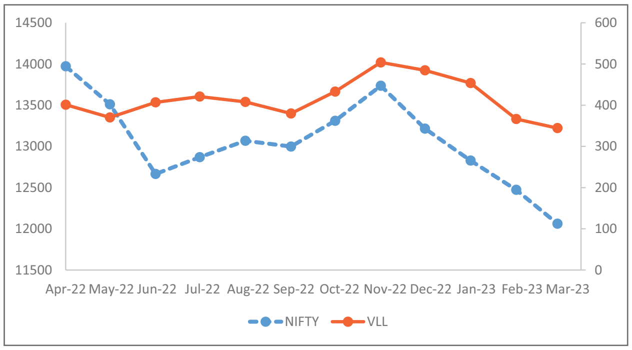
Month	BSE Limited		NSE Limited	
	High	Low	High	Low
April 2022	401.65	320.85	401.15	317.4
May 2022	380	310.05	370.35	310
June 2022	405	292.85	407	291
July 2022	421.2	370.2	421	373
August 2022	408	365	408	370.5
September 2022	378	320	379.9	320
October 2022	432	316.2	433	320
November 2022	540	392	503.8	395.5
December 2022	484	405.65	484.7	405
January 2023	450	344.65	453.75	347.15
February 2023	366.75	295.65	366.55	298
March 2023	343.35	288.9	344.5	291.85

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

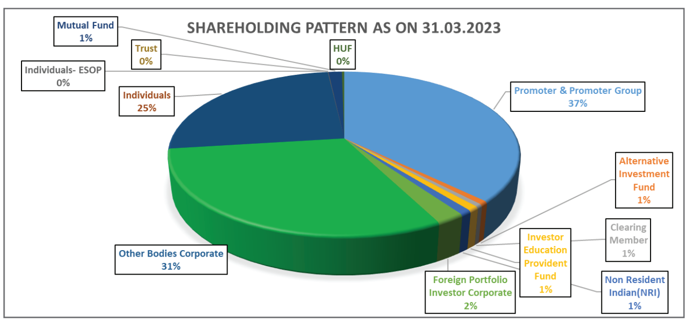
Shareholding distribution as on 31st March 2023

Sl. No.	Nominal value	Amount in ₹	No of Shares	% of Total Capital	No. of Share-holders	% of Total Holders
1	Up to 5000	57,36,230	28,68,115	12.96	16,786	97.81
2	5001 to 10000	14,13,516	7,06,758	3.19	196	1.14
3	10001 to 20000	13,52,208	6,76,104	3.06	87	0.51
4	20001 to 30000	5,50,810	2,75,405	1.24	21	0.12
5	30001 to 40000	6,30,274	3,15,137	1.42	18	0.10
6	40001 to 50000	4,50,172	2,25,086	1.02	10	0.06
7	50001 to 100000	12,29,198	6,14,599	2.78	17	0.10
8	100001 and above	3,28,95,570	1,64,47,785	74.33	27	0.16
TOTAL		**4,42,57,978**	**2,21,28,989**	**100.00**	**17,162**	**100.00**

Categories of Shareholders as on 31st March 2023

Sl. No.	Category of Shareholders	No. of Shares	Percentage
1	Promoter & Promoter Group	82,41,468	37.24
2	Alternative Investment Fund	1,45,601	0.66
3	Clearing Member	1,12,440	0.51
4	Investor Education Provident Fund	1,89,102	0.85
5	Non-Resident Indian (NRI)	2,02,247	0.91
6	Foreign Portfolio Investor Corporate	4,97,079	2.25
7	Other Bodies Corporate	67,66,437	30.58
8	Individuals	55,73,752	25.19
9	Individuals- ESOP	14,441	0.07
10	Trust	866	0.00
11	Mutual Fund	3,26,923	1.48
12	HUF	58,633	0.26
TOTAL		**2,21,28,989**	**100**

Graphical presentation of the Shareholding pattern as on 31st March 2023



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 99.06% of the Company's Shares are dematerialized as on 31st March 2023.

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, Genome Valley, Turkapally Village, Shamirpet, Telangana - 500101.

Following are the cities in which Vimta has its office/ laboratories as on 31st March 2023:

Lab Locations:

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

Company Owned Sample Collection Centers:

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

Liaison Office:

1. Kolkata
2. Lucknow

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 2015-2016, before 08th October 2023 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 rating obtained by the Company from M/s Brickwork Ratings India Pvt. Ltd as on 30th November 2022 is as under:

Tenure	Amount in Crores	Rating
Long term	51.72	BWR A/Stable Reaffirmation
Short term	5.78	BWR A1 Reaffirmation
Total	**57.50**	

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 conducting its business in accordance with applicable laws, rules and regulations. The Company promotes ethical behavior 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) Loans and advances to the Subsidiary

Details of Loans and advances to subsidiary is mentioned in **Annexure V** of the Boards Report.

g) Policy on Material Subsidiary

The 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 at https://vimta.com/wp-content/uploads/Policy-for-Determining-Material-Subsidiaries-1.pdf

h) Practicing Company Secretary Certification

A certificate from M/s D Hanumanta Raju & Co., practicing Company Secretaries stating that as on 31st March 2023, 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.**

i) 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 2022-2023 is ₹ 2.88 million.

j) Policy On Prevention, Prohibition and Redressal of Sexual Harassment of women at Workplace

Included in Board Report.

k) **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 2023.

l) **Disclosures with respect to demat suspense account/ unclaimed suspense account**

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

m) **Board Procedures**

The Board meets at least once in a quarter to review financial results and the operations of the Company. Further, the Board also meets as and when necessary to address specific issues concerning the business 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.

n) **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 31st March 2023.

o) **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.

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

Date: 03rd May 2023
Place: Hyderabad

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, 2023.

for Vimta Labs Limited

Harita Vasireddi
Managing Director
(DIN: 00242512)

Date: 03rd May 2023
Place : Hyderabad

Annexure - XII

CERTIFICATE

To
The Members,
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 31,2023, 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 2022 to 31st March 2023.

The compliance of conditions of Corporate Governance is the responsibility of 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 SHAIK RAZIA
PARTNER
FCS: 7122, CP NO: 7824
UDIN: F007122E000247164
PR NO.: 699/2020

Place: Hyderabad
Date: 03.05.2023

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, 2023 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 the 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 SHAIK RAZIA
PARTNER
FCS: 7122, CP NO: 7824
UDIN: F007122E000247109
PR NO.: 699/2020

Place: Hyderabad
Date: 03.05.2023

Annexure - XIV

MANAGING DIRECTOR /CFO CERTIFICATION

A. We have reviewed financial statements and cash flow statements for the financial year 2022-2023, 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

For Vimta Labs Limited

Harita Vasireddi
Managing Director
(DIN:00242512)

Date: 03rd May 2023
Place: Hyderabad

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, 2023, 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, 2023, 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.	*Accuracy of recognition, measurement, presentation and disclosures of revenue as per Ind AS – 115 "Revenue from Contracts with Customers"* *The application of the accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognised over a period. Additionally, accounting standard contains disclosures which involves collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.* Refer Note No. 23 to the standalone financial statements.	Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows: • Assessed the appropriateness of the revenue recognition accounting policies in accordance with Ind AS-115 "Revenue from Contracts with Customers". • Evaluated the design and implementation of company's internal controls in respect of revenue recognition. • Selected a sample of contracts and tested the operating effectiveness of the internal controls relating to identification of the specific performance obligations. • Selected a sample of contracts and performed the following procedures. - Studied, analysed and identified the specific performance obligations in these contracts. - Compared these performance obligations with that of recorded by the company. - Performed analytical procedures for reasonableness of revenue disclosed by type and service offerings. - Evaluated appropriateness of disclosures made in financial statements in accordance with the requirements of Ind AS- 115 and other applicable regulations.

Sl. No.	Key Audit Matter	How the matter was addressed in our audit
2	*Provision for impairment loss in accounts receivables.* *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.* *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.* Refer to Note No.12 to the standalone Financial statements.	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: • 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 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, 2023 and taken on record by the Board of Directors, none of the

directors is disqualified as on March 31, 2023 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 2023.

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 2023.

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 2023.

iv.(A) The management has represented that, to the best of it's 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.

(vi) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

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
(ICAI Ms. No. 210535)
UDIN: 23210535BGXUTY1232

Place: Hyderabad
Date: 03-05-2023

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, 2023 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, 2023, 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
(ICAI Ms. No. 210535)
UDIN: 23210535BGXUTY1232

Place: Hyderabad
Date: 03-05-2023

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) (a) (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.

(b) 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.

(c) 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.

(d) The company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

(e) 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) (a) The company's inventory has been physically verified by the management at reasonable intervals and in our opinion, the coverage and procedures of such verification is appropriate. 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) (a) During the year the Company has not provided any loans or advances in the nature of loans, or security to any other entity. The Company has stood guarantee to its wholly owned subsidiary company to the tune of Rs.9.00 million. The aggregate amount of guarantee given during the year to the subsidiary and the balance outstanding at the Balance sheet date was ₹ 9.00 million.

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, guarantees provided 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 in earlier years, 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) The company has complied with the provisions of section 186 of the Act in respect of loans given, guarantee stood and investments made. The company has not entered into any transaction covered under section 185 of the Act.

(v) 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) 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) (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, 2023 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) 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) (a). The Company has not defaulted in repayment of loans or other borrowing or in the payment of interest thereon to any lender.

(b). The company is not a declared wilful defaulter by any Bank or Financial institution or other lender.

(c). The company has not availed any term loans during the year.

(d). The funds raised on short term basis were not utilized for long term purposes.

(e). 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.

(f). The company has not raised loans during the year on the pledge of securities held in its subsidiaries.

(x) (a) 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) (a). No fraud by the company or any fraud on the company has been noticed or reported during the year.

(b). 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.

(c). The company has not received any whistle – Blower complaints during the year.

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

(xiii) 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.

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

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

(xix) 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) (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: 23210535BGXUTY1232

Place: Hyderabad
Date: 03-05-2023

Standalone Balance Sheet

as at March 31, 2023

(Amount in INR millions, unless otherwise stated)

Particulars	Note No	As at 31 Mar 2023	As at 31 Mar 2022
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	5A	1,556.64	1,482.83
(b) Capital work-in-progress	6	123.06	3.07
(c) Intangible Assets	5B	121.96	133.59
(d) Financial Assets			
(i) Investments	7	61.50	61.50
(ii) Other Financial Assets	14A	29.97	24.29
(e) Deferred Tax Assets (Net)	9	43.12	20.68
(f) Other non-current assets	10A	40.69	90.31
Total Non-Current assets		**1,976.94**	**1,816.27**
Current assets			
(a) Inventories	11	226.22	173.76
(b) Financial Assets			
(i) Trade receivables	12	799.00	769.23
(ii) Cash and cash equivalents	13A	295.72	106.51
(iii) Bank balances other than (ii) above	13B	92.56	6.19
(iv) Loans	8	3.23	5.78
(v) Other financial assets	14B	10.47	8.83
(c) Other current assets	10B	200.58	175.73
Total Current assets		**1,627.78**	**1,246.03**
TOTAL ASSETS		**3,604.72**	**3,062.30**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	15	44.26	44.22
(b) Other equity	16	2,761.56	2,292.27
Total equity		**2,805.82**	**2,336.49**
Liabilities			
Non-Current Liabilities			
(a) Financial liabilities			
(i) Borrowings	17A	98.91	126.63
(b) Provisions	18A	87.36	71.19
(c) Other non-current liabilities	19	45.19	55.79
Total Non Current Liabilities		**231.46**	**253.61**
Current Liabilities			
(a) Financial liabilities			
(i) Borrowings	17B	50.97	63.59
(ii) Trade payables	20		
- Outstanding dues of micro enterprises and small enterprises		27.30	14.01
- Outstanding dues of creditors other than micro enterprises and small enterprises		116.61	108.33
(iii) Other financial liabilities	21	236.24	151.37
(b) Other current liabilities	22	96.77	99.27
(c) Provisions	18B	39.55	35.63
Total Current Liabilities		**567.44**	**472.20**
TOTAL EQUITY AND LIABILITIES		**3,604.72**	**3,062.30**

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

G Purnachandra Rao
Director
DIN : 00876934

D R Narahai Naidu
Chief Financial Officer

Sujani Vasireddi
Company Secretary

Place: Hyderabad
Date : May 03, 2023

Place: Hyderabad
Date : May 03, 2023

Standalone Statement of Profit and Loss

for the year ended March 31, 2023

(Amount in INR millions, unless otherwise stated)

	Particulars	Note No.	Year Ended 31 March 2023	Year Ended 31 March 2022
I.	**Income**			
	Revenue from Operations	23	3,151.16	2,759.80
	Other Income	24	34.68	14.54
	Total Income		**3,185.84**	**2,774.34**
II.	**Expenses**			
	Cost of material consumed and testing expenditure	25A	713.80	646.13
	Cost of lab setup	25B	19.86	138.43
	Changes in inventories of work-in-progress	26	1.11	2.66
	Employee benefits expense	27	903.74	754.13
	Finance costs	28	26.44	14.96
	Depreciation expense	5	305.40	231.58
	Other expenses	29	577.18	420.73
	Total Expenses		**2,547.53**	**2,208.62**
	Profit before Exceptional Items		638.31	565.72
	Exceptional Items	43	-	12.24
III.	**Profit before tax [I-II]**		**638.31**	**553.48**
IV.	**Tax expense**	30		
	(a) Current tax		180.77	148.75
	(b) Prior year adjustments		6.92	4.48
	(c) Deferred tax (benefit)/expense		(22.37)	(10.33)
	Total Tax Expense		165.32	142.90
V.	**Profit for the year [III-IV]**		**472.99**	**410.58**
VI.	**Other comprehensive Income**			
	Items that will not be reclassified to profit or loss			
	(a) Re-measurement of the net defined liability		(0.29)	(2.71)
	(b) Income tax relating to the above item		0.07	0.68
	Total other comprehensive income/(loss), net of tax		**(0.22)**	**(2.03)**
VII.	**Total Comprehensive income for the year [V-VI]**		**472.77**	**408.55**
VIII.	**Earnings per share**	31		
	Basic (INR)		**21.37**	**18.57**
	Diluted (INR)		**20.96**	**18.20**

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

G. Srinivasa Rao
Partner
Membership No. 210535

Place: Hyderabad
Date : May 03, 2023

For and on behalf of the Board of Directors

Dr. S. P. Vasireddi
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DIN : 00242288

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Chief Financial Officer

Sujani Vasireddi
Company Secretary

Place: Hyderabad
Date : May 03, 2023

Standalone Statement of Cash Flows

for the year ended March 31, 2023

(Amount in INR millions, unless otherwise stated)

Particulars	Year Ended 31 March 2023	Year Ended 31 March 2022
Cash flow from operating activities		
Profit before tax	638.31	553.48
Adjustments to reconcile profit before tax to net cash flows:		
- Depreciation expense	305.40	231.58
- Interest Cost paid	22.05	10.69
- Impairment loss on receivables	15.09	13.14
- Bad Debts written off	31.22	42.98
- Equity settled share-based payment expenses	40.74	28.97
- Loss/ (Gain) on sale of assets	(2.44)	(0.42)
- Liabilities no longer required written back	(0.01)	(0.53)
- Interest Income received	(12.21)	(8.71)
- Income from Government Grants	(8.47)	(4.59)
- Unrealised foreign exchange gains and losses (net)	(2.30)	(1.01)
Adjustments for changes in working capital:		
- (Increase)/decrease in inventories	(52.46)	(27.42)
- (Increase)/decrease in trade receivables	(72.24)	(91.21)
- (Increase)/decrease in loans and financial assets	(5.54)	(2.28)
- (Increase)/decrease in other assets	(24.22)	(29.62)
- Increase/(decrease) in employee benefit obligations	19.79	(11.06)
- Increase/(decrease) in trade payables	20.02	(24.81)
- Increase/(decrease) in other financial liabilities	79.34	15.88
- Increase/(decrease) in other current liabilities	(4.63)	57.38
Cash generated from/(used in) operations	**987.44**	**752.44**
Income tax paid	(122.33)	(165.77)
Net cash flows generated from/(used in) operating activities (A)	**865.11**	**586.67**
Cash flow from Investing activities		
Payment for property, plant and equipment and capital work-in-progress	(477.84)	(297.17)
Proceeds from sale/disposal of property, plant and equipment	2.44	0.42
Payments for Purchase of Intangible Assets	(19.86)	(89.41)
Redemption/(Investment) in fixed deposits (Net)	(86.37)	(0.16)
Interest Income received	9.95	8.50
Change in Loan to subsidiary	2.40	(1.00)
Net cash flow generated from/(used in) investing activities (B)	**(569.28)**	**(378.82)**
Cash flow from Financing activities		
Payment of Dividend	(44.22)	(44.22)
Repayment of Long term Borrowings	(53.59)	(76.96)
Proceeds from Long term Borrowings	-	49.58
Proceeds from/ (repayment of) short-term borrowings	-	(82.07)
Proceeds from issuance of Share Capital	0.04	-
Interest Cost paid	(8.85)	(7.77)
Net cash flow generated from/(used in) financing activities (C)	**(106.62)**	**(161.44)**
Net increase in cash and cash equivalents (A+B+C)	189.21	46.41
Cash and cash equivalents at the beginning of the year	106.51	60.10
Cash and cash equivalents at the end of the year	**295.72**	**106.51**
Cash and cash equivalents comprise		
Balances with banks in current & deposit accounts	295.02	106.06
Cash on hand	0.70	0.45
Total cash and cash equivalents at end of the year	**295.72**	**106.51**

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

G. Srinivasa Rao
Partner
Membership No. 210535

Place: Hyderabad
Date : May 03, 2023

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 03, 2023

Standalone Statement of changes in equity
for the year ended March 31, 2023

(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, 2021	22,107,810	44.22
Add/Less: Changes during the year	-	-
Balance as at March 31, 2022	22,107,810	44.22
Add/Less: Changes during the year	21,179	0.04
Balance as at March 31, 2023	**22,128,989**	**44.26**

(B) Other equity

Particulars	Securities Premium	General Reserve	Retained Earnings	Share based payment reserve	Other Comprehensive Income	Total
Balance as at 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 at March 31, 2022	**773.73**	**86.40**	**1,421.66**	**28.97**	**(18.49)**	**2,292.27**
Balance as at April 1, 2022	773.73	86.40	1,421.66	28.97	(18.49)	2,292.27
Add: Profit for the year	-	-	472.99	-	-	472.99
Less: Dividend on Equity Shares	-	-	44.22	-	-	44.22
Add: Expense arising from equity-settled share-based payment transactions (Refer note 27)	-	-	-	40.74	-	40.74
Add/Less: Transfer on account of Exercise of Options	6.13	-	-	(6.13)	-	-
Add: Other comprehensive income/(loss) for the year	-	-	-	-	(0.22)	(0.22)
Balance as at March 31, 2023	**779.86**	**86.40**	**1,850.43**	**63.58**	**(18.71)**	**2,761.56**

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

G. Srinivasa Rao
Partner
Membership No. 210535

Place: Hyderabad
Date : May 03, 2023

For and on behalf of the Board of Directors

Dr. S. P. Vasireddi
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DIN : 00242288

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D R Narahai Naidu
Chief Financial Officer

Sujani Vasireddi
Company Secretary

Place: Hyderabad
Date : May 03, 2023

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 3rd May 2023.

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 at 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 except for trade receivables which are initially measured at transaction price. 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 Statement of Profit and 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 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 Statement of Profit and 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 Statement of Profit and 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 the statement of Profit and Loss is recognised outside the Statement of Profit and 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 statement of Profit and 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 statement of Profit and 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, incapitation, 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 the statement of Profit and 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 31,2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

Ind AS 1 - Presentation of Financial Statements

This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The company has evaluated the amendment and there is no impact on its financial statements.

Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

This amendment has introduced a definition of 'accounting estimates and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1,2023.The company has evaluated the amendment and there is no impact on its financial statements.

Ind AS 12 - Income Taxes

This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The company has evaluated the amendment and there is no impact on its financial statements.

5A Property Plant and Equipment

(Amount in INR millions, unless otherwise stated)

Particulars	Gross Carrying Value				Accumulated Depreciation				Net Carrying Value	
	As at 1 April 2022	Additions/ Adjustments	Deductions/ Adjustments	As at 31 March 2023	As at 1 April 2022	Charge for the Year	Deductions/ Adjustments	As at 31 March 2023	As at 31 March 2023	As at 31 March 2022
Land	21.88	-	-	21.88	-	-	-	-	21.88	21.88
Buildings	648.16	9.31	-	657.47	75.65	16.52	-	92.17	565.30	572.51
Furniture & Fixtures	121.14	14.35	-	135.49	68.76	11.17	-	79.93	55.56	52.38
Plant & Equipment	1,474.02	260.82	26.94	1,707.90	732.63	208.69	23.20	918.12	789.78	741.39
Electrical Installation	32.30	-	-	32.30	30.66	0.29	-	30.95	1.35	1.64
Office Equipment	24.05	3.29	-	27.34	17.30	2.28	-	19.58	7.76	6.75
Computers	173.72	57.23	-	230.95	98.55	31.64	-	130.19	100.76	75.17
Vehicles	27.92	6.62	1.75	32.79	16.80	3.32	1.58	18.54	14.25	11.11
Total-5A	**2,523.19**	**351.62**	**28.69**	**2,846.12**	**1,040.35**	**273.91**	**24.78**	**1,289.48**	**1,556.64**	**1,482.83**

5B Intangible Assets

(Amount in INR millions, unless otherwise stated)

Particulars	Gross Carrying Value				Accumulated Depreciation				Net Carrying Value	
	As at 1 April 2022	Additions/ Adjustments	Deductions/ Adjustments	As at 31 March 2023	As at 1 April 2022	Charge for the Year	Deductions/ Adjustments	As at 31 March 2023	As at 31 March 2023	As at 31 March 2022
Operating rights	138.43	19.86	-	158.29	4.84	31.49	-	36.33	121.96	133.59
Total-5B	**138.43**	**19.86**	**-**	**158.29**	**4.84**	**31.49**	**-**	**36.33**	**121.96**	**133.59**

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.

5A Property Plant and Equipment

(Amount in INR millions, unless otherwise stated)

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 2022	As at 31 March 2021
Land	21.88	-	-	21.88	-	-	-	-	21.88	21.88
Buildings	575.44	72.72	-	648.16	62.51	13.14	-	75.65	572.51	512.93
Furniture & Fixtures	112.42	16.81	8.09	121.14	62.23	9.53	3.00	68.76	52.38	50.19
Plant & Equipment	1,216.04	366.17	108.19	1,474.02	627.53	169.59	64.49	732.63	741.39	588.51
Electrical Installation	32.30	-	-	32.30	29.22	1.44	-	30.66	1.64	3.08
Office Equipment	19.40	5.34	0.69	24.05	15.66	2.16	0.52	17.30	6.75	3.74
Computers	154.74	20.14	1.16	173.72	72.17	27.47	1.09	98.55	75.17	82.57
Vehicles	27.92	-	-	27.92	13.39	3.40	-	16.80	11.11	14.53
Total-5A	**2,160.14**	**481.18**	**118.13**	**2,523.19**	**882.71**	**226.74**	**69.10**	**1,040.35**	**1,482.83**	**1,277.43**

5B Intangible Assets

(Amount in INR millions, unless otherwise stated)

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 2022	As at 31 March 2021
Operating rights	-	138.43	-	138.43	-	4.84	-	4.84	133.59	-
Total-5B	**-**	**138.43**	**-**	**138.43**	**-**	**4.84**	**-**	**4.84**	**133.59**	**-**

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.

(Amount in INR millions, unless otherwise stated)

6 Capital work-in-progress

Particulars	As at 31 March 2023	As at 31 March 2022
Property, Plant & Equipment (under errection/ installation)		
Opening balance	3.07	172.87
Add: Additions during the year	342.67	3.07
Less: Capitalised during the year	222.68	172.87
TOTAL	**123.06**	**3.07**

Note: The amount of Borrowing costs capitalised to CWIP during the year ended March 31, 2023 was ₹ Nil (March 31, 2022 ₹ 6.77 million)

Ageing of Capital Work in progress

31 March 2023

Particulars	Amount in CWIP for a period of				
	< 1 Year	1-2 Years	2-3 Years	> 3 Years	Total
Projects in progress	123.06	-	-	-	123.06
Projects temporarily suspended	-	-	-	-	-
TOTAL	**123.06**	**-**	**-**	**-**	**123.06**

CWIP	To be completed in				
	< 1 Year	1-2 Years	2-3 Years	> 3 Years	Total
Buildings	97.36	-	-	-	97.36
Others	25.70	-	-	-	25.70
TOTAL	**123.06**	**-**	**-**	**-**	**123.06**

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**

(Amount in INR millions, unless otherwise stated)

7 Investments

Particulars	As at 31 March 2023	As at 31 March 2022
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 2022: 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 2023	As at 31 March 2022
Loans Current - considered good, unsecured		
Loans - Wholly Owned Subsidiary	2.40	4.80
Loans - Employees	0.83	0.98
TOTAL	**3.23**	**5.78**

Note:

i) Unsecured loan of ₹ 2.4 Million (Previous year ₹ 4.8 Million) to Emtac Laboratories Pvt Ltd, subsidiary carries interest @ 9% p.a payable on monthly basis.

ii) 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 2023	As at 31 March 2022
(A) Deferred tax liability on account of		
- property, plant and equipment	16.02	26.37
(B) Deferred tax asset on account of		
- Gratuity	18.74	17.70
- Compensated absences	8.17	9.19
- Other employee benefits	11.68	3.40
- Impairment loss on trade receivables	20.55	16.76
	59.14	**47.05**
Total Deferred Tax Assets/(Liabilities) (Net)	**43.12**	**20.68**

(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 at April 1, 2021	25.39	(29.18)	13.45	9.66
Charged/(credited)				
- 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**
Opening balance as at April 1, 2022	**30.29**	**(26.37)**	**16.76**	**20.68**
Charged/(credited)				
- to profit or loss	8.23	10.35	3.79	22.37
- to OCI	0.07	-	-	0.07
Closing balance as at March 31, 2023	**38.59**	**(16.02)**	**20.55**	**43.12**

10 Other Assets

Particulars	As at 31 March 2023	As at 31 March 2022
(A) Other Non-Current assets (Unsecured, considered good)		
Capital advances	23.46	7.72
Income tax assets (Net)	17.23	82.59
TOTAL	**40.69**	**90.31**
(B) Other Current Assets (Unsecured, Considered good)		
Prepaid expenses	34.44	34.01
Advances for services and supplies	35.66	33.26
Balance with government authorities*	23.96	19.57
Export incentives	100.79	83.60
Advances for expenses	5.73	5.29
TOTAL	**200.58**	**175.73**
*Includes PF paid under Protest of ₹ 1.74 Million as at March 31, 2023 and March 31, 2022		
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 2023	As at 31 March 2022
Valued at the lower of cost and net realisable value		
Chemicals and consumables	205.94	157.41
Stores and spares	19.24	14.20
Work-in-progress	1.04	2.15
TOTAL	**226.22**	**173.76**

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 2023	As at 31 March 2022
Unsecured		
Considered good	799.00	769.23
Credit impaired	81.67	66.57
Gross Trade receivables	**880.67**	**835.80**
Less : Impairment allowance for - credit impaired	81.67	66.57
TOTAL	**799.00**	**769.23**

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 ₹ 4.42 Mn (Previous year ₹ 6.13 Mn).

(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 2023

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 – considered good	284.73	423.63	43.66	22.88	12.95	11.15	799.00
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed – credit impaired	-	9.44	10.75	14.09	20.84	26.55	81.67
(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	**284.73**	**433.07**	**54.41**	**36.97**	**33.79**	**37.70**	**880.67**
Less : Impairment allowance - credit impaired	-	9.44	10.75	14.09	20.84	26.55	81.67
TOTAL	**284.73**	**423.63**	**43.66**	**22.88**	**12.95**	**11.15**	**799.00**

(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 – 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	-	-	-	-	-	-	-
(iii) 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**

13 Cash and Bank Balances

Particulars	As at 31 March 2023	As at 31 March 2022
(A) Cash and Cash equivalents:		
(i) Balance with Banks in India		
- Current Accounts	67.51	11.03
- Deposit Accounts	208.72	90.30
- EEFC Accounts	18.79	4.73
(ii) Cash on hand	0.70	0.45
TOTAL	**295.72**	**106.51**
(B) Bank balances other than (A) (i) above		
Deposit Accounts having maturity over 3 months but upto 12 months	86.46	-
Deposits held as security for bank guarantees and others	4.06	4.06
Unclaimed Dividend accounts	2.04	2.13
TOTAL	**92.56**	**6.19**

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 2023	As at 31 March 2022
A. Non Current - Unsecured, considered good		
Security deposits - (Services providers and suppliers)	29.97	24.29
	29.97	**24.29**
B. Current - Unsecured, considered good		
Security deposits - (Services providers and suppliers)	7.03	7.65
Interest accrued on deposits	3.44	1.18
T O T A L	**10.47**	**8.83**

15 Equity Share Capital

Particulars	As at 31 March 2023		As at 31 March 2022	
	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	**22,128,989**	**44.26**	**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 20223		As at 31 March 2022	
	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	21,179	0.04	-	-
Outstanding at the end of the year	**22,128,989**	**44.26**	**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 2022-23 (FY 2021-22: ₹ 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 ₹ 44.26 Mn.

(c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Particulars	As at 31 March 2023		As at 31 March 2022	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Eurofins Analytical Services India Pvt. Ltd.	4,403,668	19.90	4,403,668	19.92
Sivalinga Prasad Vasireddi	3,598,525	16.26	3,598,525	16.28
LCGC Chromatography Solutions Pvt. Ltd.	2,083,175	9.41	2,083,175	9.42
Vungal Harriman	1,777,893	8.03	1,777,893	8.04
Vasireddi Veerabhadra Prasad	1,463,515	6.61	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.

(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 2023		As at 31 March 2022		
		No of Shares	% of Total Shares	No of Shares	% of Total Shares	% of Change during the year
1	Sivalinga Prasad Vasireddi	3,598,525	16.26	3,598,525	16.28	Nil
2	Vungal Harriman	1,777,893	8.03	1,777,893	8.04	Nil
3	Vasireddi Veerbhadra Prasad	1,463,515	6.61	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	Sujani Vasireddi	122,542	0.55	122,542	0.55	Nil
7	Praveena Vasireddi	122,535	0.55	122,550	0.55	-0.01
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	0.36	80,725	0.37	Nil
12	Rajya Lakshmi Vasireddi	2,300	0.01	42,300	0.19	-94.56

(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 2023		As at 31 March 2022	
	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	435,880	63.58	454,879	28.97

The details of grant under the aforesaid scheme are summarised below:

Option Plan	Number	Grant Date	Exercise Price in ₹	Fair Value on the date of grant in ₹
Vimta Labs Employee Stock Option Plan -2021	507,769	19-Sep-21	2.00	289.69
	17,961	11-May-22	2.00	289.63
	35,702	26-Oct-22	2.00	289.63

Particulars	2022-23	2021-22
Options granted and outstanding at the beginning of the year	454,879	-
Options lapsed	51,483	52,890
Options Granted	53,663	507,769
Options excercised	21,179	-
Options granted and outstanding at the end of the year, of which	435,880	454,879
Options vested	-	-
Options yet to vest	435,880	454,879
Weighted average remaining contractual life of options (in years)	3.5 years	4.5 years

The number and weighted average exercise price of stock options are as follows:

Particulars	For the Year Ended 31st March, 2023		For the Year Ended 31st March, 2022	
	No of Stock options	Weighted Average Excercise price	No of Stock options	Weighted Average Excercise price
(A) Options granted and outstanding at the beginning of the year	454,879	₹ 2/-per option	-	-
(B) Options granted	53,663	₹ 2/-per option	507,769	₹ 2/-per option
(C) Options allotted	21,179	₹ 2/-per option	-	-
(D) Options lapsed	51,483	₹ 2/-per option	52,890	₹ 2/-per option
(E) Options granted and outstanding at the end of the year	435,880	₹ 2/-per option	454,879	₹ 2/-per option
(F) Options exercisable at the end of the year out of (E)	41,224	₹ 2/-per option	-	-

The fair value of the options granted under the stock option scheme is accounted as employee compensation over the vesting period.

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	2022-23	2021-22
Weighted average risk-free interest rate	6.00%	6.00%
Weighted average expected life of options	3.5 years	4.5 years
Weighted average expected volatility	53.63%	61.52%
Weighted average expected dividends over the life of the option	80%	80%
Weighted average share price	289.63	289.69
Weighted average exercise price	₹ 2/-per option	₹ 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.	Expected volatility is based on the historical volatility of the Company's share price applicable to the total expected life of each option.

Total Expense accounted on account of the above are given below

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
ESOP cost accounted by the company (Refer Note 27)	40.74	28.97

(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.

(Amount in INR millions, unless otherwise stated)

16 Other equity

Particulars	As at 31 March 2023	As at 31 March 2022
Security Premium		
Balance at the beginning the year	773.73	773.73
Add: Transfer on Account of Exercise of Options	6.13	-
Balance at the end of the year	779.86	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	1,421.66	1,055.30
Add: Profit for the year	472.99	410.58
Less: Dividend on Equity Shares	44.22	44.22
Less: Tax on Dividend	-	-
Balance at the end of the year	1,850.43	1,421.66
Share based payment reserve		
Balance at the beginning of the year	28.97	-
Add: Expense arising from equity-settled share-based payment transactions (Refer note 27)	40.74	28.97
Less: Transfer on Account of Exercise of Options	(6.13)	-
Balance at the end of the year	**63.58**	**28.97**
Other Comprehensive Income		
Balance at the beginning of the year	(18.49)	(16.46)
Add: Other comprehensive income/(loss) for the year	(0.22)	(2.03)
Balance at the closing of the year	(18.71)	(18.49)
TOTAL	**2,761.56**	**2,292.27**

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.

Share based payment reserve: This comprises of share options granted by the company to its employees under its share option plan. Refer Note 15 (e) for further details

(Amount in INR millions, unless otherwise stated)

17 Borrowings

Particulars	As at 31 March 2023	As at 31 March 2022
(A) Non-current Borrowings		
1) Secured		
Loans from Banks		
- Rupee term loan	15.27	23.24
- Foreign currency term loan	129.30	155.90
Loans from NBFC		
- Rupee term loan	-	2.62
Less: current maturities	47.75	59.03
	96.82	122.73
2) Unsecured		
- Loan from NBFC	5.31	8.45
Less: current maturities	3.22	4.55
	2.09	3.90
T O T A L	**98.91**	**126.63**
(B) Current Borrowings		
Secured, repayable on demand		
- Working capital loans from banks	-	-
- Current maturities of Long term Borrowings	50.97	63.59
T O T A L	**50.97**	**63.59**

(Amount in INR millions, unless otherwise stated)

Note:

(a) Terms and conditions of secured rupee term loans and nature of security

for FY 2022-23

1. i) The working capital term loan from Axis Bank amounting to ₹ 15.27 Million as at March 31, 2023 (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 9.25% fixed {Prev Year 1 Year MCLR + 0.10% i.e., 7.45%} and is repayable in 36 equal monthly installments commencing from March, 2022 (as per sanction letter)

for FY 2021-22

1. i) The working capital term loan from Axis Bank amounting to ₹ 23.24 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)

(b) Terms and conditions of secured foreign currency term loans and nature of security

1. The foreign currency term loan outstanding from Axis Bank taken for General Capex amounting to ₹ 55.27 Million (equivalent to USD 0.67222 Million) as at March 31, 2023 (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 12 Months SOFR + 275 bps plus 1% per annum (mark up fee upfront) and repayable in 20 equal quarterly installments commencing from March 2022 (as per sanctioned letter).

2. The foreign currency term loan outstanding from Axis Bank taken for E& E Project amounting to ₹ 74.03 Million (equivalent to USD 0.9004 Million) as at March 31, 2023 (sanctioned limit of ₹ 150.00 Million in FY 2020-21 and subsequently converted into FCTL of USD 1.177522 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 SOFR +275 bps +1.00% per annum(markup fee upfront) and repayable in 20 quarterly installments commencing from March, 2022 (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 ₹ Nil as at March 31, 2023 (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, 2023 and is repayable in 12 Quarterly installments commencing from October, 2019.

(d) Unsecured loans from NBFC:

1. The rupee term loan from Cisco Systems Capital India Private Limited amounting to ₹ 1.53 Million as at March 31, 2023 (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 ₹ 2.35 Million as at March 31, 2023 (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 ₹ 1.42 Million as at March, 31, 2023 (sanctioned limit of ₹ 4.54 Million in FY 2020-21) carries an interest at the rate of 5.00% as at March 31, 2023 and is repayable in 20 quarterly installments commencing from September, 2019.

(e) Maturity profile of long-term borrowings:

31 March 2023

Particulars	Within 1 year	1 - 2 years	2 - 5 years	More than 5 Years	Total
Rupee term loan from bank	7.97	7.30	-	-	15.27
Foreign currency term loan from bank	39.78	39.79	49.73	-	129.30
Loan from NBFC	3.22	2.09	-	-	5.31
TOTAL	**50.97**	**49.18**	**49.73**	**-**	**149.88**

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	62.46	-	155.91
Loan from NBFC	7.17	2.13	1.77	-	11.07
TOTAL	**63.59**	**55.10**	**71.53**	**-**	**190.22**

(f) Details of working capital limits from banks:

1. The working capital facility from Axis bank amounting ₹ Nil as at March 31, 2023 (sanctioned limit ₹ 150 mn) carries an interest of 1 Year MCLR plus spread of 0.80% 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, 2023 (sanctioned limit ₹ 150 mn) carries an interest of 3 Months T Bill plus spread of 2.67% 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 willful 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 2023	As at 31 March 2022
(A) Non-current		
Provision for employee benefits		
- Gratuity, funded	55.31	41.00
- Compensated absences	32.05	30.19
TOTAL	**87.36**	**71.19**
(B) Current		
Provision for employee benefits		
- Gratuity, funded	29.15	29.32
- Compensated absences	10.40	6.31
TOTAL	**39.55**	**35.63**

19 Other non-current liabilities

Particulars	As at 31 March 2023	As at 31 March 2022
Deferred grant income related to Property, Plant & Equipment *	45.19	53.66
Deferred grant income related to revenue **	-	2.13
TOTAL	**45.19**	**55.79**

Note:

*i) Waiver of duty of ₹ 45.19 millions on import of plant and equipment under Export Promotion Capital Goods (EPCG) Scheme relating to duty waiver received in previous years. 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 are fulfilled during the current year, company has recognized grant income on receipt of the balance grant amount.

20 Trade payables

Particulars	As at 31 March 2023	As at 31 March 2022
Outstanding dues of micro enterprises and small enterprises	27.30	14.01
Outstanding dues of creditors other than micro enterprises and small enterprises	116.61	108.33
TOTAL	**143.91**	**122.34**

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, 2023 is ₹ 0.14 Mn (March 31, 2022: ₹ Nil)

(Amount in INR millions, unless otherwise stated)

Disclosures under Micro, Small and Medium Enterprises Development Act, 2006 [MSMED Act]

	Particulars	As at 31 March 2023	As at 31 March 2022
(a)	**Amount remaining unpaid to any supplier at the end of each accounting year:**		
	Principal	27.30	14.01
	Interest	-	-
	TOTAL	**27.30**	**14.01**
(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 2023

Particulars	Outstanding for following periods from due date of payment				
	< 1 Year	1-2 Years	2-3 Years	> 3 Years	Total
(i) MSME	27.30	-	-	-	27.30
(ii) Others	114.75	0.20	0.40	1.26	116.61
(iii) Disputed dues –MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
TOTAL	**142.05**	**0.20**	**0.40**	**1.26**	**143.91**

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**

(Amount in INR millions, unless otherwise stated)

21 Other current financial liabilities

Particulars	As at 31 March 2023	As at 31 March 2022
Interest accrued on Borrowings	-	0.06
Unclaimed dividends*	2.04	2.13
Creditors for capital expenditure	79.08	73.48
Revenue expenses payable	155.12	75.70
TOTAL	**236.24**	**151.37**

Note:

*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 2023	As at 31 March 2022
Deferred grant income related to Property, Plant & Equipment (refer note no 19 i)	8.47	8.47
Advances from customers	45.01	47.21
Statutory Dues	43.29	43.59
TOTAL	**96.77**	**99.27**

23 Revenue from Operations

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Sale of services - Testing and Analysis *	3,119.88	2,736.43
Other operating revenue - Export Incentives	31.28	23.37
TOTAL	**3,151.16**	**2,759.80**
Revenue disaggregation by geography is as follows: #		
Revenue from Foreign countries	796.27	707.35
Revenue from country of domicile-India	2,354.89	2,052.45
TOTAL	**3,151.16**	**2,759.80**

Geographical revenue is allocated based on the location of the customers.

* Includes revenues relating to lab setup services provided under SCA amounting ₹ 19.86 Mn considered for services rendered for year ended 31st March, 2023 and ₹ 138.43 Mn for year ended 31st March, 2022.

(Amount in INR millions, unless otherwise stated)

24 Other Income

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
i) Interest income on:		
- Bank deposits	10.16	0.56
- Deposits with State Electricity Corporations	0.33	0.58
- Fair value measurement	0.43	0.99
- Income tax refunds	0.91	6.03
- Loan to Subsidiary	0.32	0.42
- Employees loans	0.06	0.12
ii) Others		
- Liabilities no longer required written back	0.01	0.53
- Bad debts recovered	-	0.30
- Income from Government Grant income	8.47	4.59
- Gain on foreign currency transactions and translations (net)	10.93	-
- Miscellaneous receipts	0.62	-
- Profit on Sale of Property, Plant and Equipment	2.44	0.42
TOTAL	**34.68**	**14.54**

25A Cost of material consumed and testing expenditure

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
(A) Cost of materials consumed		
Inventory at the beginning of the year	171.61	141.54
Add : Purchases	475.04	439.71
Less : Inventory at the end of the year	225.18	171.61
SUB-TOTAL (A)	**421.47**	**409.64**
(B) Testing expenditure		
Sample preparation, data generation, inspection & testing expenditure	140.91	119.30
Carriage Inwards	7.51	4.13
Power and fuel	137.68	106.68
Water Charges	6.23	6.38
SUB-TOTAL (B)	**292.33**	**236.49**
TOTAL (A) + (B)	**713.80**	**646.13**

25B Cost of Lab setup under Service Concession arrangement

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Cost of National Food Laboratory set up in JNPT Mumbai Under Service Concession arrangement (Refer Note:44)	19.86	138.43
TOTAL	**19.86**	**138.43**

(Amount in INR millions, unless otherwise stated)

26 Changes in inventories of Work-in Progress

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Opening Work-in-Progress	2.15	4.81
Less : Closing Work-in-Progress	1.04	2.15
Decrease/(Increase) in Work-in-Progress	**1.11**	**2.66**

27 Employee benefits expense

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Salaries and wages	725.53	594.02
Directors remuneration	47.55	45.63
Contribution to provident and other funds	33.89	32.14
Expenses on Employee Stock Option scheme *	40.74	28.97
Gratuity	13.85	12.34
Compensated absences	20.81	19.79
Staff welfare expenses	21.37	21.24
TOTAL	**903.74**	**754.13**

* Pursuant to shareholders approval, the company has constituted 'Vimta Labs Employee Stock Option Plan 2021 (VLESOP-2021)' to grant, offer and issue options to the employees of the Company.

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 includes ₹ 40.74 million for year ended March 31, 2023 and ₹ 28.97 million for the year ended March 31,2022.

28 Finance costs

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Interest on term loans	8.70	6.59
Interest on working capital loans	0.09	0.70
Interest expense on fair value measurement	0.49	1.00
Bank charges	4.39	4.28
Exchange differences regarded as an adjustment to borrowing cost	12.77	2.39
TOTAL	**26.44**	**14.96**

(Amount in INR millions, unless otherwise stated)

29 Other expenses

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Sitting fees to directors	0.60	0.64
Rent	27.40	22.51
Rates, taxes, duties and levies	29.18	22.88
Insurance	9.74	7.94
Repairs and maintenance to:		
- Plant and Machinery	108.67	93.76
- Buildings	16.91	11.75
- Vehicles	6.71	5.29
Advertisement and sales promotion	5.83	2.59
Commission	88.41	18.67
Travelling and conveyance	79.84	50.37
Communication expenses	27.13	24.69
Printing and Stationery	18.02	16.29
Books and periodical	0.13	0.10
Professional and consultancy services	68.80	50.23
Membership and subscriptions	1.18	1.82
House Keeping and premises maintenance	15.43	11.97
Security charges	8.40	7.64
Recruitment and training expenses	3.19	0.66
Payment to auditors :		
- as auditors	1.84	1.60
- for tax audit	0.15	0.15
- for other services	0.82	0.54
- reimbursement of expenses	0.03	0.03
Software charges	2.13	4.31
Loss on foreign currency transactions and translations (net)	-	1.92
Loss on Sale of SEIS Scripts	1.19	-
Bad debts written off	31.22	42.98
Impairment loss on receivables	15.09	13.14
Corporate Social Responsibility expenses	6.25	4.82
Miscellaneous expenses	2.89	1.44
TOTAL	**577.18**	**420.73**

(Amount in INR millions, unless otherwise stated)

30 Tax Expense

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
(A) Tax expense charged to Statement of Profit and Loss		
(I) Current tax		
Current tax expense for current year	180.77	148.75
Current tax expense pertaining to prior years	6.92	4.48
	187.69	**153.23**
(II) Deferred tax		
Deferred tax expense for current year	(22.37)	(10.33)
	(22.37)	**(10.33)**
Total tax expense recognised in current year (I + II)	**165.32**	**142.90**
(B) Tax expense charged to Other Comprehensive Income	**0.07**	**0.68**
(C) Reconciliation of tax expense		
Profit before tax	**638.31**	**553.48**
Tax expense at applicable tax rates for March 31, 2023 :25.17% (March 31, 2022: 25.17%;)	160.66	139.32
Tax effect of adjustments to reconcile expected tax expense to reported tax expense:		
- adjustment for previous years	6.92	4.48
- items not deductible for tax	(2.26)	(0.90)
Tax expense reported in Statement of Profit and Loss	**165.32**	**142.90**

(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 2023	For the year ended 31 March 2022
Profit attributable to equity holders (in ₹ Million)	472.99	410.58
Profit attributable to equity holders adjusted for the effect of dilution (in ₹ Million)	472.99	410.58
Weighted average number of equity shares for basic EPS	22,128,989	22,107,810
Weighted average number of equity shares adjusted for the effect of dilution	22,562,672	22,560,192
Nominal/Face Value per share (INR)	2	2
Basic Earnings per share (INR)	21.37	18.57
Diluted Earnings per share (INR)	20.96	18.20

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 2023	As at 31 March 2022
Financial Assets			
Investments	7	61.50	61.50
Loans (current and non-current)	8	3.23	5.78
Trade receivables (net)	12	799.00	769.23
Cash and cash equivalents	13A	295.72	106.51
Bank balances other than Cash and cash equivalents	13B	92.56	6.19
Other financial assets	14A & 14B	40.44	33.12
		1,292.45	**982.33**
Financial Liabilities			
Borrowings (current and non-current)	17A & 17B	149.88	190.22
Trade Payables	20	143.91	122.34
Other financial liabilities	21	236.24	151.37
		530.03	**463.93**

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') , Canadian dollar ('CAD') 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 2023		As at 31 March 2022	
	Foreign Currency	Amounts in INR	Foreign Currency	Amounts in INR
United States Dollar				
Assets - Trade Receivables	2.16	177.88	2.79	211.22
Assets - Vendor Advances	-	0.01	0.01	0.47
Assets - Cash & Bank Balances	0.23	18.79	0.06	4.73
Liabilities - Trade Payables	(0.20)	(16.43)	(0.28)	(21.22)
Liabilities - Borrowings	(1.57)	(129.30)	(2.06)	(155.90)
Liabilities - Customer Advances	(0.18)	(14.42)	(0.20)	(15.34)
Euro				
Assets - Trade Receivables	0.30	27.08	0.04	3.45
Liabilities - Customer Advances	(0.01)	(1.09)	(0.03)	(2.71)
Assets - Vendor Advances	-	-	0.07	6.12
Great Britain Pound				
Assets - Trade Receivables	-	-	0.06	5.77
Liabilities - Trade Payables	-	(0.23)	-	(0.13)
Assets - Vendor Advances	-	0.01	-	0.29
Swiss Franc				
Assets - Vendor Advances	-	-	0.02	2.02
Japan Yen				
Assets - Vendor Advances	28.12	17.38	10.36	6.45
Canadian Dollar				
Liabilities - Customer Advances	-	(0.01)	-	-

(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 2023	As at 31 March 2022
United States Dollar	82.2169	75.8071
Euro	89.6076	84.6599
Great Britain Pound	101.8728	99.5524
Swiss Franc	89.7120	82.2725
Japan Yen	0.6180	0.6223
Canadian dollar	60.8000	61.1400

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 2023				
5% Sensitivity* of:				
United States Dollar	1.83	(1.83)	1.37	(1.37)
Euro	1.30	(1.30)	0.97	(0.97)
Great Britain Pound	(0.01)	0.01	(0.01)	0.01
Japan Yen	0.87	(0.87)	0.65	(0.65)
31 March 2022				
5% Sensitivity* of:				
United States Dollar	1.20	(1.20)	0.90	(0.90)
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)

* 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 31 March 2023	As at 31 March 2022
Fixed rate instruments		
Financial assets	334.49	126.55
Financial liabilities	5.31	11.07
Variable rate instruments		
Financial liabilities	144.57	179.14

(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 2023	As at 31 March 2022
Interest rates increase by 100 basis points *	1.45	1.79
Interest rates decrease by 100 basis points *	(1.45)	(1.79)

* 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, 2023 are as follows:

Particulars	Gross carrying amount	Expected credit losses	Carrying amount of trade receivables
31 March 2023			
Upto 180 days	717.80	(9.44)	708.36
Over 180 days	162.87	(72.23)	90.64
TOTAL	**880.67**	**(81.67)**	**799.00**
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**

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.

(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 2023	As at 31 March 2022
Upto 180 days	708.36	676.87
Over 180 days	90.64	92.36
	799.00	**769.23**

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 2023	As at 31 March 2022
Current assets	1,627.78	1,246.03
Current liabilities	567.44	472.20
Working capital	**1,060.34**	**773.83**

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 2023	As at 31 March 2022
Less than 1 year		
- Borrowings	50.97	63.59
- Trade payables	142.05	117.07
- Other financial liabilities	236.24	151.37
1 to 2 years		
- Borrowings	49.18	55.10
- Trade payables	0.20	3.25
2 to 5 years		
- Borrowings	49.73	71.53
- Trade payables	1.66	2.02
More than 5 years		
- Borrowings	-	-
- 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 2023	As at 31 March 2022
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	**16.18**	**15.70**
Corporate Guarantees given to Subsidary Companies	**9.00**	**-**

Note:

(a) 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.

(b) 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 unconsideration by the Ministry. The company will assess the impact and 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.

(c) Bank Guarantees are issued to meet certain business obligations towards government agencies and certain customers.

(d) The Company has given corporate guarantee of Rs 9.00 million to EMTAC Laboratories Pvt Ltd to the bank for the purpose of working capital sanction during the year.

B. Commitments

Particulars	As at 31 March 2023	As at 31 March 2022
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	70.27	18.21

C. Impact of pending Litigations:

There are no material pending litigations against the company, which will impact its financial position.

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 2023	For the year ended 31 March 2022
Total rental expense relating to operating lease	27.40	22.51
- Non-cancellable	-	-
- Cancellable	27.40	22.51

(Amount in INR millions, unless otherwise stated)

36 Research and development expenditure

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Aggregate amount of research and development expenditure recognised as an expense during the year		
Revenue Expenditure	-	-
Capital Expenditure	-	-
	-	**-**

37 Corporate social responsibility expenditure (CSR)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Gross amount required to be spent during the year	6.25	4.82
Amount spent during the year in cash:		
(i) On Construction/acquisition of any asset		
(ii) On purposes other than (i) above	6.25	4.82
Unspent amount	-	-
Total of Previous Year Shortfall	-	-
Current Year	-	-
Previous Year	-	-
Reason for Shortfall	NA	NA
Details of Related Party Transactions	Nil	Nil
Movement of Provisions made in earlier years	Nil	Nil

Nature of activities undertaken by the company during FY 2022-23:

S. No	Nature of Activities	Implemented Through	Amount Utlised ₹ Mn
1	To run schools, Hostels and other institutions to promote education in villages and tribal areas in the State.	Sri Saraswathi Vidya Peetham	2.50
2	Supporting people having deformities and disabilities, with reconstructive surgery	Narsingh Swain Memorial Trust	1.80
3	Nutritious mid-day meals to children, health camps and life skills trainings to students.	The Akshaya Patra Foundation	1.00
4	Services to the poorest of the poor in all aspects like food, education, cremation etc.	Amma Charitable Trust	0.50
5	Serve the needy children for their education.	Venkata Subbareddy Memorial Foundation	0.20
6	Protection of Animal Welfare.	People for Animals	0.20
7	Education of Differently abled people	Deaf Enabled Foundation	0.05
	Total Spent amount		**6.25**

(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
Sujani Vasireddi	Company Secretary
(ii) Independent Directors	
Y Prameela Rani	Independent Director
Sanjay Dave	Independent Director
G Purnachandra Rao	Independent Director
Dr. Yadagiri R Pendri	Independent Director
(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 Private Limited	
Avanti Frozen Foods Private Limited	
Escientia Biopharma Private Limited	
Covide Business Integrated Private Limited	
Escientia Advanced Sciences Private Limited	
Escientia Life Sciences Private Limited	
Krishna Institute of Medical Sciences Limited	
Maximus ARC Limited	
SPANV Medisearch Lifesciences Private Limited	
KIMS Hospital Kurnool Private Limited	

(Amount in INR millions, unless otherwise stated)

(B) Details of transactions with related parties in the ordinary course of business:

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
(i) Remuneration to Key Management Personnel (KMP) #		
Harita Vasireddi	16.44	17.59
Harriman Vungal	15.94	17.40
Satya Sreenivas Neerukonda	15.17	14.64
D R Narahai Naidu	4.13	2.36
Sujani Vasireddi	2.98	2.80
(ii) Rent paid to Key Management Personnel (KMP)		
Harriman Vungal	0.04	-
(iii) Remuneration to relatives of Key Management Personnel (KMP) #		
Sireesh Chandra Vungal	6.77	6.80
Sudheshna Vungal	1.48	0.02
Praveena Vasireddi	2.35	1.96
# Remuneration is inclusive of Provident Fund but excluding gratuity and leave encashment. 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.		
(iv) Sitting Fees to KMP - Independent Directors		
Y Prameela Rani	0.20	0.25
Sanjay Dave	0.20	0.20
G Purnachandra Rao	0.20	0.19
(v) Services received		
Bloomedha Info Solutions Private Limited	3.04	2.35
Covide Business Integrated Private Limited	1.88	0.50
(vi) Unsecured Loan given to Wholly Owned Subsidiary		
Emtac Laboratories Private Limited	-	1.00
(vii) Interest Income on Unsecured Loans		
Emtac Laboratories Private Limited	0.33	0.42
(viii) Services Provided		
Escientia Biopharma Private Limited	8.55	6.88
Avanti Frozen Foods Private Limited	0.41	0.63
Emtac Laboratories Private Limited	27.55	2.46
Krishna Institute of Medical Sciences Limited	1.90	-
(ix) Corporate Guarantees Given		
Emtac Laboratories Private Limited	9.00	-

(Amount in INR millions, unless otherwise stated)

(C) Balances payable/(receivable)

Particulars	As at 31 March 2023	As at 31 March 2022
(i) Dues Payable to KMPs and their relatives:		
Harita Vasireddi	2.42	1.92
Harriman Vungal	2.13	1.60
Satya Sreenivas Neerukonda	2.05	1.60
Sujani Vasireddi	(0.05)	-
D R Narahai Naidu	0.24	-
Sudheshna Vungal	0.19	-
Praveena Vasireddi	0.08	(0.01)
Sireesh Chandra Vungal	(0.12)	(0.16)
(ii) Others		
Emtac Laboratories Private Limited	(5.68)	(7.73)
Bloomedha Info Solutions Private Limited	0.14	0.19
Avanti Frozen Foods Private Limited	(0.10)	(0.36)
Escientia Biopharma Private Limited	(1.02)	(2.87)
Krishna Institute of Medical Sciences Limited	(0.04)	-

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 2023	For the year ended 31 March 2022
Employers' Contribution to Provident Fund	30.92	29.03
Employers' Contribution to Employee State Insurance	2.97	3.11

(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 2023	For the year ended 31 March 2022
Current service cost	9.60	8.31
Past service cost	-	-
Net Interest Cost/(Income) on the Net Defined Benefit Liability/(Asset)	4.25	4.03
Total amount recognized in the Statement Profit and Loss	**13.85**	**12.34**

(Amount in INR millions, unless otherwise stated)

Amounts recognised in Other Comprehensive Income are as follows:

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Actuarial losses		
- change in demographic assumptions	-	-
- change in financial assumptions	(4.17)	(1.17)
- experience variance (i.e. Actual experience vs assumptions)	3.82	3.83
Return on plan assets, excluding amount recognised in net interest expense	0.64	0.05
Total amount recognised in the other comprehensive income	**0.29**	**2.71**

Changes in present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

Particulars	As at 31 March 2023	As at 31 March 2022
Present value of obligation at the beginning of the year	81.50	72.17
Current service cost	9.60	8.31
Interest Expense or Cost	4.92	4.08
Re-measurement (or Actuarial) (gain)/loss arising from:		
- change in demographic assumptions	-	-
- change in financial assumptions	(4.17)	(1.17)
- experience variance (i.e. actual experience v/s assumptions)	3.82	3.83
Past service cost	-	-
Benefits paid	(6.17)	(5.72)
Present value of obligation at the end of the year	**89.50**	**81.50**

Changes in the Fair Value of Plan Assets are as follows:

Particulars	As at 31 March 2023	As at 31 March 2022
Fair Value of Plan Assets as at the beginning of the year	11.18	0.71
Investment Income	0.67	0.05
Employer's Contribution	-	16.19
Benefits Paid	(6.17)	(5.72)
Return on plan assets, excluding amount recognised in net interest expense	(0.64)	(0.05)
Fair Value of Plan Assets as at the end of the year	**5.04**	**11.18**

The net liability disclosed above relates to funded and unfunded plans are as follows:

Particulars	As at 31 March 2023	As at 31 March 2022
Present value of defined benefit obligation	(89.50)	(81.50)
Fair value of plan assets	5.04	11.18
Net Asset/(Liability)	**(84.46)**	**(70.32)**

(Amount in INR millions, unless otherwise stated)

The assumptions used in accounting for the gratuity plan are set out as below:

Particulars	As at 31 March 2023	As at 31 March 2022
Discount rate (per annum)	7.30%	6.05%
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 2023	As at 31 March 2022
Discount Rate		
1% increase	86.42	78.72
1% decrease	92.81	84.49
Salary Growth Rate		
1% increase	92.69	84.31
1% decrease	86.45	78.81
Attrition Rate		
50% increase	91.14	82.05
50% decrease	84.95	79.19
Mortality Rate		
10% increase	89.51	81.50
10% decrease	89.48	81.48

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.

Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

(a) 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.

(b) 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.

(c) 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.

(Amount in INR millions, unless otherwise stated)

Defined benefit liability and employer contributions

The following contributions and expected undiscounted future benefit payments:

Particulars	As at 31 March 2023	As at 31 March 2022
0 - 1 Year	29.14	29.32
2 - 5 Years	50.96	40.44
6 - 10 Years	27.32	22.94
More than 10 Years	12.73	10.71

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 3 years (31 March 2022: 3 years).

Expected Contribution to the plan for the next annual period ₹ 92.96 millions.

(ii) 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

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):

Particulars		As at 31 March 2023	As at 31 March 2022
Equity Share Capital		44.26	44.22
Other Equity		2,761.56	2,292.27
Total Equity	(i)	**2,805.82**	**2,336.49**
Long-term borrowings		98.91	126.63
Short-term borrowings		50.97	63.59
Less: Cash and Cash equivalents		295.72	106.51
Total Debt	(ii)	**(145.84)**	**83.71**
Overall financing	(iii) = (i) + (ii)	2,659.98	2,420.20
Gearing ratio*	**(ii)/ (iii)**		**3.46%**

* As at 31 March 2023 borrowings are lower than the Cash and Cash equivalents and Bank Deposits resulting in a negative net debt.

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, 2023.

(Amount in INR millions, unless otherwise stated)

Ratios as per Schedule III requirements

Particulars	31 March 2023	31 March 2022	% change from 31 March 2022 to 31 March 2023	Reason for % change from previous year
(a) Current Ratio	2.87	2.64	9%	
(b) Debt-Equity Ratio	0.05	0.08	-34%	Due to debt repayments and higher cash accruals
(c) Debt Service Coverage ratio	10.58	7.45	42%	Due to debt repayments and increase in earnings available for debt service
(d) Inventory Turnover Ratio	2.11	2.58	-18%	Due to increase in revenue from operations
(e) Trade Payable Turnover Ratio	3.57	3.28	9%	
(f) Net Profit Ratio	15.01%	14.88%	1%	
(g) Return on Equity Ratio	16.86%	17.57%	-4%	
(h) Return on Investment Ratio	6.80%	1.24%	448%	Due to higher realization & deployment of funds in fixed deposits
(i) Trade Receivables Turnover Ratio	4.02	3.68	9%	
(j) Net Capital Turnover Ratio	2.97	3.57	-17%	Increase in current assets owing to higher cash accruals
(k) Return on Capital Employed	21.63%	24.59%	-12%	Due to increase in total equity

Formula used to compute ratios:

Ratio	Formula
(a) Current Ratio	Current Assets/Current Liabilities
(b) Debt-Equity Ratio	Total debt/Total equity
(c) Debt Service Coverage ratio	Earnings available for debt services (i.e., EBIT+Depreciation & Amortization)/Total interest and principal repayments
(d) Inventory Turnover Ratio	Cost of materials consumed/Average inventory
(e) Trade Payable Turnover Ratio	Total purchases/Average trade payables
(f) Net Profit Ratio	Net profit after tax/Revenue from Operations
(g) Return on Equity Ratio	Net profit after tax/Equity
(h) Return on Investment Ratio	Interest Income/Average Investment in Fixed Deposits
(i) Trade Receivables Turnover Ratio	Revenue from operations/Average trade receivables
(j) Net Capital Turnover Ratio	Revenue from operations/Net Working capital (Net working capital = current assets - current liabilities)
(k) Return on Capital Employed	Earnings before interest and taxes (EBIT)/Capital Employed

(Amount in INR millions, unless otherwise stated)

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	Purpose for which the loan is proposed to be utilized by the recipient	Remarks
EMTAC Laboratories Pvt Ltd	Nil (Prev. year: ₹ 1.00)	For augmenting Working capital.	Total loan outstanding as on 31-Mar-2023 ₹ 2.40 (31-Mar-2022 ₹ 4.80)

b) Investments made:

Name of the company in which investment was made	Amount of investment	Type of investment (Equity/Pref. shares/ Debentures/others)	Remarks
EMTAC Laboratories Pvt Ltd	Nil (Prev. year: Nil)	Equity	Total Investment outstanding as on 31-Mar-2023 ₹ 61.50 (31-Mar-2022 ₹ 61.50)

c) The Company has given corporate guarantee of ₹ 9.00 million to EMTAC Laboratories Pvt Ltd to the bank for the purpose of working capital sanction during the year (Previous year - Nil)

d) The Company has not provided any securities during the year (Previous year - Nil)

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 during the year ended March 31, 2022.

44 The company has entered into a Public Private Partnership (PPP) agreement with Food Safety and Standards Authority of India (FSSAI) on June 29, 2021 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 includes ₹ 19.86 million for year ended March 31, 2023 and ₹ 138.43 million for the year ended March 31, 2022, 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.

45 Other Statutory Information

(i) The company has no transactions with companies struck off under Sec. 248 of the companies Act, 2013 or Sec. 560 of the Companies Act, 1956.

(ii) The company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961

(iii) The company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(iv) No Proceeding has been initiated or pending against the company under the Benami Transactions (Prohibition) Act, 1988 and the rules made thereunder.

(v) 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.

(Amount in INR millions, unless otherwise stated)

(vi) 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.

vii) 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.

viii) 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.

(ix) The company has not granted loans or advances in the nature of loans to the promoters, directors or KMP's and the related parties as defined in the companies act, 2013 either severally or jointly with any other person that are repayable on demand or without specifying terms or period of repayment.

46 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 03, 2023

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 03, 2023

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, 2023, 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, 2023, 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.	*Accuracy of recognition, measurement, presentation and disclosures of revenue as per Ind AS– 115 "Revenue from Contracts with Customers"* *The application of the accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognised over a period. Additionally, accounting standard contains disclosures which involves collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.* Refer Note No. 22 to the Consolidated Financial Statements.	Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows: • Assessed the appropriateness of the revenue recognition accounting policies in accordance with Ind AS-115 "Revenue from Contracts with Customers". • Evaluated the design and implementation of company's internal controls in respect of revenue recognition. • Selected a sample contracts and tested the operating effectiveness of the internal controls relating to identification of the specific performance obligations. • Selected a sample of contracts and performed the following procedures. - Studied, analysed and identified the specific performance obligations in these contracts. - Compared these performance obligations with that of recorded by the company. - Performed analytical procedures for reasonableness of revenue disclosed by type and service offerings. - Evaluated appropriateness of disclosures made in financial statements in accordance with the requirements of Ind AS- 115 and other applicable regulations.

Sl. No.	Key Audit Matter	How the matter was addressed in our audit
2	Provision for impairment loss in accounts receivables. 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. 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 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. Refer to Note No.11 to the Consolidated Financial Statements.	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: • 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 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, 2023 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.

(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 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.

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 2023.

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 2023.

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 2023.

iv.(A) The management has represented that, to the best of it's 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 it's 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.

(vi) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable with effect from April 1, 2023, to the Company and its subsidiary, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

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.

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

G. SRINIVASARAO
Partner
(ICAI Ms. No. 210535)
UDIN: 23210535BGXUTZ3093

Place: Hyderabad
Date: 03-05-2023

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, 2023 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.

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, 2023, 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: 23210535BGXUTZ3093

Place: Hyderabad
Date: 03-05-2023

Consolidated Balance Sheet
as at March 31, 2023

(Amount in INR millions, unless otherwise stated)

Particulars	Note No	As at 31 March 2023	As at 31 March 2022
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	5A	1,570.20	1,497.76
(b) Capital work-in-progress	6	123.06	3.07
(c) Goodwill		55.80	55.80
(d) Intangible Assets	5B	121.96	133.59
(e) Financial Assets			
(i) Other Financial Assets	13A	30.71	24.99
(f) Deferred Tax Assets (Net)	8A	43.12	20.68
(g) Other non-current assets	9A	41.82	92.52
Total Non-Current assets		**1,986.67**	**1,828.41**
Current assets			
(a) Inventories	10	226.22	173.76
(b) Financial assets			
(i) Trade receivables	11	799.86	769.36
(ii) Cash and cash equivalents	12A	305.00	108.00
(iii) Bank balances other than (ii) above	12B	92.77	6.19
(iv) Loans	7	0.83	0.98
(v) Other financial assets	13B	10.45	8.80
(c) Other current assets	9B	201.45	176.48
Total Current assets		**1,636.58**	**1,243.57**
TOTAL ASSETS		**3,623.25**	**3,071.98**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	14	44.26	44.22
(b) Other equity	15	2,773.60	2,295.62
Total equity		**2,817.86**	**2,339.84**
Liabilities			
Non-Current Liabilities			
(a) Financial liabilities			
(i) Borrowings	16A	98.91	126.63
(b) Provisions	17A	87.83	71.49
(c) Deferred tax liabilities (Net)	8B	0.69	0.74
(d) Other non-current liabilities	18	45.19	55.79
Total Non Current Liabilities		**232.62**	**254.65**
Current Liabilities			
(a) Financial liabilities			
(i) Borrowings	16B	50.97	66.78
(ii) Trade payables	19		
- Outstanding dues of micro enterprises and small enterprises		27.30	14.01
- Outstanding dues of creditors other than micro enterprises and small enterprises		117.09	109.40
(iii) Other financial liabilities	20	236.92	151.55
(b) Other current liabilities	21	100.94	100.07
(c) Provisions	17B	39.55	35.68
Total Current Liabilities		**572.77**	**477.49**
TOTAL EQUITY AND LIABILITIES		**3,623.25**	**3,071.98**

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 03, 2023

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 03, 2023

Consolidated Statement of Profit and Loss

for the year ended March 31, 2023

(Amount in INR millions, unless otherwise stated)

	Particulars	Note No	Year Ended 31 March 2023	Year Ended 31 March 2022
I.	**Income**			
	Revenue from Operations	22	3,181.90	2,782.79
	Other Income	23	34.44	14.49
	Total Income		**3,216.34**	**2,797.28**
II.	**Expenses**			
	Cost of material consumed and testing expenditure	24A	717.55	650.87
	Cost of lab setup	24B	19.86	138.43
	Changes in inventories of work-in-progress	25	1.11	2.66
	Employee benefits expense	26	910.76	759.81
	Finance costs	27	26.45	14.98
	Depreciation expense	5	307.13	233.29
	Other expenses	28	583.51	428.15
	Total Expenses		**2,566.37**	**2,228.19**
	Profit before tax and exceptional item		**649.97**	**569.09**
	Exceptional item	41	-	12.24
III.	**Profit before tax [I-II]**		**649.97**	**556.85**
IV.	**Tax expense**	29		
	(a) Current tax		183.73	149.37
	(b) Prior year adjustments		6.92	4.48
	(c) Deferred tax (benefit)/expense		(22.40)	(10.30)
	Total Tax Expense		**168.25**	**143.55**
V.	**Profit for the year [III-IV]**		**481.72**	**413.30**
VI.	**Other comprehensive Income**			
	Items that will not be reclassified to profit or loss			
	(a) Re-measurement of the net defined liability		(0.34)	(2.71)
	(b) Income tax relating to the above item		0.08	0.68
	Total other comprehensive income/(loss), net of tax		**(0.26)**	**(2.03)**
VII.	**Total Comprehensive income for the year [V+VI]**		**481.46**	**411.27**
VIII.	**Earnings per share**	30		
	Basic (INR)		**21.77**	**18.70**
	Diluted (INR)		**21.35**	**18.32**

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 03, 2023

For and on behalf of the Board of Directors

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

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Managing Director
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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 03, 2023

Consolidated Statement of Cash Flows

for the year ended March 31, 2023

(Amount in INR millions, unless otherwise stated)

Particulars	Year Ended 31 March 2023	Year Ended 31 March 2022
Cash flow from operating activities		
Profit before tax	649.97	556.85
Adjustments to reconcile profit before tax to net cash flows:		
- Depreciation expense	307.13	233.30
- Interest Cost paid	22.05	10.69
- Impairment loss on receivables	15.09	13.14
- Bad Debts written off	31.22	42.98
- Equity settled share-based payment expenses	40.74	28.97
- Loss on sale of assets	(2.44)	(0.42)
- Liabilities no longer required written back	(0.01)	(0.53)
- Interest Income received	(11.89)	(8.71)
- Income from Government Grants	(8.47)	(4.59)
- Unrealised foreign exchange gains and losses (net)	(2.30)	(1.01)
Adjustments for changes in working capital:		
- (Increase)/decrease in inventories	(52.46)	(27.42)
- (Increase)/decrease in trade receivables	(73.31)	(91.60)
- (Increase)/decrease in loans and financial assets	(4.61)	(3.99)
- (Increase)/decrease in other financial assets	(0.04)	0.02
- (Increase)/decrease in other assets	(24.22)	(29.62)
- Increase/(decrease) in employee benefit obligations	19.79	(11.06)
- Increase/(decrease) in trade payables	19.79	(23.21)
- Increase/(decrease) in other financial liabilities	79.83	15.04
- Increase/(decrease) in other current liabilities	(1.20)	58.26
Cash generated from/(used in) operations	**1,004.66**	**757.09**
Income tax paid	(125.29)	(166.40)
Net cash flows generated from/(used in) operating activities (A)	**879.37**	**590.69**
Cash flow from Investing activities		
Payment for property, plant and equipment and capital work-in-progress	(478.19)	(297.83)
Proceeds from sale/disposal of property, plant and equipment	2.44	0.42
Payments for Purchase of Intangible Assets	(19.86)	(89.41)
Redemption/(Investment) in fixed deposits (Net)	(86.58)	(0.16)
Interest Income received	9.63	8.50
Net cash flow generated from/(used in) investing activities (B)	**(572.56)**	**(378.48)**
Cash flow from Financing activities		
Payment of Dividend	(44.22)	(44.22)
Repayment of Long term Borrowings	(53.59)	(76.96)
Proceeds from Long term Borrowings	-	49.58
Proceeds from/ (repayment of) short-term borrowings	(3.19)	(86.77)
Proceeds from issuance of Share Capital	0.04	-
Interest Cost paid	(8.85)	(7.77)
Net cash flow generated from/(used in) financing activities (C)	**(109.81)**	**(166.14)**
Net increase in cash and cash equivalents (A+B+C)	**197.00**	**46.07**
Cash and cash equivalents at the beginning of the year	108.00	61.93
Cash and cash equivalents at the end of the year	**305.00**	**108.00**
Cash and cash equivalents comprise		
Balances with banks in current & deposit accounts	304.24	107.52
Cash on hand	0.76	0.48
Total cash and cash equivalents at end of the year	**305.00**	**108.00**

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 03, 2023

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 03, 2023

Consolidated Statement of changes in equity
for the year ended March 31, 2023

(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, 2021	22,107,810	44.22
Add/Less: Changes during the year	-	-
Balance as at March 31, 2022	22,107,810	44.22
Add/Less: Changes during the year	21,179	0.04
Balance as at March 31, 2023	**22,128,989**	**44.26**

(B) Other equity

Particulars	Securities Premium	General Reserve	Retained Earnings	Share based payment reserve	Other Comprehensive Income	Total
Balance as at 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 26)	-	-	-	28.97	-	28.97
Add: Other comprehensive income/(loss) for the year	-	-	-	-	(2.03)	(2.03)
Balance as at March 31, 2022	**773.73**	**86.40**	**1,425.01**	**28.97**	**(18.49)**	**2,295.62**
Balance as at April 1, 2022	773.73	86.40	1,425.01	28.97	(18.49)	2,295.62
Add: Profit for the year	-	-	481.72	-	-	481.72
Less: Dividend on Equity Shares	-	-	44.22	-	-	44.22
Add: Expense arising from equity-settled share-based payment transactions (Refer note 26)	-	-	-	40.74	-	40.74
Add/Less: Transfer on account of Exercise of Options	6.13	-	-	(6.13)	-	-
Add: Other comprehensive income/(loss) for the year	-	-	-	-	(0.26)	(0.26)
Balance as at March 31, 2023	**779.86**	**86.40**	**1,862.51**	**63.58**	**(18.75)**	**2,773.60**

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 03, 2023

For and on behalf of the Board of Directors

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

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Managing Director
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ED-Operations
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Director
DIN : 00876934

D R Narahai Naidu
Chief Financial Officer

Sujani Vasireddi
Company Secretary

Place: Hyderabad
Date : May 03, 2023

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 3rd May 2023.

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	6.67-10 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 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 except for trade receivables which are initially measured at transaction price. 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 Statement of Profit and 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 Statement of Profit and 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 the statement of Profit and Loss is recognised outside the Statement of Profit and 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 Statement of Profit and 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 Statement of Profit and 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, incapitation, 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 the Statement of Profit and 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 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

Ind AS 1 - Presentation of Financial Statements

This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Group has evaluated the amendment and there is no impact on its consolidated financial statements.

Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

This amendment has introduced a definition of 'accounting estimates and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1,2023.The Group has evaluated the amendment and there is no impact on its consolidated financial statements.

Ind AS 12 - Income Taxes

This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Group has evaluated the amendment and there is no impact on its consolidated financial statements.

5A Property Plant and Equipment

(Amount in INR millions, unless otherwise stated)

Particulars	Gross Carrying Value				Accumulated Depreciation				Net Carrying Value	
	As at 1 April 2022	Additions/ Adjustments	Deductions/ Adjustments	As at 31 March 2023	As at 1 April 2022	Charge for the year	Deductions/ Adjustments	As at 31 March 2023	As at 31 March 2023	As at 31 March 2022
Land	21.88	-	-	21.88	-	-	-	-	21.88	21.88
Buildings	648.16	9.31	-	657.47	75.65	16.52	-	92.17	565.30	572.51
Furniture & Fixtures	124.05	14.42	-	138.47	70.11	11.55	-	81.66	56.81	53.94
Plant & Equipment	1,491.64	260.98	26.94	1,725.68	736.96	210.00	23.21	923.75	801.93	754.68
Electrical Installation	32.30	-	-	32.30	30.66	0.29	-	30.95	1.35	1.64
Office Equipment	24.15	3.30	-	27.45	17.39	2.28	-	19.67	7.78	6.76
Computers	173.84	57.35	-	231.19	98.60	31.68	-	130.28	100.91	75.24
Vehicles	27.92	6.62	1.75	32.79	16.81	3.32	1.58	18.55	14.24	11.11
Total-5A	**2,543.94**	**351.98**	**28.69**	**2,867.23**	**1,046.18**	**275.64**	**24.79**	**1,297.03**	**1,570.20**	**1,497.76**

5B Intangible Assets

(Amount in INR millions, unless otherwise stated)

Particulars	Gross Carrying Value				Accumulated Depreciation				Net Carrying Value	
	As at 1 April 2022	Additions/ Adjustments	Deductions/ Adjustments	As at 31 March 2023	As at 1 April 2022	Charge for the year	Deductions/ Adjustments	As at 31 March 2023	As at 31 March 2023	As at 31 March 2022
Operating rights	138.43	19.86	-	158.29	4.84	31.49	-	36.33	121.96	133.59
Total-5B	**138.43**	**19.86**	**-**	**158.29**	**4.84**	**31.49**	**-**	**36.33**	**121.96**	**133.59**

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.

5A Property Plant and Equipment

(Amount in INR millions, unless otherwise stated)

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 2022	As at 31 March 2021
Land	21.88	-	-	21.88	-	-	-	-	21.88	21.88
Buildings	575.44	72.72	-	648.16	62.51	13.14	-	75.65	572.51	512.93
Furniture & Fixtures	114.87	17.27	8.09	124.05	63.23	9.88	3.00	70.11	53.94	51.64
Plant & Equipment	1,231.74	368.09	108.19	1,491.64	630.53	170.92	64.49	736.96	754.68	601.21
Electrical Installation	32.30	-	-	32.30	29.22	1.44	-	30.66	1.64	3.08
Office Equipment	19.49	5.35	0.69	24.15	15.74	2.17	0.52	17.39	6.76	3.75
Computers	154.83	20.17	1.16	173.84	72.20	27.49	1.09	98.60	75.24	82.63
Vehicles	27.92	-	-	27.92	13.40	3.41	-	16.81	11.11	14.52
Total-5A	**2,178.47**	**483.60**	**118.13**	**2,543.94**	**886.83**	**228.45**	**69.10**	**1,046.18**	**1,497.76**	**1,291.64**

5B Intangible Assets

(Amount in INR millions, unless otherwise stated)

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 2022	As at 31 March 2021
Operating rights	-	138.43	-	138.43	-	4.84	-	4.84	133.59	-
Total-5B	**-**	**138.43**	**-**	**138.43**	**-**	**4.84**	**-**	**4.84**	**133.59**	**-**

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 2023	As at 31 March 2022
Property, Plant & Equipment (under erection/ installation)		
Opening balance	3.07	174.62
Add: Additions during the year	342.67	3.07
Less: Capitalised during the year	222.68	174.62
TOTAL	**123.06**	**3.07**

Note: The amount of Borrowing costs capitalised to CWIP during the year ended March 31, 2023 was ₹ Nil (March 31, 2022 ₹ 6.77 million)

31 March 2023

Particulars	Amount in CWIP for a period of				
	< 1 Year	1-2 Years	2-3 Years	> 3 Years	Total
Projects in progress	123.06	-	-	-	123.06
Projects temporarily suspended	-	-	-	-	-
TOTAL	**123.06**	**-**	**-**	**-**	**123.06**

CWIP	To be completed in				
	< 1 Year	1-2 Years	2-3 Years	> 3 Years	Total
Buildings	97.36	-	-	-	97.36
Others	25.70	-	-	-	25.70
TOTAL	**123.06**	**-**	**-**	**-**	**123.06**

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**

7. Financial Assets

Particulars	As at 31 March 2023	As at 31 March 2022
Loans Current - considered good, unsecured		
Loans - Employees	0.83	0.98
TOTAL	**0.83**	**0.98**

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

(Amount in INR millions, unless otherwise stated)

8 Deferred tax Assets/(liabilities) (Net)

Particulars	As at 31 March 2023	As at 31 March 2022
A. Holding Company:		
(a) Deferred tax liability on account of		
- property, plant and equipment	16.02	26.37
(b) Deferred tax asset on account of		
- Gratuity	18.74	17.70
- Compensated absences	8.17	9.19
- Bonus	11.68	3.40
- Impairment loss on trade receivables	20.55	16.76
	59.14	**47.05**
Total Deferred Tax Assets/(Liabilities) (Net)	**43.12**	**20.68**
B. Subsidiary Company:		
(a) Deferred tax liability on account of		
- property, plant and equipment	0.81	0.83
(b) Deferred tax asset on account of		
- Gratuity	0.10	0.07
- Compensated absences	0.02	0.02
- Other employee benefits	-	-
- Impairment loss on trade receivables	-	-
	0.12	**0.09**
Total Deferred Tax Assets/(Liabilities) (Net)	**(0.69)**	**(0.74)**

Movement in the Deferred Tax Assets/(Liabilities):

Particulars	Employee benefit expenses	Property, plant and equipment	Impairment loss on trade receivables	Total
A Holding Company:				
Opening balance as of April 1, 2021	25.39	(29.18)	13.45	9.66
Charged/(credited)				
- 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, 2022	**30.29**	**(26.37)**	**16.76**	**20.68**
Charged/(credited)				
- to profit	8.23	10.34	3.80	22.37
- to OCI	0.07	-	-	0.07
Closing balance as at March 31, 2023	**38.59**	**(16.03)**	**20.56**	**43.12**
B Subsidiary Company:				
Opening balance as of April 1, 2021	-	(0.77)	0.07	(0.70)
Charged/(credited)				
- 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)**
Opening balance as of April 1, 2022	0.09	(0.83)	-	(0.74)
Charged/(credited)				
- to profit	0.02	0.02	-	0.04
- to OCI	0.01	-	-	0.01
Closing balance as at March 31, 2023	**0.12**	**(0.81)**	**-**	**(0.69)**

(Amount in INR millions, unless otherwise stated)

9 Other Assets

Particulars	As at 31 March 2023	As at 31 March 2022
(A) Other Non-Current assets (Unsecured, considered good)		
Capital advances	23.46	7.72
Income tax assets (Net)	18.36	84.80
TOTAL	**41.82**	**92.52**
(B) Other Current Assets (Unsecured, Considered good)		
Prepaid expenses	34.51	34.05
Advances for services and supplies	35.66	33.31
Balance with government authorities*	24.75	20.22
Export incentives	100.79	83.60
Advance for Expenses	5.74	5.30
TOTAL	**201.45**	**176.48**
*Includes PF paid under Protest of ₹ 1.74 Million as at March 31, 2023 and March 31, 2022		
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 2023	As at 31 March 2022
Valued at the lower of cost and net realisable value		
Chemicals and consumables	205.94	157.41
Stores and spares	19.24	14.20
Work-in-progress	1.04	2.15
TOTAL	**226.22**	**173.76**

11 Trade Receivables

Particulars	As at 31 March 2023	As at 31 March 2022
Unsecured		
Trade receivables - considered good	799.86	769.36
Trade receivables - credit impaired	81.67	66.57
Gross Trade receivables	**881.53**	**835.93**
Less : Impairment allowance for trade receivables - credit impaired	81.67	66.57
TOTAL	**799.86**	**769.36**

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 ₹ 1.16 Mn (Previous year ₹ 3.23 Mn).

(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.

(Amount in INR millions, unless otherwise stated)

31 March 2023

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	281.54	427.61	43.72	22.89	12.95	11.15	799.86
(ii)	Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii)	Undisputed Trade Receivables – credit impaired	0.01	9.44	10.74	14.09	20.84	26.55	81.67
(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		**281.55**	**437.05**	**54.46**	**36.98**	**33.79**	**37.70**	**881.53**
Less : Impairment allowance for trade receivables - credit impaired		0.01	9.44	10.74	14.09	20.84	26.55	81.67
TOTAL		**281.54**	**427.61**	**43.72**	**22.89**	**12.95**	**11.15**	**799.86**

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	-	-	-	-	-	-	-
(iii)	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**

(Amount in INR millions, unless otherwise stated)

12 Cash and Bank Balances

Particulars	As at 31 March 2023	As at 31 March 2022
(A) Cash and Cash equivalents:		
(i) Balance with Banks in India		
- Current Accounts	76.73	12.49
- Deposit Accounts	208.72	90.30
- EEFC Accounts	18.79	4.73
(ii) Cash on hand	0.76	0.48
TOTAL	**305.00**	**108.00**
(B) Bank balances other than (A) (i) above		
Deposit Accounts having maturity over 3 months but upto 12 months	86.46	-
Deposits held as security for bank guarantees and others	4.27	4.06
Unclaimed Dividend accounts	2.04	2.13
TOTAL	**92.77**	**6.19**

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 2023	As at 31 March 2022
A. Non Current - Unsecured, considered good		
Security deposits (Service providers and suppliers)	30.71	24.99
TOTAL	**30.71**	**24.99**
B. Current - Unsecured, considered good		
Security deposits (Service providers and suppliers)	7.03	7.65
Interest accrued on deposits and Others	3.42	1.15
TOTAL	**10.45**	**8.80**

14 Equity Share Capital

Particulars	As at 31 March 2023		As at 31 March 2022	
	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	**22,128,989**	**44.26**	**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 2023		As at 31 March 2022	
	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	21,179	0.04	-	-
Outstanding at the end of the year	**22,128,989**	**44.26**	**22,107,810**	**44.22**

(Amount in INR millions, unless otherwise stated)

(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 2022-23 (FY 2021-22: ₹ 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 ₹ 44.26 Mn.

(c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Particulars	As at 31 March 2023		As at 31 March 2022	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Eurofins Analytical Services India Pvt. Ltd.	4,403,668	19.90	4,403,668	19.92
Sivalinga Prasad Vasireddi	3,598,525	16.26	3,598,525	16.28
LCGC Chromatography Solutions Pvt. Ltd.	2,083,175	9.41	2,083,175	9.42
Vungal Harriman	1,777,893	8.03	1,777,893	8.04
Vasireddi Veerabhadra Prasad	1,463,515	6.61	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 2023

S. No	Promoter Name	As at 31 March 2023		As at 31 March 2022		
		No of Shares	% of Total Shares	No of Shares	% of Total Shares	% of Change during the year
1	Sivalinga Prasad Vasireddi	3,598,525	16.26	3,598,525	16.28	Nil
2	Vungal Harriman	1,777,893	8.03	1,777,893	8.04	Nil
3	Vasireddi Veerbhadra Prasad	1,463,515	6.61	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	Sujani Vasireddi	122,542	0.55	122,542	0.55	Nil
7	Praveena Vasireddi	122,535	0.55	122,550	0.55	-0.01
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	0.36	80,725	0.37	Nil
12	Rajya Lakshmi Vasireddi	2,300	0.01	42,300	0.19	-94.56

(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 2023		As at 31 March 2022	
	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	435,880	63.58	454,879	28.97

(Amount in INR millions, unless otherwise stated)

The details of grant under the aforesaid scheme are summarised below:

Option Plan	Number	Grant Date	Exercise Price in ₹	Fair Value on the date of grant in ₹
Vimta Labs Employee Stock Option Plan -2021	507,769	19-Sep-21	2.00	289.69
	17,961	11-May-22	2.00	289.63
	35,702	26-Oct-22	2.00	289.63

Particulars	2022-23	2021-22
Options granted and outstanding at the beginning of the year	454,879	-
Options lapsed	51,483	52,890
Options Granted	53,663	507,769
Options excercised	21,179	-
Options granted and outstanding at the end of the year, of which	435,880	454,879
Options vested	-	-
Options yet to vest	435,880	454,879
Weighted average remaining contractual life of options (in years)	3.5 years	4.5 years

The number and weighted average exercise price of stock options are as follows:

Particulars	For the Year Ended 31st March, 2023		For the Year Ended 31st March, 2022	
	No of Stock options	Weighted Average Excercise price	No of Stock options	Weighted Average Excercise price
(A) Options granted and outstanding at the beginning of the year	454,879	₹ 2/-per option	-	-
(B) Options granted	53,663	₹ 2/-per option	507,769	₹ 2/-per option
(C) Options allotted	21,179	₹ 2/-per option	-	-
(D) Options lapsed	51,483	₹ 2/-per option	52,890	₹ 2/-per option
(E) Options granted and outstanding at the end of the year	435,880	₹ 2/-per option	454,879	₹ 2/-per option
(F) Options exercisable at the end of the year out of (E)	41,224	₹ 2/-per option	-	-

The fair value of the options granted under the stock option scheme is accounted as employee compensation over the vesting period.

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	2022-23	2021-22
Weighted average risk-free interest rate	6.00%	6.00%
Weighted average expected life of options	3.5 years	4.5 years
Weighted average expected volatility	53.63%	61.52%
Weighted average expected dividends over the life of the option	80%	80%
Weighted average share price	289.63	289.69
Weighted average exercise price	₹ 2/-per option	₹ 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.	Expected volatility is based on the historical volatility of the Company's share price applicable to the total expected life of each option.

(Amount in INR millions, unless otherwise stated)

Total Expense accounted on account of the above are given below

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
ESOP cost accounted by the company (Refer Note 26)	40.74	28.97

(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.

15 Other equity

Particulars	As at 31 March 2023	As at 31 March 2022
Security Premium		
Balance at the beginning the year	773.73	773.73
Add: Transfer on Account of Exercise of Options	6.13	-
Balance at the end of the year	**779.86**	**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	1,425.01	1,055.93
Add: Profit for the year	481.72	413.30
Less: Dividend on Equity Shares	44.22	44.22
Less: Tax on Dividend	-	-
Balance at the end of the year	**1,862.51**	**1,425.01**
Share based payment reserve		
Balance at the beginning of the year	28.97	-
Add: Expense arising from equity-settled share-based payment transactions (Refer note 26)	40.74	28.97
Less: Transfer on Account of Exercise of Options	(6.13)	-
Balance at the end of the year	**63.58**	**28.97**
Other Comprehensive Income		
Balance at the beginning of the year	(18.49)	(16.46)
Add: Other comprehensive income/(loss) for the year	(0.26)	(2.03)
Balance at the closing of the year	**(18.75)**	**(18.49)**
TOTAL	**2,773.60**	**2,295.62**

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.

Share based payment reserve: This comprises of share options granted by the company to its employees under its share option plan. Refer Note 14 (e) for further details

(Amount in INR millions, unless otherwise stated)

16 Borrowings

Particulars	As at 31 March 2023	As at 31 March 2022
(A) Non-current Borrowings		
Secured		
Loans from Banks		
- Rupee term loan	15.27	23.24
- Foreign currency term loan	129.30	155.90
Loans from NBFC		
- Rupee term loan	-	2.62
Less: Current maturities	47.75	59.03
SUB-TOTAL (A)	**96.82**	**122.73**
Unsecured		
- Loans from NBFC	5.31	8.45
Less: Current maturities	3.22	4.55
SUB-TOTAL (B)	**2.09**	**3.90**
T O T A L (A+B)	**98.91**	**126.63**
(B) Current Borrowings		
Secured, repayable on demand		
- Working capital loans from relatives	-	3.19
- Working capital loans from banks	-	-
- Current Maturities from banks	50.97	63.59
T O T A L	**50.97**	**66.78**

Note:

(a) Terms and conditions of secured rupee term loans and nature of security

for FY 2022-23

1. i) The working capital term loan from Axis Bank amounting to ₹ 15.27 Million as at March 31, 2023 (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 9.25% fixed {Prev Year 1 Year MCLR + 0.10% i.e., 7.45%} and is repayable in 36 equal monthly installments commencing from March, 2022 (as per sanction letter)

for FY 2021-22

1. i) The working capital term loan from Axis Bank amounting to ₹ 23.24 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)

(Amount in INR millions, unless otherwise stated)

(b) Terms and conditions of secured foreign currency term loans and nature of security

1. The foreign currency term loan outstanding from Axis Bank taken for General Capex amounting to ₹ 55.27 Million (equivalent to USD 0.67222 Million) as at March 31, 2023 (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 12 Months SOFR + 275 bps plus 1% per annum (mark up fee upfront) and repayable in 20 equal quarterly installments commencing from March 2022 (as per sanctioned letter).

2. The foreign currency term loan outstanding from Axis Bank taken for E& E Project amounting to ₹ 74.03 Million (equivalent to USD 0.9004 Million) as at March 31, 2023 (sanctioned limit of ₹ 150.00 Million in FY 2020-21 and subsequently converted into FCTL of USD 1.177522 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 SOFR +275 bps +1.00% per annum(markup fee upfront) and repayable in 20 quarterly installments commencing from March, 2022 (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 ₹ Nil as at March 31, 2023 (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, 2023 and is repayable in 12 Quarterly installments commencing from October, 2019.

(d) Unsecured loans from NBFC:

1. The rupee term loan from Cisco Systems Capital India Private Limited amounting to ₹ 1.53 Million as at March 31, 2023 (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 ₹ 2.35 Million as at March 31, 2023 (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 ₹ 1.42 Million as at March, 31, 2023 (sanctioned limit of ₹ 4.54 Million in FY 2020-21) carries an interest at the rate of 5.00% as at March 31, 2023 and is repayable in 20 quarterly installments commencing from September, 2019.

(e) Maturity profile of long-term borrowings:

31 March 2023

Particulars	Within 1 year	1 - 2 years	2 - 5 years	More than 5 Years	Total
Rupee term loan from bank	7.97	7.30	-	-	15.27
Foreign currency term loan from bank	39.78	39.79	49.73	-	129.30
Loan from Financial Institutions	3.22	2.09	-	-	5.31
TOTAL	**50.97**	**49.18**	**49.73**	**-**	**149.88**

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	62.46	-	155.91
Loan from Financial Institutions	7.17	2.13	1.77	-	11.07
TOTAL	**63.59**	**55.10**	**71.53**	**-**	**190.22**

(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, 2023 (sanctioned limit ₹ 150 mn) carries an interest of 1 Year MCLR plus spread of 0.80% 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, 2023 (sanctioned limit ₹ 150 mn) carries an interest of 3 Months T Bill plus spread of 2.67% 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 2023	As at 31 March 2022
(A) Non-current		
Provision for employee benefits		
- Gratuity, funded	55.72	41.21
- Compensated absences	32.11	30.28
TOTAL	**87.83**	**71.49**
(B) Current		
Provision for employee benefits		
- Gratuity, funded	29.15	29.37
- Compensated absences	10.40	6.31
TOTAL	**39.55**	**35.68**

18 Other non-current liabilities

Particulars	As at 31 March 2023	As at 31 March 2022
Deferred grant income related to Property, Plant & Equipment*	45.19	53.66
Deferred grant income related to revenue**	-	2.13
TOTAL	**45.19**	**55.79**

Note:

*i) Waiver of duty of ₹ 45.19 millions on import of plant and equipment under Export Promotion Capital Goods (EPCG) Scheme relating to duty waiver received in previous years. 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 are fulfilled during the current year, company has recognized grant income on receipt of the balance grant amount.

(Amount in INR millions, unless otherwise stated)

19 Trade payables

Particulars	As at 31 March 2023	As at 31 March 2022
Outstanding dues of micro enterprises and small enterprises	27.30	14.01
Outstanding dues of creditors other than micro enterprises and small enterprises	117.09	109.40
TOTAL	**144.39**	**123.41**

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, 2023 is ₹ 0.14 Mn (March 31, 2022: ₹ Nil)

31 March 2023

Particulars	Outstanding for following periods from due date of payment				
	< 1 Year	1-2 Years	2-3 Years	> 3 Years	Total
(i) MSME	27.30	-	-	-	27.30
(ii) Others	115.23	0.20	0.40	1.26	117.09
(iii) Disputed dues –MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
TOTAL	**142.53**	**0.20**	**0.40**	**1.26**	**144.39**

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
(iii) Disputed dues –MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
TOTAL	**118.14**	**3.26**	**0.26**	**1.75**	**123.41**

Disclosures under Micro, Small and Medium Enterprises Development Act, 2006 [MSMED Act]

Particulars	As at 31 March 2023	As at 31 March 2022
(a) Amount remaining unpaid to any supplier at the end of each accounting year:		
Principal	27.30	14.01
Interest	-	-
TOTAL	**27.30**	**14.01**
(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 2023	As at 31 March 2022
Other Current Financial Liabilities (Unsecured)		
Interest accrued on borrowings	-	0.06
Unclaimed dividends*	2.04	2.13
Creditors for capital expenditure	79.08	73.48
Revenue expenses payable	155.80	75.88
TOTAL	**236.92**	**151.55**

Note:

*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 2023	As at 31 March 2022
Deferred grant income related to Property, Plant & Equipment (Refer note no 18 i)	8.47	8.47
Advances from customers	49.02	47.85
Statutory Dues	43.45	43.75
TOTAL	**100.94**	**100.07**

22 Revenue from Operations

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Sale of services - Testing and Analysis *	3,150.62	2,759.42
Other operating revenue - Export Incentives	31.28	23.37
TOTAL	**3,181.90**	**2,782.79**
Revenue disaggregation by geography is as follows:#		
Revenue from Foreign countries	796.27	707.35
Revenue from country of domicile-India	2,385.63	2,075.44
TOTAL	**3,181.90**	**2,782.79**

Geographical revenue is allocated based on the location of the customers.

* Includes revenues relating to lab setup services provided under SCA amounting ₹ 19.86 Mn considered for services rendered for year ended 31st March, 2023 and ₹ 138.43 Mn for year ended 31st March, 2022.

(Amount in INR millions, unless otherwise stated)

23 Other Income

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
i) Interest income on:		
- Bank deposits	10.16	0.56
- Deposits with State Electricity Corporations	0.34	0.58
- Interest Income on fair value measurement	0.42	0.99
- Income tax refunds	0.98	6.06
- Employees loans	0.06	0.12
ii) Others		
- Liabilities no longer required written back	0.02	0.87
- Bad debts recovered	-	0.30
- Government grant income	8.47	4.59
- Gain on foreign currency transactions and translations (net)	10.93	-
- Miscellaneous receipts	0.62	-
- Profit on Sale of Property, Plant and Equipment	2.44	0.42
T O T A L	**34.44**	**14.49**

24A Cost of materials consumed and testing expenditure

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
(A) Cost of materials consumed		
Inventory at the beginning of the year	171.61	141.54
Add : Purchases	475.04	439.71
Less : Inventory at the end of the year	225.18	171.61
S U B - T O T A L (A)	**421.47**	**409.64**
(B) Testing expenditure		
Sample preparation, data generation, inspection & testing expenditure	143.89	123.47
Carriage Inwards	7.52	4.13
Power and fuel	138.40	107.23
Water Charges	6.27	6.40
S U B - T O T A L (B)	**296.08**	**241.23**
T O T A L (A) + (B)	**717.55**	**650.87**

(Amount in INR millions, unless otherwise stated)

24B Cost of Lab setup under Service Concession arrangement

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Cost of National Food Laboratory set up in JNPT Mumbai Under Service Concession arrangement (Refer note 42)	19.86	138.43
TOTAL	**19.86**	**138.43**

25 Changes in inventories of Work-in Progress

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Opening Work-in-Progress	2.15	4.81
Less : Closing Work-in-Progress	1.04	2.15
Decrease/(Increase) in Work-in-Progress	**1.11**	**2.66**

26 Employee benefits expense

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Salaries and wages	732.35	599.10
Directors remuneration	47.55	45.63
Contribution to provident and other funds	33.91	32.15
Expenses on Employee Stock Option scheme *	40.74	28.97
Gratuity	13.94	12.78
Compensated absences	20.79	19.87
Staff welfare expenses	21.48	21.31
TOTAL	**910.76**	**759.81**

* Pursuant to shareholders approval, the company has constituted 'Vimta Labs Employee Stock Option Plan 2021 (VLESOP-2021)' to grant, offer and issue options to the employees of the Company.

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 includes ₹ 40.74 million for year ended March 31, 2023 and ₹ 28.97 million for the year ended March 31, 2022.

27 Finance costs

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Interest on term loans	8.70	6.59
Interest on working capital loans	0.09	0.70
Interest expense on fair value measurement	0.49	1.00
Bank charges	4.40	4.30
Exchange differences regarded as an adjustment to borrowing cost	12.77	2.39
TOTAL	**26.45**	**14.98**

(Amount in INR millions, unless otherwise stated)

28 Other expenses

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Sitting fees to directors	0.60	0.64
Rent	31.58	26.24
Rates, taxes, duties and levies	29.24	23.02
Insurance	9.81	7.98
Repairs and maintenance to:		
- Plant and Machinery	108.97	94.16
- Buildings	16.91	11.75
- Vehicles	6.71	5.29
Advertisement and sales promotion	5.95	2.98
Commission	88.41	18.67
Travelling and conveyance	80.25	50.50
Communication expenses	27.30	24.85
Printing and Stationery	18.18	16.37
Books and periodical	0.13	0.10
Professional and consultancy services	69.24	50.80
Membership and subscriptions	1.18	1.82
House Keeping and premises maintenance	15.53	12.10
Security charges	8.40	7.64
Recruitment and training expenses	3.36	0.69
Payment to auditors :		
- as auditors	1.89	1.65
- for tax audit	0.17	0.17
- for other services	0.82	0.54
- reimbursement of expenses	0.03	0.03
Software charges	2.13	4.31
Loss on foreign currency transactions and translations (net)	-	1.92
Loss on sale of SEIS	1.19	-
Bad debts written off	31.30	44.51
Impairment loss on receivables	15.09	13.14
Corporate Social Responsibility expenses	6.25	4.82
Miscellaneous expenses	2.89	1.46
TOTAL	**583.51**	**428.15**

(Amount in INR millions, unless otherwise stated)

29 Tax Expense

Particulars	For the Year Ended 31 March 2023	For the Year Ended 31 March 2022
(A) Tax expense charged to Statement of Profit and Loss		
Current tax (I)		
Current tax expense for current year	183.73	149.37
Current tax expense pertaining to prior years	6.92	4.48
	190.65	**153.85**
Deferred tax (II)		
Deferred tax expense for current year	(22.40)	(10.30)
	(22.40)	**(10.30)**
Total tax expense recognised in current year (I + II)	**168.25**	**143.55**
(B) Tax expense charged to Other Comprehensive Income	**0.08**	**0.68**
(C) Reconciliation of tax expense		
Profit before tax	**649.97**	**556.85**
Tax expense at applicable tax rates March 31, 2023: 25.17% (March 31, 2022: 25.17%;)	163.60	140.16
Tax effect of adjustments to reconcile expected tax expense to reported tax expense:		
- adjustment for previous years	6.92	4.48
- items not deductible for tax	(2.27)	(1.09)
Tax expense reported in Statement of Profit and Loss	**168.25**	**143.55**

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 2023	For the year ended 31 March 2022
Profit attributable to equity holders (in ₹ Million)	481.72	413.30
Profit attributable to equity holders adjusted for the effect of dilution (in ₹ Million)	481.72	413.30
Weighted average number of equity shares for basic EPS (in No's)	22,128,989	22,107,810
Weighted average number of equity shares adjusted for the effect of dilution (in No's)	22,562,672	22,560,192
Nominal/Face Value per share (₹)	2.00	2.00
Basic Earnings per share (₹)	21.77	18.70
Diluted Earnings per share (₹)	21.35	18.32

(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 2023	As at 31 March 2022
Financial Assets			
Loans (current and non-current)	7	0.83	0.98
Trade receivables (net)	11	799.86	769.36
Cash and cash equivalents	12A	305.00	108.00
Bank balances other than Cash and cash equivalents	12B	92.77	6.19
Other financial assets	13A & 13B	41.16	33.79
		1,239.62	**918.32**
Financial Liabilities			
Borrowings (current and non-current)	16A & 16B	149.88	193.41
Trade Payables	19	144.39	123.41
Other financial liabilities	20	236.92	151.55
		531.19	**468.37**

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'), Canadian dollar ('CAD') 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 2023		As at 31 March 2022	
	Foreign Currency	Amounts in INR	Foreign Currency	Amounts in INR
United States Dollar				
Assets - Trade Receivables	2.16	177.88	2.79	211.22
Assets - Vendor Advances	-	0.01	0.01	0.47
Assets - Cash & Bank Balances	0.23	18.79	0.06	4.73
Liabilities - Trade Payables	(0.20)	(16.43)	(0.28)	(21.22)
Liabilities - Borrowings	(1.57)	(129.30)	(2.06)	(155.90)
Liabilities - Customer Advances	(0.18)	(14.42)	(0.20)	(15.34)
Euro				
Assets - Trade Receivables	0.30	27.08	0.04	3.45
Liabilities - Customer Advances	(0.01)	(1.09)	(0.03)	(2.71)
Assets - Vendor Advances	-	-	0.07	6.12
Great Britain Pound				
Assets - Trade Receivables	-	-	0.06	5.77
Liabilities - Trade Payables	-	(0.23)	-	(0.13)
Assets - Vendor Advances	-	0.01	-	0.29
Swiss Franc				
Assets - Vendor Advances	-	-	0.02	2.02
Japan Yen				
Assets - Vendor Advances	28.12	17.38	10.36	6.45
Canadian Dollar				
Liabilities - Customer Advances	-	(0.01)	-	-

The following exchange rates have been applied at the end of the financial year:

Particulars	Year End Spot Rate	
	As at 31 March 2023	As at 31 March 2022
United States Dollar	82.2169	75.8071
Euro	89.6076	84.6599
Great Britain Pound	101.8728	99.5524
Swiss Franc	89.7120	82.2725
Japan Yen	0.6180	0.6223
Canadian dollar	60.8000	61.1400

(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 2023				
5% Sensitivity of:*				
United States Dollar	1.83	(1.83)	1.37	(1.37)
Euro	1.30	(1.30)	0.97	(0.97)
Great Britain Pound	(0.01)	0.01	(0.01)	0.01
Japan Yen	0.87	(0.87)	0.65	(0.65)
31 March 2022				
5% Sensitivity of:*				
United States Dollar	1.20	(1.20)	0.90	(0.90)
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)

* 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 2023	As at 31 March 2022
Fixed rate instruments		
Financial assets	333.04	122.46
Financial liabilities	5.31	14.25
Variable rate instruments		
Financial liabilities	144.57	179.14

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 2023	As at 31 March 2022
Interest rates increase by 100 basis points *	1.45	1.79
Interest rates decrease by 100 basis points *	(1.45)	(1.79)

* 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, 2023 are as follows:

Particulars	Gross carrying amount	Expected credit losses	Carrying amount of trade receivables
31 March 2023			
Upto 180 days	718.60	9.45	709.15
Over 180 days	162.93	72.22	90.71
Total	**881.53**	**81.67**	**799.86**
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**

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 2023	As at 31 March 2022
Upto 180 days	709.15	676.61
Over 180 days	90.71	92.75
	799.86	**769.36**

(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 2023	As at 31 March 2022
Current assets	1,636.58	1,243.57
Current liabilities	572.77	477.49
Working capital	**1,063.81**	**766.08**

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 2023	As at 31 March 2022
Less than 1 year		
- Borrowings	50.97	63.59
- Trade payables	142.53	118.13
- Other financial liabilities	236.92	151.55
1 to 2 years		
- Borrowings	49.18	55.09
- Trade payables	0.20	3.26
2 to 5 years		
- Borrowings	49.73	71.53
- Trade payables	1.66	2.02
More than 5 years		
- Borrowings	-	-
- Trade payables	-	-

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 2023	As at 31 March 2022
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	16.18	15.70

Note:

(a) 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.

(b) 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 unconsideration by the Ministry. The company will assess the impact and 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.

(c) Bank Guarantees are issued to meet certain business obligations towards government agencies and certain customers.

B. Commitments

Particulars	As at 31 March 2023	As at 31 March 2022
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	70.27	18.21

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 2023	For the year ended 31 March 2022
Total rental expense relating to operating lease	31.58	26.24
- Non-cancellable	-	-
- Cancellable	31.58	26.24

(Amount in INR millions, unless otherwise stated)

35 Research and development expenditure

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Aggregate amount of research and development expenditure recognised as an expense during the year		
Revenue Expenditure	-	-
Capital Expenditure	-	-
	-	**-**

36 Corporate social responsibility expenditure (CSR)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Gross amount required to be spent during the year	6.25	4.82
Amount spent during the year on:		
(i) On Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	6.25	4.82
Unspent amount	**-**	**-**
Total of Previous Year Shortfall	-	-
Current Year	-	-
Previous Year	-	-
Reason for Shortfall	NA	NA
Details of Related Party Transactions	Nil	Nil
Movement of Provisions made in earlier years	Nil	Nil

Nature of activities undertaken by the company during FY 2022-23:

S. No	Nature of Activitie	Implemented Through	Amount Utlised ₹ . Mn
1	To run schools, Hostels and other institutions to promote education in villages and tribal areas in the State.	Sri Saraswathi Vidya Peetham	2.50
2	Supporting people having deformities and disabilities, with reconstructive surgery	Narsingh Swain Memorial Trust	1.80
3	Nutritious mid-day meals to children, health camps and life skills trainings to students.	The Akshaya Patra Foundation	1.00
4	Services to the poorest of the poor in all aspects like food, education, cremation etc.	Amma Charitable Trust	0.50
5	Serve the needy children for their education.	Venkata Subbareddy Memorial Foundation	0.20
6	Protection of Animal Welfare.	People for Animals	0.20
7	Education of Differently abled people	Deaf Enabled Foundation	0.05
	Total Spent amount		**6.25**

(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
	Sujani Vasireddi	Company Secretary
(ii)	**Independent Directors**	
	Y Prameela Rani	Independent Director
	Sanjay Dave	Independent Director
	G Purnachandra Rao	Independent Director
	Dr. Yadagiri R Pendri	Independent Director
(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)	**Companies in which some of the Directors or other relatives are interested**	
	Bloomedha Info Solutions Private Limited	
	Avanti Frozen Foods Private Limited	
	Escientia Biopharma Private Limited	
	Covide Business Integrated Private Limited	
	Escientia Advanced Sciences Private Limited	
	Escientia Life Sciences Private Limited	
	Krishna Institute of Medical Sciences Limited	
	Maximus ARC Limited	
	SPANV Medisearch Lifesciences Private Limited	
	KIMS Hospital Kurnool Private Limited	

(Amount in INR millions, unless otherwise stated)

(B) Details of transactions with related parties in the ordinary course of business:

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
(i) Remuneration to Key Management Personnel (KMP) #		
Harita Vasireddi	16.44	17.59
Harriman Vungal	15.94	17.40
Satya Sreenivas Neerukonda	15.17	14.64
D R Narahai Naidu	4.13	2.36
Sujani Vasireddi	2.98	2.80
(ii) Remuneration to relatives of Key Management Personnel (KMP) #		
Sireesh Chandra Vungal	6.77	6.80
Sudheshna Vungal	1.48	0.02
Praveena Vasireddi	2.35	1.96
# Remuneration is inclusive of Provident Fund but excluding gratuity and leave encashment. 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	0.20	0.25
Sanjay Dave	0.20	0.20
G Purnachandra Rao	0.20	0.19
(iv) Services provided		
Escientia Biopharma Private Limited	8.55	6.88
Avanti Frozen Foods Private Limited	0.41	0.63
Krishna Institute of Medical Sciences Limited	1.90	-
(v) Services received		
Bloomedha Info Solutions Private Limited	3.04	2.35
Covide Business Integrated Private Limited	1.88	0.50

(C) Balances payable/(receivable)

Particulars	As at 31 March 2023	As at 31 March 2022
(i) Dues Payable to KMPs and their relatives:		
Harita Vasireddi	2.42	4.30
Harriman Vungal	2.13	1.60
Satya Sreenivas Neerukonda	2.05	1.60
Sujani Vasireddi	(0.05)	-
D R Narahai Naidu	0.24	-
Sudheshna Vungal	0.19	-
Praveena Vasireddi	0.08	0.80
Sireesh Chandra Vungal	(0.12)	(0.16)
(ii) Others		
Bloomedha Info Solutions Private Limited	0.14	0.19
Avanti Frozen Foods Private Limited	(0.10)	(0.36)
Escientia Biopharma Private Limited	(1.02)	(2.87)
Krishna Institute of Medical Sciences Limited	(0.04)	-

(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 2023	For the year ended 31 March 2022
Employers' Contribution to Provident Fund	30.92	29.03
Employers' Contribution to Employee State Insurance	2.99	3.12

(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 2023	For the year ended 31 March 2022
Current service cost	9.68	8.38
Past service cost	-	0.19
Net Interest Cost/(Income) on the Net Defined Benefit Liability/(Asset)	4.26	4.03
Total amount recognized in the Statement Profit and Loss	**13.94**	**12.60**

Amounts recognised in Other Comprehensive Income are as follows:

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Actuarial losses		
- change in financial assumptions	(4.17)	(1.17)
- experience variance (i.e. Actual experience vs assumptions)	3.79	3.83
Return on plan assets, excluding amount recognised in net interest expense	0.72	0.05
Total amount recognised in the other comprehensive income	**0.34**	**2.71**

Changes in present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

Particulars	As at 31 March 2023	As at 31 March 2022
Present value of obligation at the beginning of the year	81.76	72.17
Current service cost	9.68	8.38
Interest Expense or Cost	4.94	4.08
<u>Re-measurement (or Actuarial) (gain)/loss arising from:</u>		
- change in demographic assumptions	-	-
- change in financial assumptions	(4.20)	(1.17)
- experience variance (i.e. actual experience v/s assumptions)	3.89	3.83
Past service cost	-	0.19
Benefits paid	(6.17)	(5.72)
Present value of obligation at the end of the year	**89.90**	**81.76**

(Amount in INR millions, unless otherwise stated)

Changes in the Fair Value of Plan Assets are as follows:

Particulars	As at 31 March 2023	As at 31 March 2022
Fair Value of Plan Assets as at the beginning of the year	11.18	0.71
Investment Income	0.67	0.04
Employer's Contribution	-	16.19
Benefits Paid	(6.17)	(5.72)
Return on plan assets, excluding amount recognised in net interest expense	(0.64)	(0.05)
Fair Value of Plan Assets as at the end of the year	**5.04**	**11.18**

The net liability disclosed above relates to funded and unfunded plans are as follows:

Particulars	As at 31 March 2023	As at 31 March 2022
Present value of defined benefit obligation	(89.09)	(81.23)
Fair value of plan assets	5.04	11.18
Net Asset/(Liability)	**(84.05)**	**(70.05)**

The assumptions used in accounting for the gratuity plan are set out as below:

Particulars	As at 31 March 2023	As at 31 March 2022
Discount rate (per annum)	6.05%	6.05%
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 2023	As at 31 March 2022
Discount Rate		
1% increase	86.81	78.97
1% decrease	93.23	84.77
Salary Growth Rate		
1% increase	93.12	84.59
1% decrease	86.84	79.07
Attrition Rate		
50% increase	91.56	82.31
50% decrease	85.33	79.46
Mortality Rate		
10% increase	89.92	81.77
10% decrease	89.89	81.75

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:

(a) 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.

(b) 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.

(c) 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 2023	As at 31 March 2022
0 - 1 Year	29.24	29.37
2 - 5 Years	51.21	40.59
6 - 10 Years	27.47	23.04
More than 10 Years	12.83	10.78

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 3 years (31 March 2022: 3 years).

Expected Contribution to the plan for the next annual period ₹ 92.96 millions

(ii) 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):

(Amount in INR millions, unless otherwise stated)

Particulars		As at 31 March 2023	As at 31 March 2022
Equity Share Capital		44.26	44.22
Other Equity		2,773.60	2,295.62
Total Equity	(i)	**2,817.86**	**2,339.84**
Long-term borrowings		98.91	126.63
Short-term borrowings		50.97	66.78
Less: Cash and Cash equivalents		305.00	108.00
Total Debt	(ii)	**(155.12)**	**85.41**
Overall financing	(iii) = (i) + (ii)	2,662.74	2,425.25
Gearing ratio*	(ii)/ (iii)		3.52%

* As at 31 March 2023 borrowings are lower than the Cash and Cash equivalents and Bank Deposits resulting in a negative net debt.

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, 2023.

Ratios as per Schedule III requirements

Particulars	31 March 2023	31 March 2022	% change from 31 March 2022 to 31 March 2023	Reason for % change from previous year
(a) Current Ratio	2.86	2.60	10%	
(b) Debt-Equity Ratio	0.05	0.08	-36%	Due to debt repayments and higher cash accruals
(c) Debt Service Coverage ratio	10.72	7.50	43%	Due to debt repayments and increase in earnings available for debt service
(d) Inventory Turnover Ratio	2.11	2.58	-18%	Due to increase in revenue from operations
(e) Trade Payable Turnover Ratio	3.55	3.24	10%	
(f) Net Profit Ratio	15.14%	14.85%	2%	
(g) Return on Equity Ratio	17.10%	17.66%	-3%	
(h) Return on Investment Ratio	6.80%	1.24%	448%	Due to higher realization & deployment of funds in fixed deposits
(i) Trade Receivables Turnover Ratio	4.06	3.70	10%	
(j) Net Capital Turnover Ratio	2.99	3.63	-18%	Increase in current assets owing to higher cash accruals
(k) Return on Capital Employed	21.95%	24.72%	-11%	Due to increase in total equity

(Amount in INR millions, unless otherwise stated)

Formula used to compute ratios:

Ratio	Formula
(a) Current Ratio	Current Assets/Current Liabilities
(b) Debt-Equity Ratio	Total debt/Total equity
(c) Debt Service Coverage ratio	Earnings available for debt services (i.e., EBIT+Depreciation and Amortization)/Total interest and principal repayments
(d) Inventory Turnover Ratio	Cost of materials consumed/Average inventory
(e) Trade Payable Turnover Ratio	Total purchases/Average trade payables
(f) Net Profit Ratio	Net profit after tax/Revenue from Operations
(g) Return on Equity Ratio	Net profit after tax/Equity
(h) Return on Investment Ratio	Interest Income/Average Investment in Fixed Deposits
(i) Trade Receivables Turnover Ratio	Revenue from operations/Average trade receivables
(j) Net Capital Turnover Ratio	Revenue from operations/Net Working capital (Net working capital = current assets - current liabilities)
(k) Return on Capital Employed	Earnings before interest and taxes (EBIT)/Capital Employed

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 during the year ended March 31, 2022.

42 The Group has entered into a Public Private Partnership (PPP) agreement with Food Safety and Standards Authority of India (FSSAI) on June 29, 2021 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 includes ₹ 19.86 million for year ended March 31, 2023 and ₹ 138.43 million for the year ended March 31, 2022, 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.

43 Disclosure U/s.186(4) of the Companies Act, 2013. During the year under review, The Group has not given any loans, made Investment, given Guarantee, provided Security to any others.

44 Other Statutory Information

(i) The Group has no transactions with companies struck off under Sec.248 of the companies Act, 2013 or Sec.560 of the Companies Act, 1956.

(ii) The Group does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961

(iii) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(iv) No Proceeding has been initiated or pending against the group under the Benami Transactions (Prohibition) Act, 1988 and the rules made thereunder.

(v) 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 group is a party.

(vi) The Group 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.

(vii) The Group 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.

(viii) The Group 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.

(ix) The Group has not granted loans or advances in the nature of loans to the promoters, directors or KMP's and the related parties as defined in the companies act, 2013 either severally or jointly with any other person that are repayable on demand or without specifying terms or period of repayment.

45 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 03, 2023

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 03, 2023

(Amount in INR millions, unless otherwise stated)

46. 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 Consoli-dated net assets	Amount	As % of consoli-dated profit or loss	Amount	As % of consoli-dated other comprehen-sive income	Amount	As % of total comprehen-sive income	Amount
Parent								
VIMTA Labs Ltd.,								
FY 2022-23	99.57%	2,805.82	98.19%	472.99	100.00%	(0.22)	98.20%	472.77
FY 2021-22	99.86%	2,336.49	99.34%	410.58	100.00%	(2.03)	99.34%	408.55
Subsidiary - Indian								
EMTAC laboratories Pvt Ltd.,								
FY 2022-23	0.63%	17.70	1.81%	8.72	0.00%	(0.04)	1.80%	8.68
FY 2021-22	0.39%	9.02	0.66%	2.69	0.00%	-	0.66%	2.69
On account of Inter-company eliminations & adjustments								
FY 2022-23	-0.20%	(5.66)	-	-	-	-	-	-
FY 2021-22	-0.24%	(5.67)	-	-	-	-	-	-
Total (FY2022-23)	**100.00%**	**2,817.86**	**100.00%**	**481.72**	**100.00%**	**(0.26)**	**100.00%**	**481.46**
Total (FY2021-22)	**100.00%**	**2,339.84**	**100.00%**	**413.30**	**100.00%**	**(2.03)**	**100.00%**	**411.27**

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 03, 2023

For and on behalf of the Board of Directors

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DIN : 00876934

D R Narahai Naidu
Chief Financial Officer

Sujani Vasireddi
Company Secretary

Place: Hyderabad
Date : May 03, 2023

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, 2023	March 31, 2022
Reporting Currency	Indian Rupees in Million	
Share Capital	34.17	34.17
Reserves & Surplus (Other Equity)	(16.47)	(25.15)
Total Assets	29.83	23.04
Total Liabilities	12.13	14.02
Investments (excluding Investments made in subsidiaries)	Nil	Nil
Total Income	58.38	25.81
Profit/(Loss) before tax	11.64	3.35
Provision for tax	2.92	0.66
Profit/(Loss) after tax	8.72	2.69
Other Comprehensive income/(loss)	(0.04)	-
Total Comprehensive Income for the year	8.68	2.69
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

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D R Narahai Naidu
Chief Financial Officer

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Company Secretary

Place: Hyderabad
Date : May 03, 2023

Driven by Quality. Inspired by Science.

Vimta Labs Limited

CIN : L24110TG1990PLC011977

Registered Office:

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