Vimta Labs Limited
Registered Office
142, IDA Phase II, Cherlapally
Hyderabad-500 051,Telangana, India
T : +91 40 2726 4141
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Driven by Quality. Inspired by Science.

VLL\10\S-004\2021\
Date: 08.06.2021

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: **Intimation of date of 31st Annual General Meeting (AGM), Book closure, Record Date and e-voting.**

This is to inform you that the 31st AGM of the Company will be held on **Monday, 5th July 2021 at 10.00 a.m. (IST)** through Video Conferencing (VC) / Other Audio Visual Means (OAVM).

We also hereby inform you that pursuant to Section 91 of the Companies Act, 2013 and Regulation 42 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Register of members and share transfer books of the Company will be closed from **Tuesday, 29th June 2021 to Monday, 5th July 2021 (both days inclusive)** for the purpose of AGM. The Company is providing remote e-voting facility before the AGM as well as e-voting facility during the AGM as per the calendar given below:

Sl. No.	Event	Day, Date & Time
1	Cut-off date for voting by the members and participation in AGM through VC and Record date for payment of Dividend. (The members of the record as on cut-off date would be eligible to cast their votes through remote e-voting and e-voting during the AGM)	Monday, 28th June 2021
2	Remote e-voting will commence on	Friday, 2nd July 2021 at 09:00 a.m. (IST)
3	Remote e-Voting will end on	Sunday, 4th July 2021; 05:00 p.m. (IST)
4	Staring time for e-voting on the date of and during AGM	Monday, 5th July 2021; 09:30 a.m. (IST) The closure time for e-voting will be announced in the AGM.
5	Day, date and time of AGM	Monday, 5th July 2021; 10.00 a.m. (IST)
6	Payment of Dividend, if approved	30 days from the date of AGM
7	Service provider for e-voting platform & e-AGM	Central Depository Services (India) Limited
8	Website of the service provider (CDSL) for e-voting	www.evotingindia.com

Please find the enclosed notice of 31st AGM. The annual report of the of the Company for FY 2020-21 together with notice of AGM is also made available on the website of the Company at: https://www.vimta.com/downloads/Annual%20Report%202020-21.pdf

This is for your information and records.

Thanking you,

Yours faithfully,
for VIMTA LABS LIMITED

VIMTA LABS LIMITED HYDERABAD-51

Sujani Vasireddi
Company Secretary

Encl: as above.

Driven by Quality. Inspired by Science.

Notice Calling

31st Annual General Meeting

Scheduled to be held on
Monday, 05th July, 2021

Vimta Labs Limited

CIN : L24110TG1990PLC011977
Registered Office: Plot Nos. 141/2 & 142, IDA
Phase II, Cherlapally, Hyderabad - 500 051, India.
E-mail : shares@vimta.com Web : www.vimta.com

NOTICE

NOTICE is hereby given that the 31st Annual General Meeting of the Members of Vimta Labs Limited will be held on Monday, 5th July, 2021 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. 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, 2021, together with the reports of the Board of Directors and the Auditors thereon; and

   (b) the Consolidated Audited Financial Statements of the Company for the financial year ended 31st March, 2021, together with the report of the Auditors thereon.

2. To declare Dividend for Financial Year ended 31.03.2021.

3. To appoint a Director in place of Shri. Satya Sreenivas Neerukonda (DIN: 00269814) who retires by rotation and being eligible, offers himself for reappointment. He continues to hold his position as the whole time director for the rest of his tenure.

SPECIAL BUSINESS:

4. **Ratification of remuneration of cost auditors for financial year ended 31st March 2021.**

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

   "RESOLVED THAT pursuant to the provisions of Section 148 of the Companies Act, 2013 read with Rule 14 (a) (ii) of Companies (Audit and Auditors) Rules, 2014 including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, a remuneration of ₹ 50000/- (Rupees fifty thousand only) payable to M/s Lavanya & Associates, Cost Accountants, Hyderabad (Firm Regn. No. 101257), Cost Auditors of the Company for the audit of cost records maintained by the Company for the financial year ending 31st March, 2021, which was approved by the Board of Directors, be and is hereby ratified."

5. **Ratification of remuneration of cost auditors for financial year ended 31st March 2022.**

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

   "RESOLVED THAT pursuant to the provisions of Section 148 of the Companies Act, 2013 read with Rule 14 (a) (ii) of Companies (Audit and Auditors) Rules, 2014 including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, a remuneration of ₹ 50,000/- (Rupees fifty thousand only) payable to M/s Lavanya & Associates, Cost Accountants, Hyderabad (Firm Regn. No. 101257), Cost Auditors of the Company for the audit of cost records maintained by the Company for the financial year ending 31st March, 2022, which was approved by the Board of Directors, be and is hereby ratified"

6. **Re-appointment of Shri Harriman Vungal (DIN 00242621) as "Executive Director – Operations" of the Company.**

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

   "RESOLVED THAT pursuant to the provisions of Sections 196, 197,198, 203 and other applicable provisions, if any of the Companies Act, 2013 (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 subject to such other approvals, if any, as may be required, and based on the recommendations of the Nomination and Remuneration Committee, consent and approval of the members of the Company be and is hereby accorded for the re-appointment of Shri. Harriman Vungal (DIN 00242621), as Executive Director – Operations, for a period of three years from 14th July, 2021 to 13th July, 2024 with a remuneration partly by way of monthly salary and perquisites and partly as a percentage of the Net Profits of the Company payable annually, on the following terms and conditions.

   A. By way of Monthly salary and perquisites:

   I. Salary (Consolidated): 10,00,000/- (Rupees ten lakhs only) per month.

   II. Perquisites and allowances:

   a) Medical Reimbursement: As per the rules of the Company, Payment/Reimbursement of medical expenses incurred for self and family, subject to ceiling of one month's salary in a year.

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

c) 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.

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

e) Encashment of Leave: Encashment of leave will be paid as per the rules of the company.

f) Telephone and Car: Telecommunication facilities and car for business purposes.

g) Personal accident insurance: Personal accident insurance premium will be paid as per the rules of the company.

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

In addition to the salary and perquisites stated at 'A' above, based on his performance, variable remuneration be paid at such percentage as the Board may deem fit, not exceeding 2% of the Net Profits of the Company as computed under the provisions of Section 198 of the Companies Act, 2013.

The aggregate remuneration paid to him under 'A' & 'B' above and to all other Wholetime Directors i.e. Smt. Harita Vasireddi, Managing Director and Shri. Satya Sreenivas Neerukonda, Executive Director, put together in any financial year shall not exceed the limits as specified under the provisions of Section 197 of Companies Act, 2013 and other applicable provisions and Rules made thereunder, read with Schedule V of the said Act or any statutory modification(s) or re-enactment(s) thereof for the time being in force, or otherwise as may be permissible by law.

"RESOLVED FURTHER THAT during the tenure of 3 years, if the company has no profits or its profits are inadequate in any financial year to pay the above remuneration, the remuneration shall be restricted to the applicable amount specified in schedule – V of the Act".

"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 are hereby authorized to vary, alter or modify the scope of the above stated remuneration or any such other limits, either on higher / lower side as they may deem fit in the interest of the company 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 Shri. Harriman Vungal shall be subject to retirement by rotation during his tenure and he is not eligible to draw sitting fee for any Board / Committee Meetings."

"RESOLVED FURTHER THAT the Board and / or Company Secretary of the Company be and is hereby 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."

7. 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.

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

"RESOLVED THAT approval be and is hereby granted to the **Vimta Labs Employee Stock Option Plan 2021** (the "Plan" or "Scheme")".

"RESOLVED THAT pursuant to the provisions of Section 62(1b), and other applicable provisions of the Companies Act, 2013, Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, (including any statutory modification or re-enactment thereof for the time being in force) and in accordance with the provisions of any other applicable laws or regulations and such other approval(s), permission(s) and sanction(s) as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority(ies) while granting such approval(s), permission(s) and sanction(s), the approval of the Shareholders of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall include the Nomination & Remuneration Committee ("Nomination & Remuneration Committee") to adopt the Vimta Labs Employee Stock Option Plan 2021 (the Plan/ the Scheme) and to create, offer and grant from time to time such number of options to eligible employees whether working in India or out of India and to Directors (other than Promoters of the Company, Independent Directors and Directors holding directly or indirectly more than 10% of the outstanding Equity Shares of the Company) and to such other persons as may from time to time be allowed to be eligible for the benefits of the stock options under applicable laws and regulations prevailing from time to time, as may be decided by the Nomination & Remuneration Committee under the Plan, exercisable into not more than 6,63,234 options (six lakhs sixty-three thousand two hundred and thirty-four only) Options, each Option giving the right but not the obligation to the holder to subscribe to one fully paid-up Equity Share in the Company, of face value of ₹ 2/- each, directly by the Company and at such price or prices, in one or more tranches and on such terms and conditions, as may be determined by the Board/ Nomination & Remuneration Committee in accordance with the provisions of the Vimta Labs Employee Stock Option Plan 2021 and in due compliance with the applicable laws and regulations in force.

RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issue, bonus issue, merger, sale of division or such other event, the Board and or the Nomination & Remuneration Committee be and is hereby authorized to do all such acts, deeds and things as may be necessary and which are within the provisions of the applicable laws & regulations, so as to ensure that fair and equitable benefits under Vimta Labs Employee Stock Option Plan 2021 are passed on to the Eligible Employees.

RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot equity shares upon exercise of options from time to time in accordance with the Scheme and such equity shares shall rank pari passu in all respects with the then existing equity shares of the Company.

RESOLVED FURTHER THAT the Board / Nomination & Remuneration Committee be and is hereby authorized to make from time to time such modification, variations, alterations or revisions in the said Plan as it may deem fit subject to approval from shareholders and in conformity with the provisions of the Companies Act 2013, and other applicable laws.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolutions any Director be and is hereby authorised to do all such deeds, matters and things and execute all such deeds documents and writings as it may in its absolute discretion deem necessary and incur expenses in relation thereto."

By Order of the Board
For Vimta Labs Limited

Place: Hyderabad
Date: 14th May, 2021

Sujani Vasireddi
Company Secretary

NOTES:

1. In view of the prevailing COVID-19 pandemic situation across the country, the Ministry of Corporate Affairs (MCA) vide circular Nos. 14/2020 dated 8th April, 2020, Circular No.17/2020 dated 13th April, 2020, Circular No. 20/2020 dated 05th May, 2020, read with Circular No.02/2021 dated 13th January, 2021 permitted holding of AGM through Video Conferencing (VC) or Other Audio Visual Means (OAVM) for the calendar year 2021. As such, in compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM.

2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the MCA Circulars, the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited ('CDSL') for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as voting during the AGM will be provided by CDSL.

3. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of Special Business 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 **29.06.2021 (Tuesday) to 05.07.2021 (Monday) (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. Since this AGM is being held pursuant to the MCA circulars through VC/OAVM, the requirement of physical Attendance of members has been dispensed with. Accordingly, in terms of the MCA circulars and the Stock Exchange Board of India (SEBI) circular, the facility for appointment of Proxies by the members will not be available for this AGM and hence the proxy form, attendance Slip and route map of the AGM venue are not annexed to this notice.

7. As per Regulation 40 of the Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialised form with effect from 1st April, 2019, except in case of request received for transmission

or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, Members holding shares in physical form are requested to consider converting their holdings to dematerialised form. Members can contact the Company's Registrar and Transfer Agent, CIL Securities Limited (RTA) at rta@cilsecurites.com for assistance in this regard.

8. 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.

9. 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.

10. Members are requested to note that the dividend remaining unclaimed for a continuous period of seven years from the date of transfer to the Company's Unpaid Dividend Account shall be transferred to the Investor Education and Protection Fund (IEPF). In addition, all equity shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred by the Company to demat account of the IEPF authority within a period of thirty days of such equity shares becoming due to be transferred to the IEPF. In the event of transfer of equity shares and the unclaimed dividends to IEPF, Members are entitled to claim the same from IEPF authority by submitting an online application in the prescribed Form IEPF-5 available on the website www.iepf.gov.in and sending a physical copy of the same duly signed to the Company along with the requisite documents enumerated in Form IEPF-5. Members can file only one consolidated claim in a financial year as per the IEPF rules.

11. In compliance with the aforesaid MCA Circulars and SEBI Circular dated 12th May, 2020, Notice of the AGM along with the Annual Report 2020-21 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 2020-21 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.

12. 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 1st July 2021 through email on shares@vimta.com. The same will be replied by the Company suitably.

13. 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.

14. The dividend will be paid to all the shareholders whose names were appearing in the register of members as on 28th June 2021, being the record date fixed for this purpose.

15. 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 **28th June 2021**

    - Declaration for "No Permanent Establishment" in India;
    - Beneficial Ownership Declaration;

- Tax Residency Certificate (TRC) for FY 2021-22;
- Form 10F and
- Copy of Indian PAN (if available)

16. The Meeting shall be deemed to be held at the registered office of the Company at Plot No.142. IDA, Phase-II Cherlapally, Hyderabad, Telangana -500051.

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

(i) As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies are 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 thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.

(ii) The Members can 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 will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

(iii) 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.

(iv) 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.

(v) In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.vimta.com. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. www.evotingindia.com.

(vi) In continuation of this Ministry's General Circular No. 20/2020, dated 05th May, 2020 and after due examination, it has been decided to allow companies whose AGMs were due to be held in the year 2020, or become due in the year 2021, to conduct their AGMs on or before 31.12.2021, in accordance with the requirements provided in paragraphs 3 and 4 of the General Circular No. 20/2020 as per MCA circular no. 02/2021 dated January,13,2021.

18. INTRUCTIONS TO SHAREHOLDERS FOR REMOTE E-VOTING AND E-VOTING DURING AGM:

(i) The voting period begins on **2nd July 2021; 09:00 A.M.** and ends on **4th July 2021; 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 (record date) of **28th June 2021** 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 shareholder's/retail shareholders is at a negligible level.

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

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

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

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

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with **CDSL**	1) Users of who have opted for CDSL's Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URLs for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on Login icon and select New System Myeasi. 2) After successful login the Easi / Easiest user will be able to see the e-Voting Menu. On clicking the e-voting menu, the user will be able to see his/her holdings along with links of the respective e-Voting service provider i.e. CDSL/ NSDL/ KARVY/ LINK INTIME as per information provided by Issuer / Company. Additionally, we are providing links to e-Voting Service Providers, so that the user can visit the e-Voting service providers' site directly. 3) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi./Registration/EasiRegistration 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a link in 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 provided links for the respective ESP where the e-Voting is in progress during or before the AGM.
Individual Shareholders holding securities in demat mode with **NSDL**	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 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 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 hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting

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

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

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

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

(v) Login method for e-Voting and joining virtual meeting for shareholders other than individual shareholders & physical shareholders.

1) The shareholders should log on to the e-voting website www.evotingindia.com.

2) Click on "Shareholders" module.

3) Now enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

4) Next enter the Image Verification as displayed and Click on Login.

5) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.

6) If you are a first-time user follow the steps given below:

	For Shareholders holding shares in Demat Form other than individual and Physical Form
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 as mentioned in instruction (v).

(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 your password with any other person and take utmost care to keep your 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 can 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) Facility for Non – Individual Shareholders and Custodians –Remote Voting

- Non-Individual shareholders (i.e. other than Individuals, HUF and NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; shares@vimta.com, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

19. INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING THE MEETING:

i. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for Remote 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 Remote 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 / IPads 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 Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

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 1st July 2021 (09:00 a.m.) to 3rd July 2021 (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 **between 1st July 2021 (09:00 a.m.) to 3rd July 2021 (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 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 shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

20. PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:

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 shares@vimta.com/rta@cilsecurities.com.

ii) For Demat shareholders - please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to shares@vimta.com/rta@cilsecurities.com.

21. HELPDESK FOR QUERIES / ISSUES RELATING TO ATTENDING THE AGM AND E-VOTING:

i) Any queries or issues regarding attending the AGM & e-Voting from the CDSL e-Voting System shall be addressed by email to helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 022-23058542/43.

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

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

A. Item No.4: Ratification of remuneration of cost auditors for financial year ended with 31st March 2021

M/s U S Rao & Co., Cost Accountants (Firm Reg. No: 102629) who were reappointed for the financial year 2020-21 had submitted their resignation due to their pre-occupation and technical problems regarding the COP as per ICWAI guidelines vide letter dated 6th January 2021. The same was taken note by the Audit Committee and Board at their Meetings held on 22nd January 2021 and 23rd January 2021 respectively.

Consequent to the resignation of M/s U S Rao & Co., Cost Accountants, Hyderabad, M/s Lavanya & Associates, Cost and Management Accountants, Hyderabad having firm registration No. 101257 with the Institute of Cost Accountants of India was identified as a replacement and their appointment was recommended by the Audit Committee and approved by the Board of Directors at their respective meetings held on 22nd January 2021 and 23rd January 2021, for financial year 2020-21 at a remuneration of ₹ 50,000/- (Rupees fifty thousand rupees only) plus applicable GST and out of pocket expenses, if any, incurred in connection with attending to the audit.

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

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

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

B. Item No.5: Ratification of remuneration of cost auditors for financial year ended with 31st March 2022

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

On the recommendations of the Audit Committee, the Board of Directors at their meeting held on 14th May 2021, have approved the appointment of M/s Lavanya & Associates, Cost Accountants, Hyderabad (Firm Regn. No. 101257), to carry out cost audit of the cost records of the Company for the financial year ending 31st March, 2022 at a remuneration of ₹ 50,000/- (Rupees fifty thousand only).

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

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

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

C. Item No.6: Re-appointment of Shri Harriman Vungal (DIN 00242621) as "Executive Director – Operations" of the Company

Shri. Harriman Vungal's appointment as Executive Director – Operations of the Company was last approved at the Annual General Meeting held on 27th July 2019 for a term of 2 years w.e.f 14th July 2019 to 13th July 2021.

Shri. Harriman Vungal has rich and varied experience in the industry and is one of the promoter Directors of the company and has been its Director-Technical / Executive Director since inception of the company. The Company has achieved remarkable growth under his leadership, management and guidance and his continued services will lead the Company to achieve new heights.

Based on the recommendations of the Nomination and Remuneration Committee, the Board of Directors at their meeting held on 14th May 2021 appointed Shri. Harriman Vungal as Executive Director – Operations of the Company for a period of three years w.e.f. 14th July 2021 to 13th July 2024, at such remuneration as specified in the resolution, subject to the approval of shareholders.

Shri. Harriman Vungal will attain the age of 70 years on 1st October 2021 and hence pursuant to the provisions of section 196(3)(a) of the Companies Act, 2013, appointing him as Executive Director – Operations 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 wholetime 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.

The company needs Shri. Harriman's rich experience of over 30 years in the company as a wholetime Director, for achieving its growth plans. Hence, despite his attaining 70 years of age, the Board appointed him as Executive Director – Operations and seek approval of the shareholders for his appointment.

The details of Shri. Harriman Vungal as required under the provisions of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions are provided in Annexure to the Notice.

Except Shri. Harriman Vungal, none of the other Directors are in any way concerned or interested in the special business set out at item No.6 of the Notice.

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

D. Item No.7: Approval of Vimta Labs Employee Stock Option Plan 2021 and grant of stock options to the Eligible Employees/ Directors of the Company under the Scheme

In order to align employee interest with that of shareholders, reward tenured employees for their past contribution and retain best performing and critical talent, the Board recommends institution of an employee stock options scheme.

The **Vimta Labs Employee Stock Option Plan 2021** envisages grant of share options to eligible employees of the company and its subsidiaries.

The terms of the Scheme are as follows:

1. Brief description of the Scheme

The objective of **Vimta Labs Employee Stock Option Plan 2021** is to align employee interest with that of shareholders, reward tenured employees for their past contribution and retain best performing and critical talent. The Company views employee stock options as instruments that would enable the Employees to share the value they would create and contribute for the Company in the years to come.

2. Total Number of Options to be granted

The total number of Options will not exceed 663,234 options (six lakhs sixty-three thousand two hundred and thirty-four only) or 3% of current fully paid up equity shares of the Company from time to time, which will be available for grant to eligible employees of the Company under the Scheme. Each option (after it is vested) will be exercisable for one Equity share of ₹ 2/- (Rupees two only) each fully paid-up. Vested options that lapse due to non-exercise or unvested options that get cancelled due to resignation of the employees or otherwise would be available for being re-granting at a future date.

In case of any corporate action(s) such as rights issue, bonus issue, merger, sale of division or such other event, a fair and reasonable adjustment shall be made to the options granted.

The options granted to an employee shall not be transferred, pledged, hypothecated, mortgaged or otherwise alienated in any manner.

3. **Identification of classes of employees entitled to participate and be beneficiaries in the Scheme**

The following employees would be entitled to participate in the Scheme:

a) Permanent employees of the Company working in India or out of India;

b) Directors of the Company;

c) An employee as defined in clause (a) or (b) of a subsidiary, in India or outside India, or of a holding company of the company.

Following persons are not eligible:

a) An employee who is a Promoter or belongs to the Promoter Group;

b) A Director who either by himself or through his relatives or through any Body corporate, directly or indirectly holds more than 10% of the outstanding Equity Shares of the Company; and

c) An Independent Director.

The Nomination & Remuneration Committee will determine the specific employees or class of employees who will be eligible for award of stock options based on the performance criteria and such other criteria as may be decided.

4. **Requirements of vesting and period of vesting**

Vesting of the options shall take place over three to seven years from the date of grant. The Nomination & Remuneration Committee at the time of grant may specify certain criteria linked to the individual and/ or organisational performance or any other criteria as it may deem fit for all or a part of the Options, the fulfilment of which might be a requisite for the options to vest. The minimum vesting period will be 1 (One) year from the date of grant.

5. **Maximum Period in which the Options will be vested**

Vesting of the options shall take place over three to seven years from the date of grant.

6. **Exercise Price**

The exercise price shall be decided by the Nomination & Remuneration Committee in line with the SEBI Regulations. The Exercise price shall not exceed the fair market value as on the Date of Grant and shall not be below the Face Value of the share.

7. **Exercise Period and Process**

The Exercise period shall commence from the date of Grant of Options. The Exercise period shall be decided by the Nomination & Remuneration Committee subject to a maximum period of 10 years (Ten) years from the date of Grant of options.

The options shall be exercisable by the employees by a written application or through any mode as may be prescribed by the Nomination & Remuneration Committee, to the Company to exercise the options in such manner, and on execution of such documents, as may be prescribed by the Nomination & Remuneration Committee.

8. **The appraisal process for determining the eligibility of employees for the scheme(s);**

The appraisal process for determining the eligibility of the employee will be specified by the Nomination & Remuneration Committee, and may be based on criteria such as seniority of employee, length of service, past performance record, merit of the employee, future potential contribution by the employee and/or such other criteria that may be determined by the Nomination & Remuneration Committee.

9. **Lock-in period, if any;**

The shares arising out of exercise of vested options under the Plan would not be subject to any lock-in-period after such exercise, except if any lock-in is required pursuant to applicable law.

10. **Maximum number of options to be issued per employee and in aggregate**

The Nomination & Remuneration Committee will decide the maximum number of options to be granted per employee and in aggregate. The in aggregate number of options under the plan shall not exceed 663,234 options (six lakhs sixty-three thousand two hundred and thirty-four only) or 3% of current paid up capital of the company.

11. **Method which the company shall use to value its options**

The Board and or Nomination & Remuneration Committee shall determine from time to time the valuation and accounting methodology for the options issued under the Plan as per changes in the applicable law. The company shall comply with all the relevant disclosures as per the applicable laws.

12. **Conditions under which option vested in employees may lapse**

Vested options may lapse due to non-exercise of options within exercise period or where termination of employment is for cause, then all options vested (but not exercised) or unvested, shall stand cancelled. Cause shall mean, as determined by the Nomination & Remuneration Committee, which shall include but will not be limited to the points as defined in the Plan document. All decisions made by the Nomination & Remuneration Committee in determining the cause and subsequent actions shall be final and binding on the employees

13. Specified time period within which the employee shall exercise the vested options in the event of a proposed termination of employment or resignation of employee

On voluntary resignation on the part of the Employee or termination of employment without a cause, all vested options have to be exercised within the notice period i.e., 1-2 months from the date of submitting their resignation, post which they will be considered forfeited. However, all unvested options will lapse the day the resignation is submitted.

14. Whether the scheme(s) is to be implemented and administered directly by the company or through a trust

The Scheme will be implemented by the Company directly.

15. Whether the scheme(s) involves new issue of shares by the company or secondary acquisition by the trust or both

The Scheme will involve issue of new shares by the Company and will not involve any secondary acquisition.

16. The amount of loan to be provided for implementation of the scheme(s) by the company to the trust, its tenure, utilization, repayment terms, etc.

Not Applicable

17. Maximum percentage of secondary acquisition (subject to limits specified under the regulations) that can be made by the trust for the purposes of the scheme(s)

Not Applicable.

18. A statement to the effect that the company shall conform to the accounting policies specified in regulation 15

The Company shall follow the Guidance as mentioned under the 'Indian Accounting Standard (Ind AS) 102 Share-based Payment' or the relevant accounting standards as may be prescribed by the Institute of Chartered Accountants of India from time to time, including the disclosure requirements prescribed therein.

None of the Directors are concern or interested in the resolution, except to the extent of the securities that may be offered to them under the Scheme.

The members' approval is sought for the Scheme.

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

By Order of the Board
For Vimta Labs Limited

Place: Hyderabad
Date: 14th May, 2021

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 5th July 2021 under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per SS-2 issued by ICSI.

Particulars	Item No. 3 of Notice	Item No. 6 of Notice
Name	Shri. Satya Sreenivas Neerukonda	Shri Harriman Vungal
DIN	00269814	00242621
Date of first Appointment	14.07.2019	16.11.1990
Designation	Executive Director	Executive Director - Operations
Date of Birth	18.02.1976	01.10.1951
Qualification	B. Pharm., MBA (USA)	D. Tech (Toronto)
Expertise in specific functional Areas	A global sales and business development professional with more than 22 years of rich experience in multiple markets and industries. Strong knowledge of Pharmaceutical, Biotechnology, Medical Device and Food Industries.	D. Tech. from Toronto, Canada with over 43 years of experience. He is one of the promoter Director of the company and has been its Director-Technical since inception.
Terms and conditions of appointment and details of last salary drawn	Retiring by rotation, being eligible offers himself for reappointment. Last drawn salary is ₹ 8,00,000/- per month.	Re-appointment on terms as set out in the resolution and on Completing his current tenure as Executive Director-Operations on 13.07.2021 and attaining age of seventy years in October 2021. Last drawn salary is ₹ 10,00,000/- per month.
Number of meetings of the Board attended During the year	5	5
Disclosure of relationship between directors inter-se	NA	NA
Shareholding as on 31.03.2021	Nil	1777893 shares
Directorships		
Board (Listed entities)	Nil	Nil
Committees (Listed entities)		

By Order of the Board
For Vimta Labs Limited

Place: Hyderabad
Date: 14th May, 2021

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.

31st Annual Report 2020 - 21

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

Table of Contents

CORPORATE INFORMATION

Board of Directors

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

Smt. Harita Vasireddi
Managing Director
DIN: 00242512

Shri. Harriman Vungal
Executive Director – Operations
DIN: 00242621

Shri. Satya Sreenivas Neerukonda
Executive Director
DIN: 00269814

Smt. Prameela Rani Yalamanchili
Independent Director
DIN: 03270909

Shri. Purnachandra Rao Gutta
Independent Director
DIN: 00876934

Shri. Sanjay Dave
Independent Director
DIN: 08450232

Dr. Yadagiri R Pendri
Independent Director
DIN: 019666100
(w.e.f. 10th August 2020)

Shri. Adeyya Chowdary Popuri (P A Chowdary)
Independent Director
DIN: 02936505
(up to 30th June 2020)

Key Managerial Personnel

Smt. Sujani Vasireddi
Company Secretary & Compliance Officer

Shri. D.R. Narahai Naidu
Chief Financial Officer
(w.e.f. 22nd February 2021)

Shri. Amit Pathak
Chief Financial Officer
(up to 28th January 2021)

Auditors

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

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

Cost Auditors
Lavanya & Associates
(Firm Reg. No. 101257)
Cost Accountants, Hyderabad
(w.e.f. 23rd January 2021)

U S Rao & Co.
(Firm Reg. No. 102629)
Cost Accountants, Hyderabad
(up to 23rd January 2021)

Bankers / Financial Institutions

Axis Bank Limited
Kotak Mahindra Bank Limited
CISCO Systems Capital (India) Private Limited

Registrar & Share Transfer Agent

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

Internal Auditors

Chaitanya V & Associates
Chartered Accountants

Registered Office

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

Life Sciences Facility

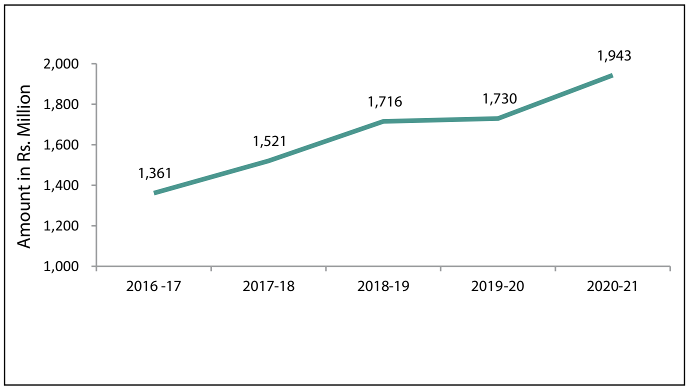
Plot No.5, MN Science & Technology Park, Genome Valley, Shamirpet, Hyderabad, Telangana - 500101, India.

Subsidiary

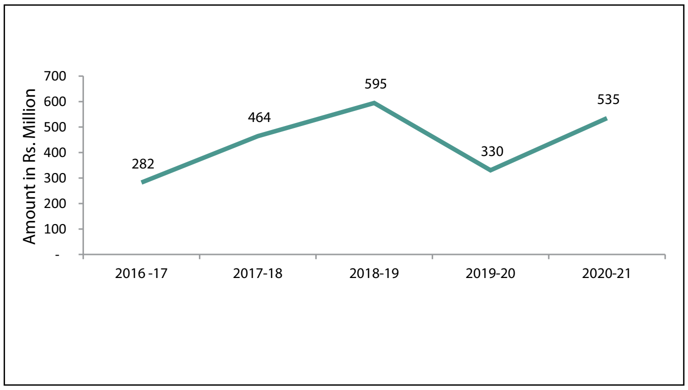
Emtac Laboratories Private Limited
(A wholly owned subsidiary of Vimta Labs Limited)
Plot No. 11/6, Road No.9 IDA,
Nacharam, Hyderabad,
Telangana - 500076, India.

COMPANY AT A GLANCE

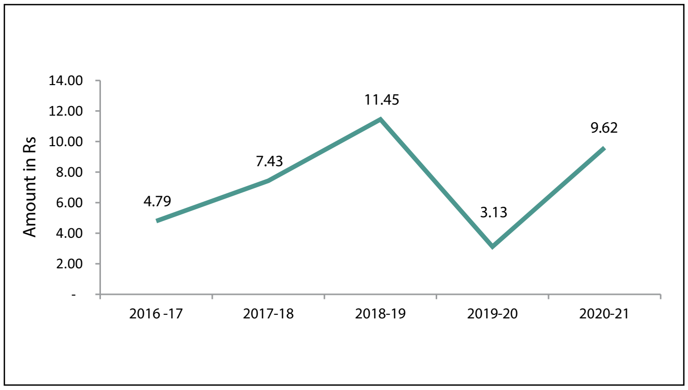
Net Worth



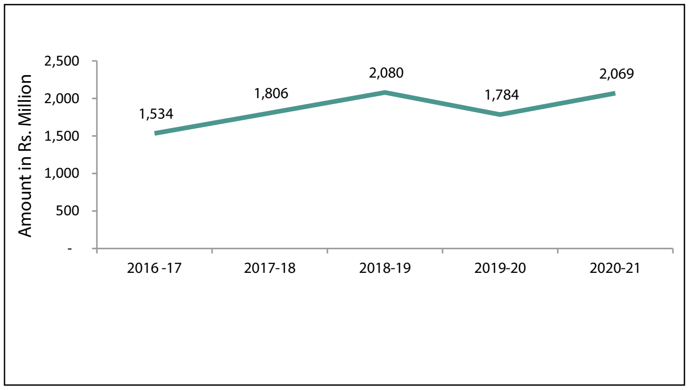
EBITDA



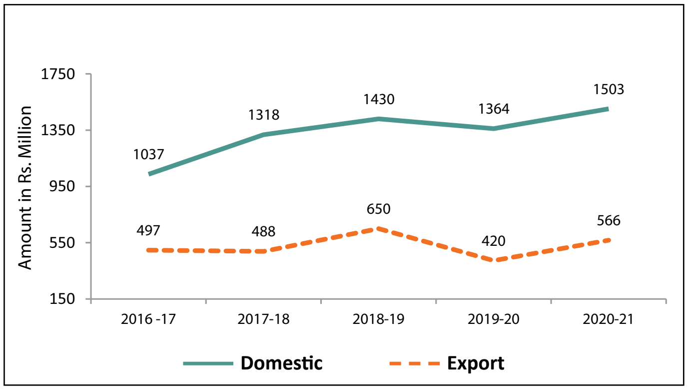
EPS



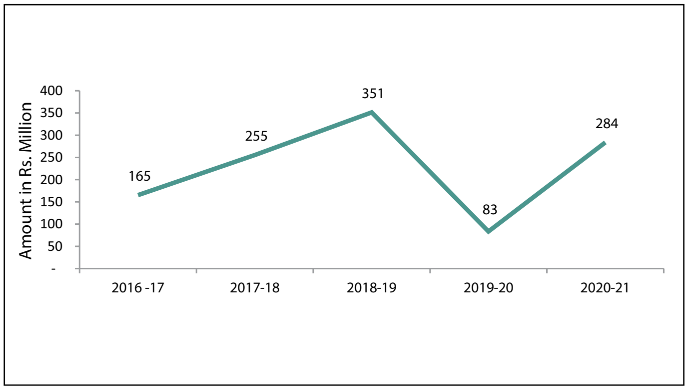
Revenue



Domestic Vs Export Revenue



PBT



BOARD'S REPORT

Dear Members,

Your Directors hereby present the 31st Annual Report together with the Standalone & Consolidated Audited Financial Statements for the year ended 31st March 2021.

1. COMPANY'S FINANCIAL PERFORMANCE

During the year under review, your company had recorded a consolidated operating revenue of ₹ 2106.79 million as compared to ₹ 1807.12 million in the previous year and standalone operating revenue of ₹ 2090.51 million as compared to ₹ 1806.74 million in the previous year. There is a significant growth of 16.6% and 15.71% at consolidated and standalone levels respectively as compared with those of the previous year.

The EBIDTA of 25.4% and 25.5% at consolidated and standalone level respectively for 2021 grew significantly well when compared to 18.0% and 17.9% of the previous year. Your Company's strong performance for the year was driven by healthy growth across its key testing services including clinical research. Your Company continues to strengthen its pipeline in both domestic as well as global market for all of its testing services.

The pandemic of Covid-19 and consequent lockdown at the beginning of the financial year had effected 2021 which is reflected in its performance. Further, your company is committed to continue its growth trajectory withstanding the global headwinds and has taken all the necessary steps to achieve new milestones.

2. FINANCIAL SUMMARY

The Financial performance of your Company for the year ended 31st March 2021 is summarized below.

(₹ in Millions)

Sl. No.	Particulars	Year Ended March 31, 2021		Year Ended March 31, 2020	
		Standalone	Consolidated	Standalone	Consolidated
I	**Total Income**	**2,098.61**	**2,115.08**	**1,836.92**	**1,837.30**
	i) Expenses other than Finance costs and Depreciation	1,563.60	1,577.22	1,506.59	1,507.62
	ii) Finance costs	21.67	21.68	37.65	37.65
	iii) Depreciation	229.37	230.78	209.22	209.33
II	**Total Expenses (i+ii+iii)**	**1,814.64**	**1,829.68**	**1,753.46**	**1,754.60**
III	**Profit before tax (I-II)**	**283.97**	**285.40**	**83.46**	**82.70**
IV	Tax expense	71.37	71.35	14.19	14.25
V	**Profit After Tax [III-IV]**	**212.60**	**214.05**	**69.27**	**68.45**
VI	Other Comprehensive Income	1.00	1.00	(1.89)	(1.89)
VII	**Total Comprehensive income for the year (V+VI)**	**213.60**	**215.05**	**67.38**	**66.56**

3. MANAGEMENT DISCUSSION AND ANALYSIS

Company Overview

Services

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

- Drug life cycle management, development and discovery support services in the areas of preclinical research, clinical research, central lab and cGMP analytical services for pharmaceutical and biopharmaceutical companies;
- Preclinical research and testing services for medical device companies.
- Contract research and testing for Agro-science companies
- Food testing and analytical development services to support manufacturers, processors, farmers, retailers, traders, exporters & regulators (viz. FSSAI, BIS, APEDA, EIC, etal.). VIMTA is a National Referral Lab for testing of Water, Alcoholic & Non-Alcoholic Beverages.
- Clinical diagnostic services, with patient service and sample collection centers across India.
- 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.

Team & Infrastructure

Vimta is India's largest laboratory (space ~400,000 sf.ft.), equipped with latest technologies and IT infrastructure. Headquartered in Hyderabad, Vimta has a network of 18 laboratories in India, including food testing and clinical diagnostics laboratories. With a highly diverse, multi-disciplinary team of ~1100 people including scientific and technical professionals, our company's expertise and high standards of quality systems have enabled us to partner with global market leaders, as well as small, medium and virtual companies, across industries.

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 is the most comprehensive of its kind across the globe.

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.

Core Strategies

We stay focused on our vision and the long term key strategies. We are committed to continue building and growing a comprehensive integrated service organization through the following core strategies:

Innovation & technology– We continuously invest to build new capabilities and adopt cutting edge technologies to create new services, aiming to deliver end-to-end testing, development, discovery and laboratory services to the customers, supported by robust IT solutions to provide cutting edge solutions to customers.

Quality & Compliance - This is the foundation of our business, and it remains the core of our processes. Quality principles and continuous improvement towards best practices are integrated into all our activities.

Knowledge – People are the strength of Vimta. We continue to focus on attracting and retaining quality talent through a culture of trust and performance. The diverse education, skills and experience of our team is harnessed for operational excellence and to deliver accurate and reliable reports.

Reach – Continuously expand the reach to more and more customers and markets.

Investments

During its 37 years of journey, VIMTA has always adapted to market trends and economic environments. It's multi-basket services are continuously leveraged to stay resilient and pursue long term strategic objectives for growth. All investments, long term and short term, are strategically made to support our vision and business objectives. Your company firmly believes, that it is at a good growth inflection point and has made the right investments over the years. Despite the Covid-19 pandemic which impacted revenues in Q1 of FY 20-21, company could grow at 16.6% during FY 20-21 YOY.

Impact of Covid-19 Pandemic

Your Company has been impacted by Covid-19 pandemic in the 1st quarter of the financial year 2020-21. Travel plans related to business development plans overseas, continue to be rolled back. Animal imports for preclinical studies were impacted and hence, a focus was created on expanding *in-vitro* testing capabilities to complement animal & human studies. FY 2021-22 will be the maiden year for the newly launched EMI/EMC services to IT, defence suppliers, medical devices, telecom, electronics and allied industries. The launch of these services is delayed by 3-4 months due to slow down in international logistics with respect to equipment supplies and qualifications, thus services are expected to now commence towards beginning of Q2 FY22.

Current State of Affairs

Management continues to closely monitor the developments during this pandemic and business continuity is ensured to provide essential services to food, pharmaceutical and healthcare customers through leverage of multi-site operations spread across several States, despite recent lockdowns in various states/cities.

Health and safety of the workforce has been, and will continue to be, a priority for the Company. All operations strictly comply with the governmental guidance and requirements issued from time to time, for control and prevention of spread of virus. Several significant steps have been taken as preventive measures to ensure the health and safety of our employees and continuity of operations. However, the 2nd wave of pandemic has not spared its impact on employees' health. Necessary support for employees to cope with the challenges is provided and productivities are managed at best possible levels, in the given situation.

Business for Clinical Diagnostics is impacted in States that are in lockdown but has been compensated with increased Covid-19 testing in Telangana state. Environmental business is also impacted temporarily as it is dependent on deployment of workforce in off-site works across the country in various projects. Clinical Research projects execution has slowed down again temporarily due to challenges in volunteers management.

Uncertainties continue, in the sense that productivities are challenged at times, due to non availability of staff, however, impact of lockdown is not adverse as was in previous year's Q1 on business, barring the few mentioned above. Management opines that the fundamentals of our business remain very strong, and we expect that we can continue to meet customer demands and project delivery schedules going forward.

Industry Overview & Trends - Opportunities

Life Sciences

The global drug discovery and development services market size is projected to reach USD 21.4 billion by 2025 from USD 11.1 billion in 2020, at a CAGR of 14.0% during the forecast period. The drug discovery services market is segmented into small-molecule drugs and biologic drugs where small molecule drugs account for the largest market share as small-molecule drugs are simple, well-defined, and easy to characterize. With the growing R&D expenditure in the areas of pharmaceutical & biopharmaceutical industry there is an increase in demand for non-clinical / preclinical testing services as well. Further increase in R&D spending in the near future will provide a significant boost to drug discovery and development activities, which will ensure the growth of the drug discovery services market in the future. The global bioanalytical testing services market size was valued at USD 3.3 billion in 2020 and is expected to expand at a compound annual growth rate (CAGR) of 8.6% from 2021 to 2028. The Asia Pacific market is estimated to grow at the highest CAGR during the forecast period, primarily due to the presence of a large patient population (especially in China and India), increasing investments in R&D, and growth in the outsourcing of drug discovery services to Asian CROs.

Drug innovators are under constant pressure to bring new products through the pipeline at a faster rate. Developing advanced analytical testing tools to assess and monitor the quality attributes of these products requires a broader set of equipment and expertise, which is for many companies, beyond the internal capacity. This would subsequently lead to increased instances of outsourcing pharmaceutical analytical testing services.

The global pharmaceutical analytical testing outsourcing market size is expected to reach USD 12.4 billion by 2028 registering a CAGR of 8.3%, according to a new report by Grand View Research, Inc. Increasing pipelines for biological candidates along with rising demand for additional analytical details on drugs as well as process development by regulatory agencies are boosting the market growth. Biologics safety testing market was valued at USD 3.05 billion in 2019 and is projected to reach USD 7.15 billion by 2027, growing at a CAGR of 12.13% from 2020 to 2027.

Increasing spending on preclinical CRO services is expected to boost the market growth significantly in the coming years. 50% of failure of drug candidates in the preclinical phase is due to toxicology testing, which is expected to propel the demand for preclinical CRO services in the coming years. Apart from this, recent regulatory changes in Europe and significant change in the process of drug approval by the Food and Drug Administration (USFDA) relating to preclinical CRO services are anticipated to increase the demand for toxicology testing (61.1%), thus contributing to the market growth in the Preclinical testing landscape.

Over the past 15 years, outsourcing of biologics has continued to increase steadily at a rate of around 4% annually. CROs act as outsourcing partners for pharmaceutical & biotechnology companies and academic institutes. Several pharmaceutical & biotechnology companies and academic institutes are opting to outsource numerous core functions like manufacturing, clinical trial management, and portions of drug discovery to CROs. This is mainly because the emergence of new technologies has made it unfeasible for companies to undertake all testing functions in-house. CROs can afford to invest in extensive drug discovery infrastructure as they cater to multiple clients.

Thus, through outsourcing various functions to CROs, pharmaceutical and biotechnology companies can reduce their operational costs and R&D budgets. Cost savings, commercial sustainability, and optimal staffing are some of the key advantages driving the outsourcing of analytical testing, preclinical studies and clinical trial services for large companies. In addition, expanding pipelines of pharmaceutical and biopharmaceutical companies is further expected to drive the outsourcing of biologics safety testing to CROs.

The success of biological safety tests depends mainly on the expertise of the analysts themselves as much as the environmental conditions under which the test is performed. For optimal efficacy, biologics safety testing needs to be conducted by skilled professionals with sufficient knowledge of the nuances of this field. Handling the instruments used in biologics safety testing also requires expertise. Consequently, the lack of a skilled workforce poses a key challenge to the growth of the biologics safety testing market.

The large number of R&D activities, conducted to counteract Covid-19 is anticipated to increase the demand for analytical testing services. Stringent regulatory requirements are creating demands for Extractable & Leachable studies, Genotoxic impurities, Physical characterization (polymorphism studies) for different types of doses formulations & Elemental Impurities. New guidance for Life cycle managements emphasizes on revalidation of existing methods.

All the above trends are good news to CROs in terms of opportunities globally. VIMTA through its integrated drug development and discovery services is well positioned to take advantage of these trends. European and US markets are mostly untapped for the company and hence creates high opportunities to expand and grow. Hence VIMTA is very focused on business development efforts in overseas markets and has been able to add new customers year on year for large projects. VIMTA is a pioneer and is the leader in extractables, leachables, and trace contaminant analysis (elemental impurities, genotoxic impurities etc.). Regulations are constantly revised to upgrade the safety and efficacy information on products, and therefore the need for more safety assessments and testing continues to grow. VIMTA has grown well in these areas during the year, and expected to continue doing well.

Food & agri

The global Food testing Market is estimated to surpass $7,688 million mark by 2023 growing at an estimated CAGR of more than 6.1% during 2018 to 2023. Globally demand of this market is expected to be driven by the increasing global food trade, rising microbial contamination cases, increasing instances of food mislabeling and changing government regulations.

Asia Pacific region is projected to be fastest growing market during the forecast period. The growth in the market is attributed to the growing international trade, which has mandated food safety testing to comply to the regulatory standards. The Asia Pacific Food testing market size was worth $ 3.3 Billion in 2020 and estimated to be growing at a CAGR of 9.4% to reach USD 5.19 billion by 2025. The Indian food pathogen testing market was valued at $ 14 million in 2018 and is projected to grow at a CAGR of 11.3% to reach $26.4 million by 2024.

Growing foodborne diseases and increased retail chains have developed consciousness among the consumers, thus driving the growth of food safety testing market globally. This is also attributed to the growth in demand for convenience and packaged food products, an increase in outbreaks of chemical contamination in food processing industries, and the rise in consumer awareness about food safety.

Vimta has food testing laboratories in 7 cities across India, which is the largest network in the country. The laboratory network enables us to gain more access to the domestic markets and leverage our pan India presence to grow the business within the food industry. This is a fast growing service for Vimta.

Clinical diagnostics

The size of country's pathology testing market is estimated at Rs 50,000-60,000 Cr, out of which approximately 48% is still un-organized & 37% captive with hospital based labs. Organized diagnostic players control ~15% market share (₹ 8000-9000 Cr). The industry is expected to grow at a compounded annual growth rate (CAGR) of ~16% over the next 5 years.

With more than one lakh labs in the country, the industry is highly fragmented. Currently, only 1% of labs are accredited by National Accreditation Board of Laboratories (NABL) and College of American Pathologists (CAP), which is less than 1 accredited lab per million population. The major and top 4 organized players just command a market share of ~4%.

The diagnostic industry has emerged as an attractive segment in India's growing healthcare sector and is one of the fastest growing services in the country. The market provides a huge opportunity for national players to consolidate and plan for both organic & inorganic growth.

The diagnostic industry is witnessing a strong growth, even with the corona virus pandemic, primarily driven by testing for this virus and allied tests, change in demographics, increase in lifestyle diseases, higher income levels across all strata of society, rise in preventive testing, deeper penetration with asset-light expansion, and spread of healthcare services & insurance.

Diagnostic chains have been rapidly increasing footprint by opening more testing and collection centres across the country. Newer tests constantly keep adding to the repertoire of diagnostic labs. The factors which are expected to further drive growth are ever expanding middle class and aging population, innovative customized packaging, point-of-care testing, improvement in collection logistics and e-delivery mechanisms. Consolidation, automation, digital technology & door step services (home collections) are bringing in rapid changes in business models.

The industry is at the cusp of growth and witnessing ever increasing demand for complex testing such as molecular diagnostics and genetic testing. The application of AI in this area is likely to change the way treatments are identified and delivered to patients, a step forward in personalized medicine. The increasing use of such technologies will bring diagnostics closer to the masses over the next few years.

A huge addressable market, with under-spending/under-penetrated healthcare services in India, provides demand longevity to players with reach, brand and quality service. The fragmented nature of the industry, healthy growth of the sector and scalable business, offers huge opportunity for prominent players to scale up in their core markets, as high volumes drive cost benefits.

The outlook for the diagnostics industry in India is very promising, considering the growth drivers mentioned above and also because doctors are increasingly relying on evidence based treatment.

The lack of regulatory framework and minimum standard requirements lead to low-entry barriers. However, there are huge opportunities for diagnostic chain players, who have the advantage of scientific expertise, brand trust and recall, global quality standards and accreditations, extensive test menu, multiple touch points to service patients, value-added offerings and the ability to scale up into newer markets. The much awaited government regulations for the sector will significantly change landscape of the market in favor of organized players.

Vimta enjoys a strong quality brand in the country and has a pan India presence offering both routine and specialized clinical diagnostic services. We continue to invest in expanding our geographic reach and building specialized test capabilities to grow in this growing market. During the year, your company has made a beginning into the B2C market with the opening of three patient service centres. Rapid expansions are planned during the new fiscal year to add one regional reference laboratory each in north & east India, and 5 more patient service centres & 1 branch lab in south India. These services will continue to be a focus in the short term and mid term for driving higher growth through network expansion.

Environmental testing and consultancy

Global Environmental Testing Market size is expected to reach US$ 12.95 Bn by 2026 from US$ 7.76 Bn in 2019, at a CAGR of 7.6% during the forecast period. The market for India's environmental testing is forecast to reach $342.5 million by 2025, growing at a CAGR of 10.8% from 2020 to 2025.

Sector with major growth potential are Environmental Consultancy Services, Environmental Monitoring & Testing Services & Continuous Emission Monitoring System Implementation.

As India is grappling with significant challenges in air, water and waste management; air quality monitoring, water and wastewater treatment and testing are the most promising sub-sectors in India's environmental segment. Policies have been launched to tackle air pollution is the National Clean Air Programme (NCAP) launched in early 2019. It set a target of reducing key air pollutants by 20-30 percent by 2024, with 2017 as the base year. The Solid Waste (Management & Handling) Rules, 2016 contain new standards for composition of compost, treatment of leachates, emissions from incineration, and criteria for waste treatment facilities and landfills.

Regulations play a major role in converting government commitments to actions which in turn will drive the demand for Environmental testing and impact assessment services. While in the long term, increased regulations will propel the demand for such services, in the current environment, operational challenges exist in projects execution for environmental laboratories and consultants.

Vimta is the first gazette notified EPA laboratory (1986) in India and is highly reputed for its technical expertise, quality and integrity. The division specializes in conduct of EIA studies and is one of the very few companies in India, who have capabilities to perform offshore monitoring surveys. It is expected that the long term prospects in these services for the Company will be high. It has a strong order book for the year, which is significantly higher than last year. However, to address the near term uncertainties and project execution challenges, Vimta has diversified its environmental services portfolio to now include Continuous Emissions Monitoring Systems Calibration/Audit, Performance Guarantee Testing, Compressed Air Quality Monitoring, and Indoor Air Quality Monitoring with more focus on regional business.

Electrical & electronics testing

The global digital health market size is expected to reach USD 295.4 billion by 2028 and is projected to expand at a CAGR of 15.1% over the forecast period. Global demand for automobile electronics market was valued at approximately USD 250.3 billion in 2019, and is expected to generate revenue of around USD 489.2 billion by end of 2026, growing at a CAGR of around 10.2% between 2020 and 2026. The 5G infrastructure market was valued at USD 3.4 billion in 2020, and it is expected to reach USD 53 billion by 2026, registering a CAGR of 53.01%, during the forecast period 2021-2026. The Indian government has set the defence production target at USD 25.00 billion by 2025, including USD 5 billion by exports. Consumer Electronics Market size valued at USD 1 trillion in 2019 and is estimated to grow at a CAGR of over 7% between 2020 and 2026 to USD 1.5 trillion.

The growing Indian Regulation, Continuous R&D Activities & Domain Specific Regulation are the key revenue drivers for the testing and certification laboratories. India's mandatory as well as voluntary product performance testing and labelling standards, and secondly the Government incentives and initiatives such as Make in India, Start-up India, NPE 2019, FAME, etc., along with other enabling policies are helping global technology firms (such as IT, telecomm, automobile, AV, IoT, AI) set up their R&D centers in India. As such India is a vast market for such industries and has become a key contributor in global R&D sector. Proactive government, cost efficiencies, technical competencies, and a low-cost workforce make India a lucrative destination for companies setting up their R&D centers here. Global R&D centers partner with startups & SMEs to tap into their knowledge, and also save time and cost. This ecosystem provides ample opportunities for testing laboratories to support in product development and testing for EMI/EMC, Safety and Environmental tests.

Vimta, through its acquisition of EMTAC Laboratories Pvt Ltd., has expanded its services to now include electronics and electrical testing of various products. With the addition of the EMI/EMC testing capabilities, the company now has a strong USP in the EMI/EMC testing space.

Risk Management

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

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

Your company continues to strive to stay ahead on the competition curve through creation of new service opportunities, operational excellence and its uncompromising commitment to quality, regulatory compliance and customer service. However, there may be certain factors that are beyond Vimta's control that could adversely impact business. A few that generally could impact most of the companies in this industry include, 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., that could adversely impact the competitiveness of Vimta in global markets; foreign exchange risks; interest rate risks; risks from terrorism etc. There could be many more risks from external factors, which management currently doesn't foresee to be material.

Other threats, risks and mitigations

Quality related risks - Poor performance in regulatory audits and accreditation body audits could adversely impact Vimta's business. Maintaining quality and compliance is part of every activity in the organization. Your company's management leads the quality culture understanding very well that this is critical for business success and survival. However, surprises from poor or inadequate performance by employees could lead to regulatory risks. There are adequate built in controls and checks to mitigate this risk. Nevertheless, these risks cannot be completely ruled out.

Financial risks - Vimta makes continuous investments in capacity expansion, market reach and new business streams. These investments are based on good business judgement through market study, backed up 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, company may be at risk as a result of unintentional violations of customer contracts and agreements, which could further lead to significant legal risks for the business. This is mitigated through strong physical security and electronic security systems; trainings to employees, business continuity processes such as electronic data disaster recovery systems; confidentiality oaths from employees; well-propagated whistle blower policies etc. Nevertheless these risks cannot be completely ruled out.

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

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

It is possible that the above risk analysis does not cover all risks exhaustively. But being an experienced organization, the mitigation measures are in-built into the organization, its strategy and processes, which have so far helped the organization go through, and grow through, various phases of business and the market situations. It will be management's continuous endeavour to develop strategies that would help the organization de-risk its business & grow with opportunities.

Key Financial Ratios

In accordance with SEBI (Listing obligations and Disclosure requirement 2018) (Amendment) Regulations, 2018, the company is required to give details of significant changes (changes of 25% or more as compared to the immediately previous financial year) in key sector specific financial ratio.

The key financial ratios as under:

Ratio	Financial Year 2020-21	Financial Year 2019-20
Debtors Turnover Ratio (in days)	114.25	117.37
Inventory Turnover Ratio (in days)	27.73	36.53
Interest Coverage Ratio	14.10	3.22
Current Ratio	2.09	1.67
Debt Equity Ratio	0.40	0.41
Operating Profit Margin (%)	14.22	5.03
Net Profit Margin (%)	10.12	3.77
Return on Net Worth (%)	10.93	4.02

Debtors Turnover Ratio (in days) – calculated by dividing average accounts receivable (net of impairment loss on receivables) for last two years with the revenue from operation and multiplied by 365 days.

Inventory Turnover Ratio (in days) - calculated by dividing average inventory for last two years with the revenue from operation and multiplied by 365 days.

Current Ratio – calculated by dividing the current assets with the current liability of the company.

Debt Equity Ratio – calculated by dividing company's total liabilities by its shareholder fund.

Ratio where there has been a significant change from financial year 2019-20 to financial year 2020-21 are as follows

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

The company Interest coverage ratio has mainly increased from 3.22 times to 14.10 times due to increase in EBIT and decrease in interest expense during the current fiscal year.

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

The increase in operating profit is mainly owing to economies of scale arising from the increase in revenue for financial year 2020-21 by 16% over financial year 2019-20.

Net Profit Margin: - reflects the net profit after tax is generated as a percentage of Total Income. By tracking increases and decreases in its net profit margin, an overall performance of the company can be measured in absolute terms.

The increase in net profit for financial year 2020-21 by 16% over financial year 2019-20 is mainly owing to economies of scale arising from the increase in revenue and a careful cost management.

Return on Net Worth - Return on net worth (RONW) is a measure of financial performance calculated by dividing net profit after tax by average shareholders' equity. RONW is considered a measure of how effectively management is using a company's assets to create profits.

Net worth increased owing to significant growth of PAT in financial year 2020-21. PAT grew by 3X times in financial year 2020-21 compared to financial year 2019-20.

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

The COVID -19 pandemic rapidly introduced an array of new and elevated risks to the safety of our people, resilience of our operations, strength of our balance sheet and financial securities of the community. At Vimta we're committed to protecting the safety and health of our employees, our contractors and our customers. We are also strongly committed to ensure, maximum possible extent continuity of service for our clients. We have taken several measures for achieving both the objectives such as reinforcement of safety and hygiene protocols across our offices and facilities, shielding high-risk employees, protecting frontline workers and moving office employees to 'remote work mode'. Additionally, virtual meetings, daily check-in calls to employees, where needed increased connect sessions with team leaders, counselling services and other initiatives focused on improving the employees' resilience.

As an Essential Service partner, in business relationships, true to our customer centric approach, we supported our clients, and worked closely with them to meet the commitments despite operational challenges presented by the pandemic. We have constantly monitored and performed contingency planning for several factors, that could hinder client delivery. A few employee self-services tools were developed and launched during this year. This enabled the employees to complete the respective processes seamlessly.

As on 31st March 2021, Company had 1096 employees.

Cautionary Statement

Statements in the Management Discussion which are forward looking and actual factors that come into play for the business and the consequent results might differ materially from those expressed or implied.

4. DIVIDEND

Your Directors have recommended a dividend of ₹ 2/- per equity share of ₹ 2/- each, for 2020-21 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.

Some of the Shareholders have not claimed dividend for the following years, and these amounts have been transferred to the respective Unpaid Dividend Accounts, and are liable to be transferred to the Investor Education & Protection Fund as shown 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
2013-14	744	595150.00	07.07.2014	12.08.2014	11.08.2021
2014-15	770	361246.00	21.08.2015	26.09.2015	25.09.2022
2015-16	841	438203.00	02.09.2016	08.10.2016	08.10.2023
2016-17	Dividend Not Declared				
2017-18	649	375028.00	25.08.2018	30.09.2018	29.09.2025
2018-19	525	342216.00	27.07.2019	01.09.2019	31.08.2026
2019-20	Dividend Not Declared				

6. TRANSFER TO RESERVES

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

7. CORPORATE GOVERNANCE REPORT

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

8. EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the details forming part of the extract of the Annual Return in form MGT 9 is enclosed as **Annexure I** to this report and the same is uploaded on the website of the Company www.vimta.com.

9. CORPORATE SOCIAL RESPONSIBILITY

The Company as part of its Corporate Social Responsibility (CSR) initiative, undertook and supported many projects, including promoting health care, promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects, rural development 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 ₹ 44,92,009/- 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 II** to this report.

10. MEETINGS

During the year under review, five Board Meetings and four Audit Committee Meetings 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 time limits prescribed under the Companies Act, 2013.

11. SHARE CAPITAL

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

12. ISSUE OF SHARES

During the year under review, the Company has not:

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; and

iii) Implemented any Employee Stock Option Scheme for its employees.

13. PURCHASE OF SHARES OF THE COMPANY

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

14. EMPLOYEE STOCK OPTION PLAN

The Board of Directors reviewed the structure and competitiveness of the employee compensation of the Company. The current compensation structure does not have any component in the nature of long term incentive. Compensation best practices indicate that stock based on long term incentive plans align managerial performance to long term shareholder value creation. In order to build ownership, motivate and retain talent as well as make compensation competitive, the Board proposed for institution of an Employee Stock Options Plan subject to approval of the shareholders in the ensuing annual general meeting.

15. CHANGE IN NATURE OF BUSINESS

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

16. PARTICULARS OF DEPOSITS

During the year under review, your Company has not accepted any deposit within the meaning of Sections 73 and 74 of the Companies Act, 2013 read together with the Companies (Acceptance of Deposits) Rules, 2014 nor has contravened the Compliance requirements of Chapter V of the Act.

17. SUBSIDIARIES

EMTAC, Est. in 2014, is a wholly subsidiary of Vimta Labs Ltd. 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.

It's subsidiary's 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, established in Hyderabad, India. Its vision is to be one of the world's most respected product testing and certification laboratories, recognized for its technical competence, quality, integrity and customer partnership.

The subsidiary was acquired by Vimta Labs Ltd., in March 2020. It is India's First Laboratory to be awarded NABL accreditation for Physical Security Products and also the first Laboratory in Telangana state to be accredited by NABL for safety testing of IT Products (viz., mobile phones, CCTV cameras, laptop components, cash registers, set top boxes, adapters etc.), UPS, LED lights, Electric Fans, Power banks, etc. It is the only lab recognized by BIS for testing of table fans. It has a very strong technical team, which has made India's first ATM testing standard.

Investment in the wholly owned subsidiary is a strategic investment to enter into electronic and electrical testing space, and has started performing, recording a growth of 37% in the financial year 2020-21 at ₹ 16.3 million. Profit before tax for the financial year 2020-21 stands at ₹ 1.4 million compared to a loss of ₹ 2.2 millions in the previous year.

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

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

The overall borrowings of your Company is within the limits specified under the provisions of Companies Act, 2013. Further, the outstanding details of loan, guarantees, securities and investments as on 31st March 2021 (reported in Form MBP-2), pursuant to section 186 Companies Act, 2013 are given in **Annexure IV** and forms part of this report.

19. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

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

The statement containing particulars of employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided separately in **Annexure V,** forming part of this report. Further, the Report and the accounts are being sent to the members excluding the aforesaid annexure. In terms of Section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company during the business hours till the date of the ensuing Annual General Meeting. Any shareholder interested in obtaining a copy thereof may write to the Company Secretary of the Company.

20. AUDITORS

a) Report

During the year under review, the Auditors have not made any qualification, reservation or adverse remark or disclaimer in their Report on the financial statements of the Company and there was no instance of fraud reported by the auditors under section 143(12) of the Companies Act, 2013.

b) Statutory Auditors

Pursuant to the provisions of sections 139,142 and other applicable provisions of the Act read with rules made thereunder, M/s Gattamaneni & Co., Chartered

Accountants (Firm Reg. No. 009303S) were appointed as Statutory Auditors for a period of five consecutive years at the 27th Annual General Meeting (AGM) held on 27th September 2017 by the Members on a remuneration to be mutually agreed upon by the Board of Directors and the Statutory Auditors. They hold office until the conclusion of the AGM to be held in the calendar year 2022. The auditors have confirmed that they hold valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India and eligible to continue to hold the office for rest of their tenure.

c) Internal Auditors

Pursuant to the provisions of section 139 of the Act and based on recommendations of Audit Committee, the Board of Directors at their meeting held on 14th May 2021 reappointed M/s Chaitanya V & Associates, Chartered Accountants as Internal Auditors of the Company for the financial year 2021-2022. M/s Chaitanya V & Associates, Chartered Accountants have confirmed their consent for the appointment. Further, the Audit Committee in consultation with Internal Auditors, formulated the scope, functioning, periodicity and methodology for conducting the Internal Audit.

d) Cost Auditors

On the recommendations of Audit Committee, the Board of Directors at its meeting held on 23rd January 2021 accepted the resignation of M/s U S Rao & Co., Cost Accountants, Cost Auditors of the company, who have resigned due to their personal pre-occupations.

Pursuant to the provisions of section 148 of the Act read with the Companies (Audit and Auditors) Rules 2014, and based on the recommendation of the Audit Committee, the Board of Directors at their meeting held on 23rd January 2021 appointed M/s Lavanya & Associates, Cost Accountants (Firm Registration No. 101257) to conduct the cost audit of the Company for the financial year 2020-21. Necessary item is included in the notice convening 31st AGM of the Company to ratify the remuneration payable to the cost auditor for 2020-2021.

Based on the recommendations of Audit Committee, Board of Directors at their meeting held on 14th May 2021 reappointed M/s Lavanya & Associates, Cost Accountants (Firm Registration No. 101257) as Cost Auditors of the Company for the financial year 2021-2022. A resolution seeking ratification of remuneration payable to M/s Lavanya & Associates, Cost Accountants to conduct cost audit of the Company for the financial year 2021-22 has been included in the notice convening 31st AGM of the Company. The necessary consent letter and certificate of eligibility was received from M/s Lavanya & Associates confirming their eligibility to be re-appointed as the Cost Auditors of the Company.

e) Maintenance of cost records

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

f) Secretarial Auditors

Pursuant to the provisions of section 204 of the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and based on the recommendations of the Audit Committee, the Board of Directors at their meeting held on 14th May 2021 reappointed M/s D Hanumanta Raju & Co., Practicing Company Secretaries as Secretarial Auditors for the financial year 2021-22. 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 2020-21 in the prescribed form MR-3 is enclosed to this Report as **Annexure VI.**

g) Annual Secretarial Compliance Report

Secretarial Compliance Report for the financial year ended March 31, 2021 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 Audit Committee as per the provisions of Section 177 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The composition, attendance, powers and role of the Audit Committee are included in Corporate Governance Report. All the recommendations made by the Audit Committee were accepted by the Board of Directors.

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

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

23. POSTAL BALLOT

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

24. DIRECTORS' RESPONSIBILITY STATEMENT

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, the work performed by the Internal, Statutory and Secretarial Auditors and the reviews performed by the Management and the relevant Board Committees including the Audit Committee, the Board believes that the Company's internal financial controls were adequate and effective during the year ended 31st March 2021.

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

i) In the preparation of the annual accounts, the applicable accounting standards have been followed and that there were no material departures therefrom;

ii) They had selected such accounting policies as mentioned in the notes to the financial statements and applied 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 2021 and of the profit of the Company for year ended on that date;

iii) They had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the 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 that such internal financial control were in place and that the financial controls were adequate and were operating effectively; and

vi) They had devised proper systems to ensure compliance with the provisions of all applicable laws that such systems were adequate and operating effectively.

25. DIRECTORS AND KEY MANGERIAL PERSONNEL

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

a) Directors retiring by rotation

As per the provisions of the Act and the Articles of Association of the Company, Shri. Satya Sreenivas Neerukonda, Executive Director, retires by rotation and being eligible, offers himself for re-appointment.

The proposal for re-appointment of Shri. Satya Sreenivas Neerukonda is being placed at the AGM along with the necessary details.

b) Changes in Directorship / Committee Position

During the year under review, Shri. P.A. Chowdary, Independent Director of the Company resigned from the office on 30th June 2020.

The Board places on record its appreciation for the services rendered by him during his association with the Company.

During the year under review, Dr. Yadagiri R Pendri (DIN: 01966100) was appointed as Independent Director w.e.f., 10th August 2020.

With the above changes in the Directors, following committees were reconstituted and the present composition of the Committees is as follows:

Audit Committee	Position
Shri. G Purnachandra Rao	Chairman
Smt. Y Prameela Rani	Member
Shri. Sanjay Dave	Member

Stakeholders Relationship Committee	Position
Smt. Y Prameela Rani	Chairperson
Shri. G Purnachandra Rao	Member
Shri. Sanjay Dave	Member

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

Corporate Social Responsibility Committee	Position
Smt. Harita Vasireddi	Chairperson
Shri. Harriman Vungal	Member
Shri. Sanjay Dave	Member

c) Disclosure by Directors

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

d) Reappointment of Executive Director- Operations Shri. Harriman Vungal (DIN: 00242621)

The members of the Company, at the 29th Annual General Meeting held on 27th July 2019, granted approval for the reappointment of Shri. Harriman Vungal (DIN: 00242621) as Executive Director-Operations of the Company, liable to retire by rotation, for a term of 2 (two) years w.e.f. 14th July 2019 up to 13th July 2021.

Shri. Harriman Vungal will attain the age of 70 years on 1st October 2021 and hence pursuant to the provisions of section 196(3)(a) of the Companies Act, 2013, his reappointment as Executive Director – Operations requires approval of members by way of special resolution.

The Board of Directors at its meeting held on 14th May 2021, on the recommendation of Nomination and Remuneration Committee, appointed Shri. Harriman Vungal as, Executive Director – Operations for a period of three years w.e.f. 14th July 2021 to 13th July 2024, subject to approval of members at the ensuing Annual General Meeting. Necessary item is included in the notice of AGM for the approval of members.

e) Changes in the Key Managerial Personnel

During the year under review, Shri. Amit Pathak, Chief Financial Officer of the Company resigned from the office on 28th January 2021 and Shri. D.R. Narahai Naidu was appointed as Chief Financial Officer of the Company w.e.f. 22nd February 2021.

Apart from the above said changes, there were no other changes in KMPs of the Company.

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 and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

26. REMUNERATION POLICY

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

The Nomination and Remuneration Policy is set out as **Annexure - VII** and forms an integral part of this Report and can also be accessed at the website of the Company.

27. HUMAN RESOURCES

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

28. 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 - VIII.**

The policy on Related Party Transactions as approved by the Board is uploaded on the website of the Company.

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

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

30. RISK MANGEMENT

Your Company continues to have an effective Risk Management process in place. The management and the Board continuously oversees the risk management process including identification, impact assessment and drawing 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 performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration and all other Committees.

A structured questionnaire was prepared after taking into consideration the 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.

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

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

The Company has in place a comprehensive Code of Conduct (the Code), pursuant to Regulation 17(5) of SEBI (LODR) 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 and support 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 herewith as **Annexure - X** to the Corporate Governance Report.

33. PREVENTION OF INSIDER TRADING

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

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

The Company has adopted a policy on Prevention, Prohibition and Redressal of Sexual Harassment at Work Place. Company formed a Committee to attend to any complaint of sexual harassment. During the financial year ended 31st March 2021, the Company has not received any complaint from any employee pertaining to any sexual harassment.

35. VIGIL MECHANISM/ WHISTLE BLOWER POLICY

The Company has a Whistle Blower Policy framed to deal with instance of fraud and mismanagement, if any in the Company. The Policy provides for adequate safeguards against victimization of employees who avail the mechanism and also provides for direct access to the Chairman of the Audit Committee. The details of the Policy are explained in the Corporate Governance Report and also posted on the website of the Company.

36. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

37. CASH FLOW STATEMENT

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

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

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

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

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

40. GREEN INITIATIVE IN CORPORATE GOVERNANCE

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

41. ACKNOWLEDGEMENTS

The Directors wish to place on record, their a special great 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 pandemic year. The Directors also wish to place on record their gratitude to shareholders and thank the 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 Director & Chairman
(DIN: 00242288)

Date: 14th May 2021
Place: Hyderabad

Annexure - I

FORM No. MGT-9
EXTRACT OF THE ANNUAL RETURN
As on the financial year ended on 31.03.2021

Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	:	L24110TG1990PLC011977
ii)	Registration Date	:	16th November 1990
iii)	Name of the Company	:	VIMTA LABS LIMITED
iv)	Category / Sub-Category of the Company	:	Public Company / Limited by Shares
v)	Address of the Registered office	:	141/2 & 142, IDA, Phase-II Cherlapally Hyderabad, Telangana - 500051, India 040-2726 4141 shares@vimta.com
vi)	Whether listed company Yes / No	:	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	CIL Securities Limited 214, Raghavaratna Towers Chirag Ali Lane, Abids Hyderabad, Telangana - 500051, India 040-2320 3155 rta@cilsecurities.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Contract Research & Testing	Not Applicable	100%

III. PARTICULARS OF HOLDING SUBSIDIARY AND ASSOCIATE COMPANIES

S No.	Name address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
1	Emtac Laboratories Private Limited Plot No. 11/6, Road No.9 IDA, Nacharam, Hyderabad, Rangareddy Dist., Telangana - 500076, India.	U74200TG2014PTC096043	Subsidiary	100%	2(87)

IV. SHAREHOLDING PATTERN (Equity Share Capital Break up as % to total Equity)

(i) Category wise shareholding

	Category of shareholders	No. of shares held at the beginning of the year (01.04.2020)				No. of shares held at the end of the year (31.03.2021)				% change during the year
		Dmat	Physical	Total	% age	Dmat	Physical	Total	% age	
(A)	**Promoter and Promoter Group**									
1	**Indian**									
(a)	Individuals/HUF	7691483	0	7691483	34.79	7691483	0	7691483	34.79	0
(b)	Central Govt./ State Govt.	0	0	0	0	0	0	0	0	0
(c)	Bodies Corporate / Govt. Corporate Bodies	590000	0	590000	2.67	590000	0	590000	2.67	0
(d)	Financial Institutions/Banks	0	0	0	0	0	0	0	0	0
(e)	Any other (Specify)	0	0	0	0	0	0	0	0	0
	Sub-Total (A)(1)	**8281483**	**0**	**8281483**	**37.46**	**8281483**	**0**	**8281483**	**37.46**	**0**
2	**Foreign**									
(a)	Individuals (NRI/Foreign individuals)	0	0	0	0	0	0	0	0	0
(b)	Bodies Corporate	0	0	0	0	0	0	0	0	0
(c)	Institutions	0	0	0	0	0	0	0	0	0
(d)	Any other (Specify)	0	0	0	0	0	0	0	0	0
	Sub-Total (A)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	Total shareholding of Promoter & Promoter Group (A) = (A)(1)+(A)(2)	**8281483**	**0**	**8281483**	**37.46**	**8281483**	**0**	**8281483**	**37.46**	**0**
(B)	**Public shareholding**									
1	**Institutions**									
(a)	Mutual Funds/UTI	0	0	0	0	0	0	0	0	0
(b)	Financial institutions/Banks	20712	0	20712	0.09	0	0	0	0	-0.09
(c)	Central Govt./ State Govt.	0	0	0	0	0	0	0	0	0
(d)	Venture Capital Funds	0	0	0	0	0	0	0	0	0
(e)	Insurance Companies	0	0	0	0	0	0	0	0	0
(f)	Foreign Institutional Investors	0	0	0	0	0	0	0	0	0
(g)	Foreign Venture Capital Investors	0	0	0	0	0	0	0	0	0
(h)	Alternate Investment Fund	24600	0	24600	0.11	24600	0	24600	0.11	0.00
(i)	Foreign Portfolio Investor	0	0	0	0	0	0	0	0	0
(j)	Any other	0	0	0	0	0	0	0	0	0
	Sub-Total (B)(1)	**45312**	**0**	**45312**	**0.20**	**24600**	**0**	**24600**	**0.11**	**-0.09**
2	**Non-Institutions**									
(a)	Bodies corporate	7238635	7000	7245635	32.77	7036060	7000	7043060	31.86	-0.92
(b)	**Individuals**									
	i) Individual shareholders holding nominal share capital upto ₹2 lakh	5376081	265229	5641310	25.52	5840191	255729	6095920	27.57	2.06
	ii) Individual shareholders holding nominal share capital in excess of ₹2 lakh	562039	0	562039	2.54	333749	0	333749	1.51	-1.03
(c)	**Any other (Specify)**									
	IEPF	146473	0	146473	0.66	155283	0	155283	0.70	0.04
	Non Resident Indians	138957	0	138957	0.63	128976	0	128976	0.58	-0.05
	Clearing Members	46601	0	46601	0.21	44739	0	44739	0.20	-0.01
	Sub-Total (B)(2)	**13508786**	**272229**	**13781015**	**62.34**	**13538998**	**262729**	**13801727**	**62.43**	**0.09**
	Total Public shareholding Group (B) = (B)(1)+(B)(2)	**13554098**	**272229**	**13826327**	**62.54**	**13563598**	**262729**	**13826327**	**62.54**	**0.00**
	Total (A)+(B)	**21835581**	**272229**	**22107810**	**100.00**	**21845081**	**262729**	**22107810**	**100.00**	**0.00**
(C)	**Shares held by Custodians and against which Depository Receipts issued**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	GRAND TOTAL (A)+(B)+(C)	**21835581**	**272229**	**22107810**	**100**	**21845081**	**262729**	**22107810**	**100.00**	**0.00**

(ii) Shareholding of Promoters and Promoters Group

Sl. No.	Shareholder's Name	No. of shares held at the beginning of the year (01.04.2020)			No. of shares held at the end of the year (31.03.2021)			% of change in share-holding during the year
		No. of shares	% of total Shares of the Company	% of shares Pledged/ encumbered to total shares	No. of shares	% of total Shares of the Company	% of shares Pledged/ encumbered to total shares	
1	Dr. Sivalinga Prasad Vasireddi	3598525	16.28	0	3598525	16.28	0	0
2	Shri. Harriman Vungal	1777893	8.04	0	1777893	8.04	0	0
3	Shri. Veerabhadra Prasad Vasireddi	1463515	6.62	0	1463515	6.62	0	0
4	Andhra Pradesh Industrial Development Corporation Limited	590000	2.67	0	590000	2.67	0	0
5	Smt. Harita Vasireddi	167964	0.76	0	167964	0.76	0	0
6	Smt. Praveena Vasireddi	122550	0.55	0	122550	0.55	0	0
7	Smt. Sujani Vasireddi	122542	0.55	0	122542	0.55	0	0
8	Shri. Sireesh Chandra Vungal	113055	0.51	0	113055	0.51	0	0
9	Smt. Swarna Latha Vasireddi	101535	0.46	0	101535	0.46	0	0
10	Smt. Sudheshna Vungal	100879	0.46	0	100879	0.46	0	0
11	Smt. Rajya Lakshmi Vasireddi	42300	0.19	0	42300	0.19	0	0
12	Smt. Vungal Rajeswari	80725	0.37	0	80725	0.37	0	0
	Total	**8281483**	**37.46**	**0**	**8281483**	**37.46**	**0**	**0**

(iii) Change in Promoters and Promoters Group shareholding

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (01.04.2020)		Date***	Increase/ Decrease in Shareholding	Change	Cumulative shareholding during the year	
		No. of shares	% of total Shares of the Company				No. of shares	% of total Shares of the Company
1	Dr. Sivalinga Prasad Vasireddi	3598525	16.28	31.03.2021	Nil	Nil	3598525	16.28
2	Shri. Harriman Vungal	1777893	8.04	31.03.2021	Nil	Nil	1777893	8.04
3	Shri. Veerabhadra Prasad Vasireddi	1463515	6.62	31.03.2021	Nil	Nil	1463515	6.62
4	Andhra Pradesh Industrial Development Corporation Limited	590000	2.67	31.03.2021	Nil	Nil	590000	2.67
5	Smt. Harita Vasireddi	167964	0.76	31.03.2021	Nil	Nil	167964	0.76
6	Smt. Praveena Vasireddi	122550	0.55	31.03.2021	Nil	Nil	122550	0.55
7	Smt. Sujani Vasireddi	122542	0.55	31.03.2021	Nil	Nil	122542	0.55
8	Shri. Sireesh Chandra Vungal	113055	0.51	31.03.2021	Nil	Nil	113055	0.51
9	Smt. Swarna Latha Vasireddi	101535	0.46	31.03.2021	Nil	Nil	101535	0.46
10	Smt. Sudheshna Vungal	100879	0.46	31.03.2021	Nil	Nil	100879	0.46
11	Smt. Rajya Lakshmi Vasireddi	42300	0.19	31.03.2021	Nil	Nil	42300	0.19
12	Smt. Vungal Rajeswari	80725	0.37	31.03.2021	Nil	Nil	80725	0.37

(iv) Shareholding Pattern of top Shareholders (other than Directors and Promoters)

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (01.04.2020)		Date***	Increase/ Decrease in Shareholding	Change	Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
1	Eurofins Analytical Services India Pvt Ltd	4403668	19.92	31.03.2021	Nil	Nil	4403668	19.92
2	LCGC Chromatography Solutions Pvt Ltd	2083175	9.42	31.03.2021	Nil	Nil	2083175	9.42

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (01.04.2020)		Date***	Increase/ Decrease in Shareholding	Change	Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
3	*I Thought Wealth Analytics LLP	451427	2.04	03.04.2020	31703	Decrease	419724	1.90
				10.04.2020	65918	Decrease	353806	1.60
				17.04.2020	31916	Decrease	321890	1.46
				24.04.2020	31495	Decrease	290395	1.31
				01.05.2020	2800	Decrease	287595	1.30
				26.06.2020	54200	Decrease	233395	1.06
				30.06.2020	18151	Decrease	215244	0.97
				03.07.2020	19284	Decrease	195960	0.89
				10.07.2020	69451	Decrease	126509	0.57
				17.07.2020	49051	Decrease	77458	0.35
				24.07.2020	48589	Decrease	28869	0.13
				31.07.2020	28869	Decrease	0	0.00
				31.03.2021	Nil	Nil	0	0.00
4	Investor Education and Provident Fund	146473	0.66	25.09.2020	8810	Increase	155283	0.70
				31.03.2021	Nil	Nil	155283	0.70
5	Shri. Sanjay Kumar	130000	0.59	03.04.2020	1000	Increase	131000	0.59
				24.04.2020	1701	Increase	132701	0.60
				31.07.2020	7700	Decrease	125001	0.57
				31.03.2021	Nil	Nil	125001	0.57
6	*Shri. Rakesh Bhasin	112856	0.51	10.04.2020	1608	Increase	114464	0.52
				17.04.2020	6800	Increase	121264	0.55
				24.04.2020	49	Decrease	121215	0.55
				08.05.2020	591	Increase	121806	0.55
				22.05.2020	269	Increase	122075	0.55
				29.05.2020	4512	Increase	126587	0.57
				10.07.2020	288	Increase	126875	0.57
				17.07.2020	13502	Increase	140377	0.63
				08.01.2021	34447	Decrease	105930	0.48
				15.01.2021	59268	Decrease	46662	0.21
				22.01.2021	45002	Decrease	1660	0.01
				05.02.2021	1660	Decrease	0	0.00
				31.03.2021	Nil	Nil	0	0.00
7	Shri. Koushik Sekhar	110578	0.50	12.03.2021	5435	Decrease	105143	0.48
				31.03.2021	Nil	Nil	105143	0.48
8	Shri. Ajay Upadhyaya	105000	0.47	01.05.2020	22620	Decrease	82380	0.37
				08.05.2020	11078	Decrease	71302	0.32
				15.05.2020	4000	Decrease	67302	0.30
				22.05.2020	9797	Decrease	57505	0.26
				29.05.2020	4505	Decrease	53000	0.24
				05.06.2020	2728	Decrease	50272	0.23
				12.06.2020	272	Decrease	50000	0.23
				07.08.2020	400	Increase	50400	0.23
				21.08.2020	4600	Increase	55000	0.25
				13.11.2020	1500	Increase	56500	0.26
				01.01.2021	1000	Decrease	55500	0.25
				22.01.2021	5000	Decrease	50500	0.23
				05.02.2021	20500	Decrease	30000	0.14
				26.02.2021	23384	Decrease	6616	0.03
				05.03.2021	6616	Decrease	0	0.00
				31.03.2021	Nil	Nil	0	0.00

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (01.04.2020)		Date***	Increase/ Decrease in Shareholding	Change	Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
9	Shri. Karan Singh Thandi	103605	0.47	31.03.2021	Nil	Nil	103605	0.47
10	Shri. Thyagarajan S	77000	0.35	31.03.2021	Nil	Nil	77000	0.35
11	**Aalidhra Textool Engineers P.Ltd.	0	0.00	07.08.2020	25000	Increase	25000	0.11
				14.08.2020	11000	Increase	36000	0.16
				18.09.2020	5000	Increase	41000	0.19
				09.10.2020	20000	Increase	61000	0.28
				23.10.2020	24000	Increase	85000	0.38
				11.12.2020	3000	Increase	88000	0.40
				25.12.2020	2000	Increase	90000	0.41
				15.01.2021	5000	Increase	95000	0.43
				05.02.2021	8000	Increase	103000	0.47
				19.03.2021	5000	Increase	108000	0.49
				26.03.2021	2000	Increase	110000	0.50
				31.03.2021	Nil	Nil	110000	0.50
12	**Smt. Pooja Parag Gandhi	0	0.00	24.07.2020	13160	Increase	13160	0.06
				31.07.2020	25000	Increase	38160	0.17
				07.08.2020	11840	Increase	50000	0.23
				14.08.2020	9000	Increase	59000	0.27
				25.09.2020	6300	Increase	65300	0.30
				09.10.2020	9200	Increase	74500	0.34
				16.10.2020	2500	Increase	77000	0.35
				20.11.2020	2000	Increase	79000	0.36
				12.03.2021	20000	Increase	99000	0.45
				31.03.2021	Nil	Nil	99000	0.45
13	** Shri. Prashant Hansrajbhai Gondalia	0	0.00	14.08.2020	19000	Increase	19000	0.09
				21.08.2020	19000	Decrease	0	0.00
				23.10.2020	20000	Increase	20000	0.09
				06.11.2020	10000	Increase	30000	0.14
				27.11.2020	1000	Increase	31000	0.14
				04.12.2020	1000	Increase	32000	0.14
				11.12.2020	1000	Increase	33000	0.15
				25.12.2020	1000	Increase	34000	0.15
				15.01.2021	4000	Increase	38000	0.17
				22.01.2021	2000	Increase	40000	0.18
				05.02.2021	15950	Increase	55950	0.25
				05.03.2021	2050	Increase	58000	0.26
				31.03.2021	Nil	Nil	58000	0.26

* Ceased to be in the list of Top 10 Shareholders as on 31st March 2021. The same is reflected above since the shareholder was one of the Top 10 Shareholders as on 1st April 2020.

** Not in the list of Top 10 shareholders as on 1st April 2020. The same is reflected above since the shareholder was one of the Top 10 shareholders as on 31st March 2021.

*** Date of purchase/ Sale/ year end date.

(v) Shareholding of Directors and Key Management Personnel

Sl. No	Name	Shareholding at the beginning of the year (01.04.2020)		Date***	Increase/ Decrease in Share-holding	Change	Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
1	Dr. Sivalinga Prasad Vasireddi (Non-Executive Director & Chairman)	3598525	16.28	31.03.2021	Nil	Nil	3598525	16.28
2	Shri. Harriman Vungal (Executive Director - Operations)	1777893	8.04	31.03.2021	Nil	Nil	1777893	8.04
3	Smt. Harita Vasireddi (Managing Director)	167964	0.76	31.03.2021	Nil	Nil	167964	0.76
4	Shri. Satya Sreenivas Neerukonda (Executive Director)	0	0.00	31.03.2021	Nil	Nil	0	-
5	Smt. Y Prameela Rani (Independent Director)	0	0.00	31.03.2021	Nil	Nil	0	-
6	Shri. Gutta Purnachandra Rao (Independent Director)	0	0.00	31.03.2021	Nil	Nil	0	-
7	Shri. Sanjay Dave (Independent Director)	0	0.00	31.03.2021	Nil	Nil	0	-
8	Dr. Yadagiri R Pendri (Independent Director)	0	0.00	31.03.2021	Nil	Nil	0	-
9	Shri. D. R. Narahai Naidu (Chief Financial Officer)	0	0.00	31.03.2021	Nil	Nil	0	-
10	Sujani Vasireddi (Company Secretary)	122542	0.55	31.03.2021	Nil	Nil	122542	0.55

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹in Millions)

	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 2020-21				
i) Principal Amount	312.49	12.19	Nil	**324.68**
ii) Interest due but not paid	Nil	Nil	Nil	**Nil**
iii) Interest accrued but not due	0.54	Nil	Nil	**0.54**
Total (i+ii+iii)	**313.03**	**12.19**	**Nil**	**325.22**
Change in Indebtedness during the financial year 2020-21				
Addition	158.44	4.54	Nil	**162.98**
Reduction	186.18	5.22	Nil	**191.40**
Net Change	**(27.74)**	**(0.68)**	**Nil**	**(28.42)**
Indebtedness at the end of the financial year 2020-21				
i) Principal Amount	284.75	11.51	Nil	**296.26**
ii) Interest due but not paid	Nil	Nil	Nil	**Nil**
iii) Interest accrued but not due	0.54	Nil	Nil	**0.54**
Total (i+ii+iii)	**285.29**	**11.51**	**Nil**	**296.80**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(In Millions)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Harita Vasireddi**	Harriman Vungal	Satya Sreenivas Neerukonda	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	6.72	13.44	9.59	29.75
2.	Stock Options	---	---	---	---
3.	Sweat Equity	---	---	---	---
4.	Commission -as % of profit - Others, specify	 --- ---	 --- ---	 --- ---	 --- ---
5.	Others, please specify (Gratuity)	---	---	---	---
	Total (A)*	**6.72**	**13.44**	**9.59**	**29.75**
	Ceiling as per the Act as per Schedule V Part-II Section-II	10% of net profits of the Company			

* Plus contribution to Provident Fund.

** Smt. Harita Vasireddi, Managing Director has voluntarily foregone the remuneration from April 2020 to September 2020, in view of the uncertain economic conditions owing to Covid-19 pandemic.

B. Remuneration to other Directors

(In Millions)

Sl. No.	Particulars of Remuneration	Name of the Director					Total Amount
		Y Prameela Rani	G P Rao	P A Chowdary*	Sanjay Dave	Dr. Yadagiri R Pendri**	
1.	Independent Directors Fee for attending board / committee meetings Commission - Others Scientific Advisory Committee Fee	0.24	0.24	0.05	0.22	Nil	0.75
	Total (1)	**0.24**	**0.24**	**0.05**	**0.22**	**Nil**	**0.75**
2.	Other Non-Executive Directors Fee for attending board / committee meetings Commission Others, please specify	--	--	--	--	--	--
	Total (2)	**--**	**--**	--	--	--	--
	Total (B) = (1+2)	**0.24**	**0.24**	**0.05**	**0.22**	**Nil**	**0.75**
	Total Remuneration	**0.24**	**0.24**	**0.05**	**0.22**	**Nil**	**0.75**
	Overall ceiling as per the Act	1% of net profits of the Company					

* up to 30th June 2020

** w.e.f 10th August 2020

C. Remuneration to Key Managerial Personnel other than MD and Whole Time Directors

(In millions)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		Company Secretary	CFO (Shri. Amit Pathak)*	CFO (Shri. D. R. Narahai Naidu)**	Total***
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	2.15	3.41	0.25	5.81
2.	Stock Options	---	---	---	---
3.	Sweat Equity	---	---	---	---
4.	Commission -as % of profit -Others, Specify	---	---	---	---
5.	Others, please specify	---	---	---	---
	Total	**2.15**	**3.41**	**0.25**	**5.81**

* CFO up to 28th January 2021
** CFO w.e.f 22nd February 2021
***Plus contribution to Provident Fund

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/Compounding fees imposed	Authority [RD /NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY	Nil				
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

Annexure - II

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 mid-day meals to the children at government schools
- Providing drinking water to weaker sections and to the children at government schools.
- Providing / developing necessary infrastructure at government schools including providing of books, dress material, etc.
- Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for social economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes minorities and women.

2. Composition of CSR Committee:

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

3. Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company. - www.vimta.com

4. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report). - NOT APPLICABLE

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

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

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

(In millions)

Particulars	For the Financial year ended 31st March		
	2020	2019	2018
Net Profit	79.30	346.88	247.61
Average Net profit for the preceding three financial years	224.60		

7.(a) Two percent of average net profit of the company as per section 135(5) – ₹ 44,92,009/-

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

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

(d) Total CSR obligation for the financial year (7a+7b-7c) - ₹ 44,92,009/-

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

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
44,92,009/-	Nil	NA	NA	Nil	NA

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

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

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
Sl. No.	Name of the Project	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 implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR registration number
1	Covid Testing Services to Police Personnel of Rachakonda Commissionerate	Promoting health care including preventive health care	Yes	Telangana	Malkajgiri	13,46,727/-	Yes	NA	NA
2	Protection of Animal Welfare	Animal Welfare	No	New Delhi	Delhi	2,00,000/-	No	People For Animals	Registration under process
3	Serve the needy children for their education	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects	No	Andhra Pradesh	Chittoor	1,00,000/-	No	Venkata Subbareddy Memorial Foundation	Registration under process
4	Health Care to under privileged	Promoting health care including preventive health care	Yes	Telangana	Hyderabad	2,45,282/-	No	Hyderabad Eye Institute	CSR00001698
5	Promote education in rural areas	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	West Godavari	1,00,000/-	No	Wisdom Education Trust	Registration under process
6	Hospital Infrastructure Upgrade	Rural Development Project	No	Telangana	Rajanna Siricilla	25,00,000/-	No	Guide Indian Village Empowerment Foundation	Registration under process

(d) Amount spent in Administrative Overheads: Nil

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

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 44,92,009/-

(g) Excess amount for set off, if any:

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	44,92,009/-
(ii)	Total amount spent for the Financial Year	44,92,009/-
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0/-
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	0/-

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

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

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

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

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

(a) Date of creation or acquisition of the capital asset(s): Not Applicable

(b) Amount of CSR spent for creation or acquisition of capital asset: Not Applicable

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc: Not Applicable

(d) Details of the capital asset(s) created or acquired (including complete address and location of the capital asset): Not Applicable

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

Harita Vasireddi
Managing Director & Chairperson CSR Committee
DIN:00242512

Annexure -III

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 – 2020-21

(In millions)

Sl. No.	Particulars	Details
1	Name of the Subsidiary	Emtac Laboratories Private Limited
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Same as the Holding Company's reporting period, viz. 31-03-2021
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	(27.84)
6	Total Assets	22.36
7	Total Liabilities	16.03
8	Investments	Nil
9	Turnover	16.64
10	Profit / Loss before taxation	1.42
11	Provision for taxation	Nil
12	Profit / Loss after taxation	1.44
13	Proposed Dividend	Nil
14	% of shareholding	100%
Notes: The following information shall be furnished at the end of the statement:		
1. Names of subsidiaries, which are yet to commence operations: Nil		
2. Names of subsidiaries, which have been liquidated or sold during the year: Nil		

Part "B": Associates and Joint Ventures – NA

Place : Hyderabad
Date : 14th May 2021

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

Annexure - IV

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

Corporate Guarantees

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

Loans and Inter-Corporate Deposits (ICDs)

Name and Address of the person or body corporate to whom it is made or given	Amount (in ₹)
Emtac Laboratories Private Limited Plot No. 11/6, Road No.9 IDA, Nacharam, Hyderabad, Rangareddy Dist., Telangana - 500076, India.	38,26,868/-

Investments

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

Place : Hyderabad
Date : 14th May 2021

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

Annexure - V

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 2020-2021, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2020-2021, 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	44:1	0%	6.72@	213.60
3	Vungal Harriman Executive Director-Operations	44:1	0%	13.44	213.60
4	Satya Sreenivas Neerukonda Executive Director	35:1	0%	9.59	213.60
5	Y Prameela Rani Independent Director	NA	NA	NA	NA
6	Gutta Purnachandra Rao Independent Director	NA	NA	NA	NA
7	P A Chowdary* Independent Director	NA	NA	NA	NA
8	Sanjay Dave Independent Director	NA	NA	NA	NA
9	Dr. Yadagiri R Pendri** Independent Director	NA	NA	NA	NA
10	Amit Pathak Chief Financial Officer#	14:1	7%	3.41	213.60
11	D R Narahai Naidu Chief Financial Officer##	8:1	NA	0.25	213.60
12	Sujani Vasireddi Company Secretary	8:1	0%	2.15	213.60

@Smt. Harita Vasireddi, Managing Director has voluntarily foregone the remuneration from April 2020 to September 2020 in view of the uncertain economic conditions owing to Covid-19 pandemic.

* Shri. P A Chowdary ceased to be director of the Company pursuant to his resignation dated 30th June 2020.

** Dr. Yadagiri R Pendri appointed as Independent Director of the Company w.e.f. 10th August 2020.

#Shri. Amit Pathak ceased to be Chief Financial Officer of the Company w.e.f. 28th January 2021.

##Shri. D.R. Narahai Naidu was appointed as Chief Financial Officer of the Company w.e.f. 22nd February 2021.

i) There was no variable component 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 1096 employees on the rolls of the Company as on March 31, 2021.

iv) The percentage increase in the median remuneration of employees in the financial year was 1.40%.

v) 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 Director & Chairman
(DIN:00242288)

Place : Hyderabad
Date : 14th May 2021

Annexure -V contd.,

Details pertaining to Employees as required under Section 197(12) of the Companies Act, 2013

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

Employed throughout the Financial Year 2020-2021

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	Smt. Harita Vasireddi	Managing Director	60,00,000/-*	Permanent	B. Pharm., MBA (USA)	26.10.2002	46	23 years	0.76	Yes	Dr. Sivalinga Prasad Vasireddi	Vimta Rostest Private Limited
2	Shri. Harriman Vungal	Executive Director - Operations	1,20,00,000	Permanent	D.Tech (Toranto)	16.11.1990	69	43 years	8.04	No	--	Promoter

*Smt. Harita Vasireddi, Managing Director has voluntarily foregone the remuneration from April 2020 to September 2020 in view of the uncertain economic conditions owing to Covid-19 pandemic.

Employed Part of the Financial Year 2020-2021 – **NIL**

Annexure - VI

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31.03.2021

[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,
141/2 &142, IDA Phase II,
Cherlapally, RRDist,
Telangana– 500051

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **VIMTA LABS LIMITED** having CIN: L24110TG1990PLC011977 and having registered office at 141/2 &142, IDA Phase II, Cherlapalli, RR Dist, Hyderabad – 500 051, India (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, 2021, 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, 2021, 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) Regulations, 2014 - (Not applicable to the Company during the period of audit);

(e) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - (Not applicable to the Company during the period of audit);

(f) Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - (Not applicable to the Company during the period of audit);

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

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

(j) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares), Regulations, 2013; - (Not applicable to the Company during the period of audit); and

(k) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.

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

A. The Drugs and Cosmetic Act, 1940

B. Narcotic Drugs and Psychotropic Substances Act, 1985 and Narcotic Drugs and Psychotropic Substances (Regulation of Controlled Substances) Order, 2013

C. Good Laboratory Practices as laid down in Schedule L-1 of Drugs and Cosmetic Rules, 1945

D. Food Safety and Standards Act, 2006

E. The Pathology and Laboratory Act, 2007

F. Bio-Medical Waste (Management and Handling) Rules, 1998

G. Hazardous Waste (Management, Handling and Transboundary Movement) Rules, 2008

H. The Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989

I. Explosives Act, 1884 read with Gas Cylinder Rules, 2004

J. Selection, installation and maintenance of First-aid Fire Extinguishers – Code of Practice

K. Contract Labor (Regulation and Abolition) Act, 1970 and Andhra Pradesh Contract Labor (Regulation and Abolition) Rules, 1971

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India and notified under the Companies Act, 2013;

(ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited (NSE).

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

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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 audit period the company has no specific events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

Place: Hyderabad
Date: 14.05.2021

For D.HANUMANTA RAJU & CO
COMPANY SECRETARIES

CS MOHIT KUMAR GOYAL
PARTNER
FCS: 9967, CP NO: 12751
UDIN: F009967C000304536

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

Annexure A

To
The Members,
VIMTA LABS LIMITED,
141/2 &142, IDA Phase II,
Cherlapally, RR Dist,
Telangana – 500 051

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

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

Place: Hyderabad
Date: 14.05.2021

For D.HANUMANTA RAJU & CO
COMPANY SECRETARIES

CS MOHIT KUMAR GOYAL
PARTNER
FCS: 9967, CP NO: 12751
UDIN: F009967C000304536

Annexure - VII

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 Directors;

The Company Secretary and

The Chief Financial Officer

'Senior level employees' means personnel of the Company just below the level of executive directors i.e., at the level of President and Executive Vice President.

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

The Policy

This policy is divided into three parts

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

Part - B: Covers the appointment and nomination; and

Part - C: Covers remuneration and perquisites etc.

Part-A:

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

Structure of the Board

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

Succession plans

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

Evaluation of performance

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

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

Remuneration framework

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

(a) Remuneration of the Managing Director, Whole-time Directors and

(b) The remuneration for KMPs, other employees at senior most level.

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

PART-B

Appointment criteria and qualifications

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

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

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

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

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

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

Term /Tenure

Managing Director / Whole-time Director

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

Independent Director

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

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

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

Removal

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

Retirement

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

PART -C

Remuneration of Directors, KMPs and other senior level employees

Remuneration to Managing Director; Whole-time Directors:

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

The remuneration and commission to be paid to the Managing Director and the Whole-time Directors shall be in accordance with the provisions of the Companies Act, 2013, and the rules made thereunder. Increments to the existing remuneration/ compensation structure may be recommended by the committee to the Board which should be within the limits approved by the shareholders.

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

Minimum remuneration to Managing Director and Whole-time Directors

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

Remuneration to Non-executive / Independent Directors

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

Remuneration of other KMPs and senior level employees

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

Disclosure of Particulars of Contract / Arrangements entered into by the Company

Form No. AOC-2

(Pursuant to section 134(3)(h) of the Companies Act 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. There were no materially pecuniary relationships or transactions of the Independent directors vis-à-vis the Company.
2. Particulars of contracts/arrangements entered into by the Company with related parties as referred to in sub-section (1) of section 188 of the Companies Act, 2013:
   a) There were no contracts / arrangements entered into by the Company with related parties which are not at arm's length basis.
   b) There were no material contracts / arrangements entered into by the Company with related parties which are at arm's length basis.
   c) Details of non-material contracts/arrangements at arm's length basis with related parties for the year ended 31st March 2021 are as follow: -

(₹ 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	Shri. 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 2020	₹16500/- per month with annual escalation of 10%.	Board Approval Dated: 15th June 2020.	Lease Rentals at prevailing market rates. Lease rentals paid for the year @ ₹16,500/- p.m. The same was waived off for the year 2020-21.
2	Shri. Sireesh Chandra Vungal Son of Executive Director – Operations of the Company	Appointment to office or place of profit: Appointed as Manager – Information Technology Presently Vice President – Information Technology Group	w.e.f. 1st April 2014. w.e.f. 1st October 2017.	Appointed on a Monthly remuneration not exceeding ₹ 2,50,000/- per month. Approval given by the Shareholders by Special Resolution to pay not exceeding ₹5,00,000/- per month. Further approval given by the Shareholders by Special Resolution to pay not exceeding ₹7,00,000/- per month.	Board Approval Dated: 17th May 2014 and Shareholders' Approval Dated: 27th September 2017. Shareholders' Approval Dated: 27th July 2019.	Commensurate with qualification and experience an amount of ₹ 4,97,280 /- p.m. is being paid within the limits approved by Shareholders.

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
3	Shri. Satya Sreenivas Neerukonda Son-in-law of Former Executive Director – Administration of the Company and spouse of Company Secretary	Appointment to office or place of profit: Appointed as Manager – Business Development Sr Vice President and Global Head Business Development. Presently appointed as Executive Director of the Company	w.e.f 1st April 2014. w.e.f 1st October 2017. w.e.f 14th July 2019.	Appointed on a Monthly remuneration not exceeding ₹ 2,50,000/- per month. Approval given by the Shareholders by Special Resolution to pay not exceeding ₹ 5,00,000/- per month. Further approval given by the Shareholders by Special Resolution to pay not exceeding Basic Salary ₹ 8,00,000/- per month	Board Approval Dated: 17th May 2014 and Shareholders' Approval Dated: 27th September 2017. Shareholders' Approval Dated: 27th July 2019.	Commensurate with qualification and experience an amount of ₹ 8,96,000 p.m. is being paid within the limits approved by Shareholders.
4	Smt. Praveena Vasireddi Daughter of Non Executive Director & Chairman of the Company and sister of Managing Director of the Company	Appointment to office or place of profit: Appointed as Executive – Internal Auditing. Present capacity as Manager - Finance & Accounts	w.e.f 1st April 2014. w.e.f. 29th May 2020.	Appointed on a Monthly remuneration not exceeding ₹ 2,50,000/- per month.	Board Approval Dated: 17th May 2014.	Commensurate with experience an amount of ₹1,45,600/- p.m. is being paid.
5	Smt. Sudeshna Vungal Daughter of Executive Director – Operations of the Company	Appointment to office or place of profit: Appointed as Bio-Chemist Present Capacity : Sr. Manger -Customer Relations	w.e.f 1st April 2014. w.e.f 1st October 2019.	Appointed on a Monthly remuneration not exceeding ₹ 2,50,000/- per month.	Board Approval Dated: 17th May 2014.	Commensurate with qualification and experience an amount of ₹1,70,350/-p.m. is being paid.
6	Smt. Sujani Vasireddi Daughter of former Executive Director-Administration of the Company and spouse of Executive Director	Appointment to office or place of profit: Appointed as Manager- Legal & Admn. Present Capacity Company Secretary & General manager Commercial	w.e.f. 18th August 2016. w.e.f. 31st August 2018	Appointed on a Monthly remuneration not exceeding ₹ 2,50,000/- per month.	Board Approval Dated: 12th November 2016.	Commensurate with qualification and experience an amount of ₹1,91,800/-p.m. is being paid.

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

Place : Hyderabad
Date: 14th May 2021

Annexure – IX

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, 2021)

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 efficient power distribution systems to utilize the power at optimum level of requirement.

ii) The Laboratory buildings are designed in such a way that during day time minimum 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 maintaining costs.

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 commitment and efforts for reduction of energy consumption, reduced water consumption and limited waste generation.

B. Technology Absorption

The tests/studies are carried out as per the prescribed national/international Standards, guidelines 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 ₹ 566.20 Million (previous year ₹ 420.43 Millions). The Company's foreign exchange outgo was of ₹ 242.82 Million (previous years. ₹ 117.53 Millions) on import of capital goods, software, chemicals, consumables & reference standards, travel expenditure, professional charges etc.

CORPORATE GOVERNANCE REPORT

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

I. Company's philosophy on Corporate Governance

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

II. BOARD OF DIRECTORS

i. Composition

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

ii. Attendance and other Directorships

During the year ended 31st March 2021, the Board of Directors met five times. These meetings were held on 15th June 2020; 10th August 2020; 15th October 2020; 23rd January 2021 and 25th March 2021, with a gap not exceeding one hundred and twenty days between any two meetings.

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

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

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

*Shri. Popuri Adeyya Chowdary, Independent Director of the Company tendered his resignation w.e.f 30th June 2020;

#Dr. Yadagiri R Pendri was appointed as an Independent Director w.e.f 10th August 2020.

The Directorships held by Directors in other Companies, as mentioned above do not include Directorships in Foreign Companies, 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: Smt. Harita Vasireddi – Managing Director is daughter of Dr. Sivalinga Prasad Vasireddi.
- Smt. Harita Vasireddi – Managing Director: Dr. Sivalinga Prasad Vasireddi – Non Executive Director & Chairman is father of Smt. Harita Vasireddi.

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

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

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

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

Board based on the recommendation of the Nomination and Remuneration Committee conducts familiarization programme for Independent Directors to provide them an opportunity to familiarize with the Company, its management and its operations so as to gain a clear understanding of their roles and responsibilities. They have full opportunity to interact with Senior Management personnel and are provided all documents required and sought by them for enabling them to have a good understanding of the Company, its various operations and the industry of which it is a part. The initiatives undertaken by the Company in this respect has been disclosed on the website of the Company viz., www.vimta.com.

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

1. Specialized Industry Knowledge: 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. Communication and relationship Skills: Ability to communicate expectations and concerns in a constructive manner and develop meaningful interpersonal relationships with other Board members and executive management.
3. Board and Governance Skills: 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. Finance, Accounting and Financial Reporting and Management of Financial Risk: Good understanding of financial reporting and the accounting and control practices required to manage financial risks.
5. Technology: Technology expertise with knowledge of current and emerging technologies.
6. Commitment and Engagement: 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 2021

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.
Smt. Harita Vasireddi	Business planning, management & strategy delivery, quality management systems, operations management & planning, corporate governance.
Shri. Harriman Vungal	Operational management, planning and general management & regulatory, corporate governance.
Shri. Satya Sreenivas Neerukonda	Industry knowledge and technical background, creative, strong communication and negotiation skills, problem solving skills, corporate governance.
Smt. Y Prameela Rani	Banking, credit management, general management, foreign exchange, strong financial acumen, corporate governance.
Shri. Purnachandra Rao Gutta	Chartered accountant, internal and statutory auditing, incorporation matters, project financing, internal financial controls and MIS, corporate governance.
Shri. 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 criteria for independence as specified in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent from the management.

Reasons for resignation of Independent Director

Shri Popuri Adeyya Chowdary (P A Chowdary) (DIN: 02936505) Independent Director of the Company, ceased to be the Director on 30th June 2020, as he would be attaining the age of 75 (Seventy-Five) years on July 1st 2020 which is the maximum age limit for a Non- Executive Director as per the Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 to continue the directorship of a Non-Executive Director.

There were no other material reasons than those provided above in his resignation letter received by the Board.

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

i) Shri. Satya Sreenivas Neerukonda

Shri. Satya Sreenivas Neerukonda shall retire by rotation and being eligible, seeks re-appointment. The details of director are as follows

He is the Executive Director of the Company, and is a global sales and business development professional with more than 22 years of rich experience in multiple markets and industries. He possesses strong knowledge of Pharmaceutical, Biotechnology, Medical Device and Food Industries. His qualification is B.Pharm, MBA (USA).

ii) Shri. Harriman Vungal

Shri. Harriman Vungal will attain the age of 70 years on 1st October 2021and hence pursuant to the provisions of section 196(3)(a) of the Companies Act, 2013, continuation of his directorship as Executive Director – Operations requires approval of members by way of special resolution.

Shri. Harriman Vungal, Executive- Director, Operations is a D.Tech. from Toronto, Canada with over 43 years of experience. He is one of the promoter Directors of the company and has been its Director since inception.

IV. COMMITTEES OF THE BOARD

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

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

i) Audit Committee

a) Terms of Reference

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

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

b) Composition

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

c) Meetings and Attendance

During the year ended 31st March 2021 the Audit Committee met four times. These meetings were held on 15th June 2020; 10th August 2020; 15th October 2020; and 22nd January 2021.

Name of the member	Meetings held	Attendance
Shri. Purnachandra Rao Gutta, Chairman	4	4
Smt. Prameela Rani Yalamanchili	4	4
Shri. P A Chowdary*	4	1
Shri. Sanjay Dave	4	3

* Shri. P A Chowdary ceased to be member of the Committee after tendering his resignation as Independent Director on 30th June 2020.

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

Smt. Harita Vasireddi, Managing Director, Shri. Amit Pathak, previous Chief Financial Officer, Shri. G Srinivasa Rao, Partner of M/s Gattamaneni & Co, Statutory Auditors and Shri. Chaitanya V, partner of M/s Chaitanya V & Associates, Internal Auditors of the Company are invitees to the meetings of the Audit Committee. Smt. 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: Shri. Sanjay Dave is the Chairman, Shri. G Purnachandra Rao and Smt. Y Prameela Rani are Members of the Committee.

c) Meetings & Attendance

During the year ended March 31, 2021 the Nomination and Remuneration Committee met three times. These meetings were held on 12th June 2020; 8th August 2020 and 22nd January 2021.

Name of the member	Meetings held	Attendance
*Shri. P A Chowdary	3	1
Shri. Sanjay Dave	3	3
Shri G Purnachandra Rao	3	3
Smt. Y Prameela Rani	3	2

* Shri. P A Chowdary ceased to be member of the Committee after tendering resignation as Independent Director on 30th June 2020.

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

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

- Their ability to contribute and monitor the implications of Company's corporate governance practice.
- Their ability to contribute by introducing best practices of the industry and to address top-management issues.

- Their active participation in long-term strategic planning
- Their commitment to the fulfillment 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 for meetings, effective interaction with others, constructive contribution to discussion and strategy, concern for stakeholders, attentiveness to the internal controls mechanism and ethical conduct.

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

(₹ In Millions)

Name of the Director	Salary	Sitting Fee	Total
Dr. Sivalinga Prasad Vasireddi	Nil	Nil	Nil
Smt. Harita Vasireddi	6.72**	Nil	6.72
Shri. Harriman Vungal	13.44	Nil	13.44
Shri. Satya Sreenivas Neerukonda	9.59	Nil	9.59
Smt. Prameela Rani Yalamanchili	Nil	0.24	0.24
Shri. Purnachandra Rao Gutta	Nil	0.24	0.24
Shri. P A Chowdary*	Nil	0.05	0.05
Shri Sanjay Dave	Nil	0.22	0.22
Dr. Yadagiri R Pendri#	Nil	Nil	Nil

*up to 30th June 2020

w.e.f. 10th August 2020

**Smt. Harita Vasireddi, Managing Director has voluntarily foregone the remuneration from April 2020 to September 2020 in view of the uncertain economic conditions owing to Covid-19 pandemic.

Note:

1. Salary includes Basic Salary and Allowances. During the year the whole-time Directors were paid remuneration under the provisions of Schedule V Part II Section II of the Companies Act, 2013 as amended to date.
2. During the Financial Year 2020-2021, 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.

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 shares certificates
5. Review of dematerialization of shares and related matters
6. Performing various functions relating to the interests of shareholders/investors of the Company as may be required under the provisions of the Companies Act, 2013, Listing Agreement with the Stock Exchanges and regulations/guidelines issued by the SEBI or any other regulatory authority. 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: Smt. Y Prameela Rani is the Chairperson, Shri G Purnachandra Rao and Shri Sanjay Dave are Members of the Committee.

c) Meetings & Attendance

During the year ended 31st March 2021 the Stakeholder Relationship Committee met four times. These meetings were held on 15th June 2020; 8th August 2020; 15th October 2020; and 22nd January 2021.

Name of the member	Meetings held	Attendance
Smt. Prameela Rani Yalamanchili, Chairperson	4	4
Shri Purnachandra Rao Gutta	4	4
Shri. Sanjay Dave	4	4

Smt. 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, 2021 are given in the table below:

Particulars	No. of Complaints
Number of shareholders' complaints received during the Financial Year	02
Number of shareholders' complaints redressed and closed during the Financial Year	02
Number of pending shareholders' complaints as at March 31, 2021	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 complaints. There were no outstanding complaints as on 31st March 2021.

As mandated by SEBI, the quarterly reconciliation of Share Capital Audit, 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, 2021, 2,18,45,081 equity shares of ₹ 2/- each representing 98.8% 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 carries out CSR activities to build a better, sustainable way of life for the weaker/needy sections of society. Programmes, projects and activities (collectively know "CSR Programmes) are typically independent of the normal business activities of Vimta, with exceptions permitted by the MCA circular No. 10/2020 dated 23.03.2020.

b) Composition

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

c) Meetings & Attendance

During the year ended March 31, 2021 the Corporate Social Responsibility Committee met one time. The meeting was held on 5th February 2021.

Name of the member	Meetings held	Attendance
Smt. Harita Vasireddi	1	1
Shri. Harriman Vungal	1	1
Shri. Sanjay Dave	1	1

V. GENERAL BODY MEETINGS

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

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

Sl. No.	For F/Y	AGM Detail	Date	Time
1.	2019-20	30th AGM	09.09.2020	10:00 a.m.
2.	2018-19	29th AGM	27.07.2019	03.00 p.m.
3.	2017-18	28th AGM	25.08.2018	10.00 a.m.

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

Last AGM held on 9th September 2020 passed a special resolution for inclusion of new Main Objects vide Clause Nos. 5 and 6 of the Memorandum of Association; Seek consent of the members company 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 U/s.180(1)(a) of the Companies Act, 2013 to mortgage, hypothecate, create lien or charge on the immovable and movable properties of the company.

No other special resolutions were passed during previous three Annual General Meetings.

c) Postal Ballot conducted during the year: No Postal Ballot was conducted during the year 2020-2021.

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

a) Quarterly results:

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.

b) Newspapers:

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

c) Website:

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

d) Official news releases:

None. As such official new releases,if any, from time to time, are also displayed on the Company's website.

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

None during the financial year ended 31st March 2021.

VII. GENERAL SHAREHOLDER INFORMATION

The 31st Annual General Meeting of the Company will be held on 5th July 2021 at 10:00 A.M through Video Conference mode.

- Financial Calendar : 1st April 2021 to 31st March 2022.
- First quarter results : On or before 14th August 2021
- Half yearly results : On or before 14th November 2021
- Third quarter results : On or before 14th February 2022
- Fourth quarter/ Annual Results : On or before 30th May 2022
- Date of Book Closure : 29th June 2021 to 5th July 2021 (both days inclusive)
- Date of dividend payment, if any : within 30 days from the date of declaration in AGM
- Listing on Stock Exchanges :

Name of the Stock Exchange	Security Code/ Symbol	Address
Bombay Stock Exchange Limited	524394	P J Towers Dalal Street Mumbai - 400 001, India.
National Stock Exchange of India Limited	VIMTALABS	"Exchange Plaza", Bandra Kurla Complex Bandra (E) Mumbai - 400051, India
The ISIN for both NSDL & CDSL is "INE579C01029"		

The Listing fees for the year 2021-2022 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 2020-21 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 2020	89	59.25	88	59.45
May 2020	78.85	65.5	79.9	65.15
June 2020	106.5	69.55	106.5	69.65
July 2020	105.8	82.9	105.9	82.6
August 2020	139.95	101.55	139.9	101.55
September 2020	118.35	100.8	118.9	101
October 2020	152.85	119	151.9	119
November 2020	142.9	128.95	142	127.3
December 2020	193	136.9	194	136.3
January 2021	188	160.85	188	161.2
February 2021	182.7	155.2	183	156
March 2021	183.5	145.2	184	145

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

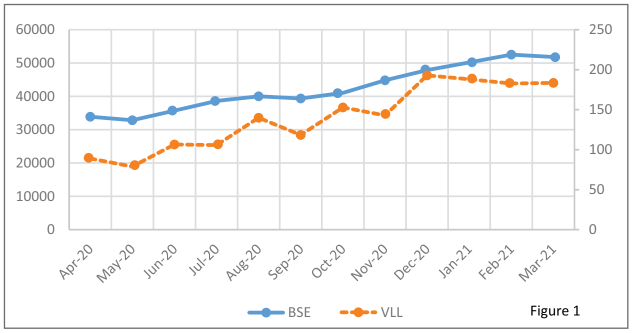


Figure 1

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

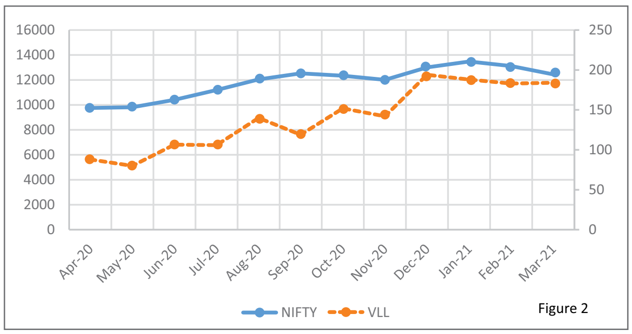


Figure 2

c) DISTRIBUTION OF SHAREHOLDING

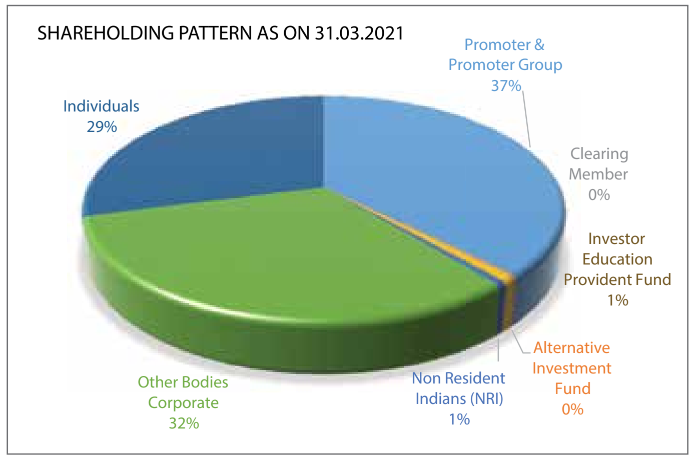
Shareholding distribution as on 31st March 2021.

Sl. No.	Nominal value	Amount in ₹	No of Shares	% of Total Capital	No. of Share-holders	% of Total Holders
1	Up to 5000	7379120	3689560	16.69	11935	98.21
2	5001 to 10000	1529870	764935	3.46	99	0.81
3	10001 to 20000	1899540	949770	4.30	63	0.52
4	20001 to 30000	796300	398150	1.80	15	0.12
5	30001 to 40000	709596	354798	1.60	10	0.08
6	40001 to 50000	441690	220845	1.00	5	0.04
7	50001 to 10000	1052074	526037	2.38	8	0.07
8	100001 and above	30407430	15203715	68.77	17	0.14
TOTAL		**44215620**	**22107810**	**100.00**	**12152**	**100.00**

Categories of Shareholders as on 31st March 2021

Sl. No.	Category of Shareholders	No. of Shares	Percentage
1	Promoter & Promoter Group	8281483	37.46
2	Alternative Investment Fund	24600	0.11
3	Clearing Member	44739	0.20
4	Investor Education Provident Fund	155283	0.70
5	Non Resident Indians (NRI)	128976	0.58
6	Other Bodies Corporate	7043060	31.86
7	Individuals	6429669	29.08
TOTAL		**22107810**	**100.00**

Graphic presentation of the Shareholding pattern as on 31st March 2021



d) Registrar and Share Transfer Agent

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

e) Share Transfer Systems

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

f) Dematerialization of Shares and Liquidity

The shares of the Company are under compulsory demat trading. The Company has made necessary arrangements with NSDL and CDSL for demat facility, and 98.8% of the Company's Shares are dematerialised as on 31st March 2021.

g) Outstanding GDRs/ ADRs/ Warrants or Convertible Instruments

No GDRs/ ADRs/Warrants or Convertible Instruments have 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, India.

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

Following are the cities in which Vimta has its offices/ laboratory as on 31st March 2021 :

1. Ahmedabad
2. Bengaluru
3. Bhubaneswar
4. Chennai (2 Locations)
5. Coimbatore
6. Hyderabad (2 Locations)
7. Kochi
8. Kolkata
9. Nellore
10. Noida
11. Pune
12. Tirupati
13. Varanasi
14. Vishakhapatnam (2 Locations)
15. Vijayawada
16. Nashik

j) Address for correspondence and for any query on Annual report

Vimta Labs Limited
Plot No.142 IDA, Phase-II, Cherlapally,
Hyderabad, Telangana – 500051, India
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 2013- 2014, before 11th August 2021 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) Credit Ratings

Following is the list of credit obtained by the Company from M/s Brickwork Ratings India Pvt.Ltd as on 25th June 2020.

Tenure	Amount in Crores	Rating
Long term	42.93	BWR A-/Negative Reaffirmed with Revision of Outlook to Negative
Short term	6.79	BWR A2+ Reaffirmed
Total	**49.72**	

Following is the list of credit obtained by the Company from M/s Brickwork Ratings India Pvt.Ltd as on 6th November 2020.

Tenure	Amount in Crores	Rating
Long term	59.28	BWR A-/Negative Reaffirmed
Short term	6.79	BWR A2+ Reaffirmed
Total	**66.07**	

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 – XI** 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 the Policy on dealing with RPTs, and a Policy on materiality of RPTs is disclosed on website of the Company.

b) Non-Compliances by the Company

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

c) Vigil Mechanism and Whistle Blower Policy

The Company is committed to conduct its business in accordance with applicable laws, rules and regulations. The Company promotes ethical behaviour in its operations and has a Vigil mechanism which is overseen through the Audit

Committee. Under the Vigil Mechanism, employees are free to report violations of applicable laws and regulations and the Code of Conduct. During the year under review, no employee was denied access to the Audit Committee. The policy on Vigil Mechanism and Whistle Blower Policy has 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, is the only wholly owned subsidiary Company which was acquired on 4th March 2020. As such your Company does not have any material subsidiary company in terms of Regulation 16(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

f) Policy on Material Subsidiary

Board at its meeting held on 15th June 2020, adopted the Material Subsidiary Policy in terms of SEBI (LODR) Regulations, 2015 with regard to determination of material subsidiaries. The policy is placed on the Company's website. https://www.vimta.com/downloads/Material%20Subsidiary%20Policy%20-%20VLL.pdf

g) Practicing Company Secretary Certification

A certificate from M/s D Hanumanta Raju & Co., practicing Company Secretaries stating that as on 31st March 2021, 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 - XII.**

h) Statutory Audit Fee

The consolidated fee paid by the Company and its subsidiary to the statutory auditor for all the services during the Financial Year 2020 -2021 is ₹ 1.30 million.

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

Included in Board Report.

j) Details 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 2021.

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

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

l) Board Procedures

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

m) Independent Directors' Meeting

In accordance with the provisions of Schedule IV (Code for Independent Directors) of the Companies Act, 2013 and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a meeting of the Independent Directors of the Company was held on 29th March 2021.

n) Discretionary Aspects:

The Company has adopted the following discretionary Aspects on Corporate Governance: -

1) Chairman's Office

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 report 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 - XIII** to the Corporate Governance Report.

For and on behalf of the Board,

Date: 14th May 2021
Place: Hyderabad

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

Annexure - X

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, 2021.

for Vimta Labs Limited

Harita Vasireddi
Managing Director
(DIN: 00242512)

Place : Hyderabad
Date: 14th May 2021

Annexure - XI

CERTIFICATE

To
The Members of
Vimta Labs Limited

We have examined the compliance of conditions of Corporate Governance by **VIMTA LABS LIMITED** ("the Company"), for the year ended on March 31, 2021, 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, 2020 to 31st March 2021.

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

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

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

For D.HANUMANTA RAJU & CO
COMPANY SECRETARIES

CS Mohit Kumar Goyal
PARTNER
FCS:9967, CP NO:12751
UDIN:F009967C000304580

Place: Hyderabad
Date: 14th May 2021

Annexure - XII

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 of
VIMTA LABS LIMITED
141/2 &142, IDA Phase II Cherlapally,
Hyderabad – 500 051, India.

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, India (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 ended 31st March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

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

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

For D.HANUMANTA RAJU & CO
COMPANY SECRETARIES

CS Mohit Kumar Goyal
PARTNER
FCS:9967, CP NO:12751
UDIN:F009967C000304602

Place: Hyderabad
Date: 14th May 2021

Annexure - XIII

MANAGING DIRECTOR /CFO CERTIFICATION

We, Harita Vasireddi, Managing Director and D R Narahai Naidu, Chief Financial Officer, to the best of our knowledge and belief, certify that:

a. We have reviewed the financial statements including cash flow statement (standalone and consolidated) for the financial year ended 31st March 2021 and to the best of our knowledge and belief:

   i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   ii. 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 have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to address these deficiencies.

d. We have indicated to the auditors and the Audit Committee:

   i. significant changes in the internal control over financial reporting during the year, if any;

   ii. significant changes in the accounting policies during the year and that the same have been disclosed in the notes to the financial statements, if any; and

   iii. that there are no instances of significant fraud of which we have become aware of and involvement therein of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Vimta Labs Limited

Harita Vasireddi
Managing Director
(DIN:00242512)

For Vimta Labs Limited

D R Narahai Naidu
Chief Financial Officer

Place: Hyderabad
Date: 14th May 2021

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, 2021, 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, 2021, 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.	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 trade 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.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 scepticism 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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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:

   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 2021.

      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 2021.

      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 2021.

2. As required by the Companies (Auditor's Report) Order, 2016 ("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: 21210535AAAADT3508

Place: Hyderabad
Date: May 14, 2021

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, 2021 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, 2021, 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: 21210535AAAADT3508

Place: Hyderabad
Date: May 14, 2021

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, 2016 ("CARO")

(i) In respect of the Company's fixed assets:

(a) The company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.

(b) The company's fixed assets 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. According to the information and explanations given to us, no material discrepancies were noticed on such verification made during the year.

(c) According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds / registered sale deeds provided to us, we report that, the title deeds of all the immovable properties of land and buildings which are freehold, are held in the name of the company as at the balance sheet date.

(ii) According to the information and explanations given to us, the company's inventory has been physically verified by the management at reasonable intervals and in our opinion, the frequency and procedures of verification are reasonable. No material discrepancies were noticed between the physical stocks and the book stocks on such verification made during the year.

(iii) According to the information and explanations given to us and based on our audit, the Company has granted unsecured loans to its wholly owned subsidiary company covered in the register maintained U/s.189 of the Companies Act, 2013 ("the Act"); and

(a) In our opinion the terms and conditions of grant of such loans are not prejudicial to the company's interest.

(b) The schedule of repayment of principal and payment of interest has been stipulated and the repayments / receipts are regular.

(c) There is no overdue amount in respect of the loans granted to the wholly owned subsidiary company.

(iv) In our opinion and according to the information and explanations given to us, the company has not given/made any loans, investments and guarantees and provided any security to which the provisions of Section 185 is applicable. Further, in our opinion, the company has not entered into any transaction covered under section 185 of the Act.

(v) The Company has not accepted deposits during the year and does not have any unclaimed deposits as at the year end. Hence, the provisions of clause 3(v) of the CARO are not applicable to the company.

(vi) As per the information and explanation furnished to us, maintenance of Cost records has been specified by the Central Government U/s.148(1) of the Act for this company and we are of the opinion that, the prescribed accounts and records have been made and maintained by the company. However, we have not conducted any audit of the same.

(vii) According to the information and explanations given to us and based on our audit, in respect of statutory dues:

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

There were no undisputed amounts in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Duty of Customs, Duty of Excise, Cess and other material statutory dues as at March 31, 2021 for a period of more than six months from the date they became payable.

(b) There were no material dues of Income tax, Goods and Service Tax, Duty of Customs, Duty of Excise, Cess and other material statutory dues which have not been deposited on account of any dispute.

(viii) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank and Government. The company has not issued debentures.

(ix) During the year under review, the company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). The Term loans availed by the company were applied for the purposes for which those were raised.

(x) To the best of our knowledge and according to the information and explanations given to us, during the year, no fraud by the company or no fraud on the Company by its officers or employees has been noticed or reported.

(xi) In our opinion and according to the information and explanations given to us, the company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Act.

(xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of CARO is not applicable to the company.

(xiii) In our opinion and according to the information and explanations given to us, the company is in compliance with Section 177 and 188 of the Act and where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the CARO is not applicable to the company.

(xv) In our opinion and according to the information and explanations given to us, during the year, the company has not entered into any non-cash transactions with its Directors or persons connected to its Directors. Hence, provisions of Section 192 of the Companies Act, 2013 are not applicable to the company.

(xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

G. SRINIVASARAO
Partner
(ICAI Ms. No. 210535)
UDIN: 21210535AAAADT3508

Place: Hyderabad
Date: May 14, 2021

Standalone Balance Sheet
as at March 31,2021

(Amount in INR millions, unless otherwise stated)

Particulars	Note No	As at 31 Mar 2021	As at 31 Mar 2020
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	5	1,277.43	1,310.85
(b) Capital works-in-progress	6	172.87	18.20
(c) Financial assets			
(i) Investments	7	61.50	61.50
(ii) Loans	8A	21.63	19.09
(d) Deferred Tax Assets (Net)	9	9.66	5.12
(e) Other non-current assets	10A	83.30	74.21
Total Non-Current assets		**1,626.39**	**1,488.97**
Current assets			
(a) Inventories	11	146.35	171.30
(b) Financial assets			
(i) Trade receivables	12	731.96	576.78
(ii) Cash and cash equivalents	13A	60.10	54.83
(iii) Bank balances other than (ii) above	13B	6.03	11.69
(iv) Loans	8B	18.04	14.14
(v) Other financial assets	14	0.97	0.78
(c) Other current assets	10B	140.90	126.83
Total Current assets		**1,104.35**	**956.35**
TOTAL ASSETS		**2,730.74**	**2,445.32**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	15	44.22	44.22
(b) Other equity	16	1,898.97	1,685.37
Total equity		**1,943.19**	**1,729.59**
Liabilities			
Non-Current Liabilities			
(a) Financial liabilities			
(i) Borrowings	17A	142.36	45.95
(b) Provisions	18A	79.23	85.81
(c) Other non-current liabilities	19	38.35	12.89
Total Non Current Liabilities		**259.94**	**144.65**
Current Liabilities			
(a) Financial liabilities			
(i) Borrowings	17B	82.07	177.04
(ii) Trade payables	20		
- Outstanding dues of micro enterprises and small enterprises		24.16	14.63
- Outstanding dues of creditors other than micro enterprises and small enterprises		121.83	87.35
(iii) Other financial liabilities	21	199.67	216.40
(b) Other current liabilities	22	63.94	52.57
(c) Provisions	18B	35.94	23.09
Total Current Liabilities		**527.61**	**571.08**
TOTAL EQUITY AND LIABILITIES		**2,730.74**	**2,445.32**

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 14, 2021

For and on behalf of the Board of Vimta Labs Limited

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

Harita Vasireddi
Managing Director
DIN: 00242512

Harriman Vungal
ED-Operations
DIN : 00242621

Y Prameela Rani
Director
DIN : 03270909

D R Narahai Naidu
Chief Financial Officer

Sujani Vasireddi
Company Secretary

Place: Hyderabad
Date : May 14, 2021

Standalone Statement of Profit and Loss

for the year ended March 31, 2021

(Amount in INR millions, unless otherwise stated)

	Particulars	Note No.	Year Ended 31 March 2021	Year Ended 31 March 2020
I.	**Income**			
	Revenue from Operations	23	2,090.51	1,806.74
	Other Income	24	8.10	30.18
	Total Income		**2,098.61**	**1,836.92**
II.	**Expenses**			
	Cost of material consumed and testing expenditure	25	578.58	533.81
	Changes in inventories of work-in-progress	26	29.84	3.60
	Employee benefits expense	27	602.54	614.29
	Finance costs	28	21.67	37.65
	Depreciation expense	5	229.37	209.22
	Other expenses	29	352.64	354.89
	Total Expenses		**1,814.64**	**1,753.46**
III.	**Profit before tax [I-II]**		**283.97**	**83.46**
IV.	**Tax expense**	30		
	(a) Current tax		76.26	33.61
	(b) Prior year adjustments		-	(3.91)
	(c) Deferred tax (benefit)/expense		(4.89)	(15.51)
	Total Tax Expense		71.37	14.19
V.	**Profit for the year [III-IV]**		**212.60**	**69.27**
VI.	**Other comprehensive Income**			
	Items that will not be reclassified to profit or loss			
	(a) Re-measurement of the net defined liability		1.34	(2.53)
	(b) Income tax relating to the above item		(0.34)	0.64
	Total other comprehensive income/(loss), net of tax		**1.00**	**(1.89)**
VII.	**Total Comprehensive income for the year [V-VI]**		**213.60**	**67.38**
VIII.	**Earnings per share**	31		
	Basic (INR)		**9.62**	**3.13**
	Diluted (INR)		**9.62**	**3.13**

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 Vimta Labs Limited

Dr. S. P. Vasireddi
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Partner
Membership No. 210535

Place: Hyderabad
Date : May 14, 2021

Y Prameela Rani
Director
DIN : 03270909

D R Narahai Naidu
Chief Financial Officer

Sujani Vasireddi
Company Secretary

Place: Hyderabad
Date : May 14, 2021

Standalone Statement of Cash Flows

for the year ended March 31, 2021

(Amount in INR millions, unless otherwise stated)

Particulars	Year Ended 31 March 2021	Year Ended 31 March 2020
Cash flow from operating activities		
Profit before tax	283.97	83.46
Adjustments to reconcile profit before tax to net cash flows:		
- Depreciation expense	229.37	209.22
- Interest Cost paid	17.28	23.03
- Impairment loss on receivables	21.57	3.10
- Bad Debts written off	31.69	10.83
- Loss/ (Profit) on sale of PPE	0.17	(1.63)
- Liabilities no longer required written back	(0.33)	(3.41)
- Interest Income received	(4.19)	(5.03)
- Income from Government Grants	(3.36)	(3.35)
- Unrealised foreign exchange gains and losses (net)	1.32	(3.54)
Adjustments for changes in working capital:		
- (Increase)/decrease in inventories	24.95	19.10
- (Increase)/decrease in trade receivables	(210.33)	2.85
- (Increase)/decrease in loans	(2.63)	(0.32)
- (Increase)/decrease in other assets	(14.06)	(27.50)
- Increase/(decrease) in employee benefit obligations	7.60	3.89
- Increase/(decrease) in trade payables	44.59	(4.76)
- Increase/(decrease) in other financial liabilities	(26.02)	1.68
- Increase/(decrease) in other liabilities	40.19	(3.40)
Cash generated from/(used in) operations	**441.78**	**304.22**
Income tax paid	(72.09)	(60.57)
Net cash flows generated from/(used in) operating activities (A)	**369.69**	**243.65**
Cash flow from Investing activities		
Payment for property, plant and equipment and capital work-in-progress	(326.57)	(142.20)
Proceeds from sale/disposal of property, plant and equipment	1.99	2.59
Redemption/(Investment) in fixed deposits (Net)	5.66	(4.90)
Interest Income received	4.00	5.09
Loan given to subsidiary	(3.80)	-
Investment in subsidiary	-	(61.50)
Net cash flow generated from/(used in) investing activities (B)	**(318.72)**	**(200.92)**
Cash flow from Financing activities		
Repayment of Long term Borrowings	(96.46)	(223.54)
Proceeds from Long term Borrowings	162.98	160.89
Proceeds from/(repayment of) short-term borrowings	(94.97)	124.62
Interest Cost paid	(17.25)	(23.24)
Payment of Dividend (including Dividend Distribution Tax)	-	(53.30)
Net cash flow generated from/(used in) financing activities (C)	**(45.70)**	**(14.57)**
Net increase in cash and cash equivalents (A+B+C)	5.27	28.16
Cash and cash equivalents at the beginning of the year	54.83	26.67
Cash and cash equivalents at the end of the year	**60.10**	**54.83**
Cash and cash equivalents comprise of the following:		
Balances with banks in current accounts	59.74	53.68
Cash on hand	0.36	1.15
Total cash and cash equivalents at end of the year	**60.10**	**54.83**

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 14, 2021

For and on behalf of the Board of Vimta Labs Limited

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

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Y Prameela Rani
Director
DIN : 03270909

D R Narahai Naidu
Chief Financial Officer

Sujani Vasireddi
Company Secretary

Place: Hyderabad
Date : May 14, 2021

Standalone Statement of changes in equity
for the year ended March 31, 2021

(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, 2019	22,107,810	44.22
Add/Less: Changes in equity share capital during the year	-	-
Balance as at March 31, 2020	22,107,810	44.22
Add/Less: Changes in equity share capital during the year	-	-
Balance as at March 31, 2021	**22,107,810**	**44.22**

(B) Other equity

Particulars	Securities Premium	General Reserve	Retained Earnings	Other Comprehensive Income	Total
Opening Balance as of April 1, 2019	773.73	86.40	826.74	(15.57)	1,671.30
Add: Profit for the year	-	-	69.27	-	69.27
Less: Dividend on Equity Shares	-	-	44.22	-	44.22
Less: Tax on Dividend	-	-	9.09	-	9.09
Add: Other comprehensive income/(loss) for the year	-	-	-	(1.89)	(1.89)
Closing Balance as of March 31, 2020	**773.73**	**86.40**	**842.70**	**(17.46)**	**1,685.37**
Add: Profit for the year	-	-	212.60	-	212.60
Add: Other comprehensive income/(loss) for the year	-	-	-	1.00	1.00
Balance as of March 31, 2021	**773.73**	**86.40**	**1,055.30**	**(16.46)**	**1,898.97**

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 14, 2021

For and on behalf of the Board of Vimta Labs Limited

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

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DIN : 00242621

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Director
DIN : 03270909

D R Narahai Naidu
Chief Financial Officer

Sujani Vasireddi
Company Secretary

Place: Hyderabad
Date : May 14, 2021

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 erstwhile 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, India. 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 14th May 2021.

2 Significant accounting policies

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Ind AS

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

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

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

(b) Basis of measurement

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

i) Certain financial assets and liabilities measured either at fair value or amortised cost depending on the classification;

ii) Defined employee benefit liabilities are recognised at the present value of defined benefit obligation adjusted for fair value of plan assets;

(c) Current and non-current classification

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

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

An asset is classified as current when it is:

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

A liability is classified as current when:

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

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

(d) Use of estimates

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

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

(e) Fair value measurement

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

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

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

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

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

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

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

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

2.2 Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost comprises of purchase price, freight, non-refundable taxes and duties, specified foreign exchange gains or losses and any other cost attributable to bring the asset to its working condition for its intended use.

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

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

Depreciation methods, estimated useful lives

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

Particulars	Useful Life as per Management Estimate	Useful Life as per Schedule II of the Act
Plant and Equipment	6.67 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.

2.4 Impairment of non-financial assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired, based on internal or external factors. If any such indication exists, the Company estimates the recoverable amount of the asset or the cash generating unit. If such recoverable amount of the asset or cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. Impairment losses previously recognised are accordingly reversed in the Statement of Profit and Loss.

2.5 Financial instruments

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

(a) Financial assets

Initial recognition and measurement

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

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

Subsequent measurement

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

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

Debt instruments at amortised cost

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

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

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

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

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

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

- Contractual terms of the asset give rise 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 profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

This category generally applies to interest-bearing loans and borrowings.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid as per agreed terms. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.6 Taxes

Tax expense for the year, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the year.

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the year end date.

The Company recognises interest levied and penalties related to income tax assessments in interest expense.

(b) Deferred tax

Deferred tax is provided using the Balance Sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Dividend distribution tax (DDT)

Dividend distribution tax arising out of payment of dividends to shareholders under the Indian Income tax regulations is not considered as tax expense for the Company and all such taxes are recognised in the statement of changes in equity as part of the associated dividend payment.

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.

2.10 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to income are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to the profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

2.11 Foreign Currency Transactions

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

(b) Transactions and balances

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction. Gains/Losses arising out of fluctuation in foreign exchange rate between the transaction date and settlement date are recognised in the Statement of Profit and Loss.

All monetary assets and liabilities in foreign currencies are restated at the year end at the exchange rate prevailing at the year end and the exchange differences are recognised in the Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

2.12 Retirement and other Employee Benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the year in which the employees render the related service are recognized in respect of employees' services up to the end of the year and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(b) Other long-term employee benefit obligations

(i) Defined contribution plan

Provident Fund: Contribution towards provident fund is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis which are charged to the Statement of Profit and Loss.

Employee's State Insurance Scheme: Contribution towards employees' state insurance scheme is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis which are charged to the Statement of Profit and Loss.

(ii) Defined benefit plans

The Company has gratuity as defined benefit plan where the amount that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The Company has subscribed to gratuity scheme of Life Insurance Corporation of India ('LIC') to which the Company makes periodic Funding. Under the said policy, the eligible employees are entitled for gratuity upon their resignation, retirement, 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.

2.13 Leases (as a lessee)

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, company's incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following: –

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the company is reasonably certain to exercise, lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, or if company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The company has elected not to recognise right-of-use assets and lease liabilities for short term leases of real estate properties that have a lease term of 12 months. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.14 Borrowing Costs

Borrowing costs consist of interest, ancillary costs and other costs in connection with the borrowing of funds and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to interest costs.

Borrowing costs attributable to acquisition and/ or construction of qualifying assets are capitalised as a part of the cost of such asset, up to the date such assets are ready for their intended use. Other borrowing costs are charged to the Statement of Profit and Loss.

2.15 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the Company's earnings per share is the net profit or loss for the year after deducting preference dividends and any attributable tax thereto for the year. The weighted average number of equity shares outstanding during the year and for all the years presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares.

2.16 Dividend Distributions

The Company recognizes a liability to make the payment of dividend to owners of equity, when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

2.17 Cash Flows

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payment and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

2.18 Segment Reporting

The management has assessed the identification of reportable segments in accordance with the requirements of Ind AS 108 'Operating Segment' and believes that the Company has only one reportable segment namely "Contract Research and Testing Services".

2.19 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks, cash on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

2.20 Investments in the nature of equity in subsidiaries

The company has elected to recognise its investments in equity instruments in subsidiaries at cost in the separate financial statements in accordance with the option available in Ind AS 27, 'Separate Financial Statements'. The company regardless of the nature of its involvement with an entity (the investee), determines whether it is a parent by assessing whether it controls the investee. The company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Thus, the company controls an investee if and only if it has all the following:

(a) power over the investee;

(b) exposure, or rights, to variable returns from its involvement with the investee and

(c) the ability to use its power over the investee to affect the amount of the returns.

Investments are accounted in accordance with Ind AS 105 when they are classified as held for sale. On disposal of investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss

3 Significant accounting judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

3.1 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the year end date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(a) Leases

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

(b) Deferred Taxes

The assessment of the probability of future taxable profit in which deferred tax assets can be utilised is based on the Company's latest approved forecast, which is adjusted for significant non-taxable profit and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the jurisdiction in which the Company operates are also carefully taken into consideration. If a positive forecast of taxable profit indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full.

(c) Defined benefit plans (gratuity benefits and leave encashment)

The cost of the defined benefit plans such as gratuity and leave encashment are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future due to changing market and economic conditions, regulatory events, judicial rulings, higher or lower withdrawal rates, or longer or shorter participant life spans.

The assumptions include determination of the discount rate, salary growth rate, mortality rate, retirement age and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each year end.

(d) Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

(e) Impairment of financial assets

The impairment provisions of financial assets are based on assumptions about risk of default and expected loss rates. the Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history , existing market conditions as well as forward looking estimates at the end of each reporting period.

(f) Impairment of non-financial assets

An impairment loss is recognised for the amount by which an asset's or cash-generating unit's carrying amount exceeds its recoverable amount to determine the recoverable amount, management estimates expected future cash flows from each asset or cash generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Company's assets.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

(g) Research and Developments Costs

Management monitors progress of internal research and development projects by using a project management system. Significant judgment is required in distinguishing research from the development phase. Development costs are recognised as an asset when all the criteria are met, whereas research costs are expensed as incurred. Management also monitors whether the recognition requirements for development costs continue to be met. This is necessary due to inherent uncertainty in the economic success of any product development.

(h) Property, Plant and Equipment

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted prospectively, as appropriate.

(i) Current income taxes

Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods. The recognition of taxes that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

(j) Provision for expected credit losses (ECL) of trade receivables and contract assets

The Company uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due across all segments. The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

4 Standards (including amendments) issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015.

Balance Sheet:

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.

  Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.

- Specified format for disclosure of shareholding of promoters.

- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of profit and loss:

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements.

  The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

(Amount in INR millions, unless otherwise stated)

5 Property Plant and Equipment

Particulars	Gross Carrying Value				Accumulated Depreciation				Net Carrying Value	
	As at 1 April 2020	Additions/ Adjustments	Deductions/ Adjustments	As at 31 March 2021	As at 1 April 2020	Charge for the Year	Deductions/ Adjustments	As at 31 March 2021	As at 31 March 2021	As at 31 March 2020
Tangible Assets										
Land	21.88	-	-	21.88	-	-	-	-	21.88	21.88
Buildings	575.44	-	-	575.44	49.86	12.65	-	62.51	512.93	525.58
Furniture & Fixtures	111.73	0.69	-	112.42	50.52	11.71	-	62.23	50.19	61.21
Plant & Equipment	1,037.33	178.71	-	1,216.04	460.93	166.60	-	627.53	588.51	576.40
Electrical Installation	32.30	-	-	32.30	25.50	3.72	-	29.22	3.08	6.80
Office Equipment	18.70	0.82	0.12	19.40	13.27	2.47	0.08	15.66	3.74	5.43
Computers	139.12	15.62	-	154.74	43.58	28.59	-	72.17	82.57	95.54
Vehicles	32.54	2.27	6.89	27.92	14.53	3.63	4.77	13.39	14.53	18.01
Total	**1,969.04**	**198.11**	**7.01**	**2,160.14**	**658.19**	**229.37**	**4.85**	**882.71**	**1,277.43**	**1,310.85**
Previous Year	**1,796.75**	**173.79**	**1.50**	**1,969.04**	**449.53**	**209.22**	**0.56**	**658.19**	**1,310.85**	**1,347.22**

Note:

(i) Refer Note No. 17 of the standalone financial statements for disclosures relating to property, plant and equipment pledged as security by the Company.

(ii) Refer Note No. 34 of the standalone financial statements for disclosures relating to contractual commitments for acquisition of property, plant and equipment.

(Amount in INR millions, unless otherwise stated)

6 Capital work-in-progress

Particulars	As at 31 March 2021	As at 31 March 2020
Property, Plant & Equipment (under errection/ installation)		
Opening balance	18.20	41.82
Add: Additions during the year	169.95	33.15
Less: Capitalised during the year	15.28	56.77
TOTAL	**172.87**	**18.20**

Note: The amount of Borrowing costs capitalised to CWIP during the year ended March 31, 2021 was ₹ 1.13 million (March 31, 2020 -Nil-)

7 Investments

Particulars	As at 31 March 2021	As at 31 March 2020
Investments in unquoted equity shares (fully paid, carried at cost)		
In subsidiaries		
Emtac Laboratories Private Limited (31 March 2021: 34,16,500 Equity Shares of face value of ₹ 10/- each; 31 March 2020: 34,16,500 Equity Shares of face value of ₹ 10/- each)	61.50	61.50
TOTAL	**61.50**	**61.50**

8 Loans

Particulars	As at 31 March 2021	As at 31 March 2020
(A) Non-current		
Loans - considered good, unsecured		
Security deposit - Others	21.63	19.09
TOTAL	**21.63**	**19.09**
(B) Current		
Loans - considered good, unsecured		
Secured deposits - Others	12.87	12.48
Other Loans - Wholly Owned Subsidiary	3.80	-
Other Loans - Employees	1.37	1.66
TOTAL	**18.04**	**14.14**

Note: During the year, the company has provided a loan of ₹ 3.80 million to Emtac Laboratories Pvt Ltd, subsidiary and the loan carries a interest @ 9% p.a payable on monthly.

(Amount in INR millions, unless otherwise stated)

9 Deferred tax Assets/(liabilities) (Net)

Particulars	As at 31 March 2021	As at 31 March 2020
(A) Deferred tax liability on account of		
- property, plant and equipment	29.18	36.09
(B) Deferred tax asset on account of		
- Gratuity	12.95	10.23
- Compensated absences	9.74	17.18
- Bonus	2.70	5.78
- Impairment loss recognized under expected credit loss (ECL) model	13.45	8.02
	38.84	**41.21**
Total Deferred Tax Assets/(Liabilities) (Net)	**9.66**	**5.12**

Movement in the Deferred Tax Assets/(Liabilities):

Particulars	Employee benefit expenses	Property, plant and equipment	Impairment loss recognized under ECL model	Total
Opening balance as of April 1, 2019	33.04	(52.45)	8.38	(11.03)
Charged/(credited)				
- to profit or loss	(0.49)	16.36	(0.36)	15.51
- to OCI	0.64	-	-	0.64
Closing balance as at March 31, 2020	**33.19**	**(36.09)**	**8.02**	**5.12**
Opening balance as of April 1, 2020	**33.19**	**(36.09)**	**8.02**	**5.12**
Charged/(credited)				
- to profit or loss	(7.46)	6.91	5.43	4.88
- to OCI	(0.34)	-	-	(0.34)
Closing balance as at March 31, 2021	**25.39**	**(29.18)**	**13.45**	**9.66**

10 Other Assets

Particulars	As at 31 March 2021	As at 31 March 2020
(A) Other Non-Current assets (Unsecured, considered good)		
Capital advances	13.25	-
Income tax assets (Net)	70.05	74.21
TOTAL	**83.30**	**74.21**
(B) Other Current Assets (Unsecured, Considered good)		
Prepaid expenses	35.34	34.35
Advances for services and supplies	10.26	21.65
Balance with government authorities	12.14	7.68
Export incentives	75.15	56.74
Other advances	8.01	6.41
TOTAL	**140.90**	**126.83**

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-. (March 31, 2020 : Nil)

(Amount in INR millions, unless otherwise stated)

11 Inventories

Particulars	As at 31 March 2021	As at 31 March 2020
Valued at the lower of cost and net realisable value		
Chemicals and consumables	130.86	127.09
Stores and spares	10.68	9.56
Work-in-progress	4.81	34.65
TOTAL	**146.35**	**171.30**

Note:

(i) Refer Note No. 17 for disclosures relating to inventories pledged as security by the Company.

12 Trade Receivables

Particulars	As at 31 March 2021	As at 31 March 2020
Unsecured		
Trade receivables - considered good	731.96	576.78
Trade receivables - considered credit impaired	53.43	31.86
Gross Trade receivables	785.39	608.64
Less : Impairment allowance for trade receivables - credit impaired	53.43	31.86
TOTAL	**731.96**	**576.78**

Note:

(i) No debts are 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.

(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 pledged as security by the Company.

13 Cash and Bank Balances

Particulars	As at 31 March 2021	As at 31 March 2020
(A) Cash and Cash equivalents:		
(i) Balance with Banks		
- Current Accounts	32.37	21.80
- EEFC Accounts	27.37	31.88
(ii) Cash on hand	0.36	1.15
TOTAL	**60.10**	**54.83**
(B) Bank balances other than (A) (i) above		
Deposits with Banks	3.92	9.32
Unclaimed Dividend accounts	2.11	2.37
TOTAL	**6.03**	**11.69**

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.

(Amount in INR millions, unless otherwise stated)

14 Other Financial Assets

Particulars	As at 31 March 2021	As at 31 March 2020
Current - Unsecured, considered good		
Interest accrued on deposits and others	0.97	0.78
TOTAL	**0.97**	**0.78**

15 Equity Share Capital

Particulars	As at 31 March 2021		As at 31 March 2020	
	No. of Shares	Amount	No. of Shares	Amount
Authorised				
Equity Shares of ₹ 2/- each	35,000,000	70.00	35,000,000	70.00
Issued, subscribed and fully paid-up				
Equity Shares of ₹ 2/- each	**22,107,810**	**44.22**	**22,107,810**	**44.22**

(a) Reconciliation of equity shares outstanding at the beginning and at the end of the year

Particulars	As at 31 March 2021		As at 31 March 2020	
	No. of Shares	Amount	No. of Shares	Amount
Outstanding at the beginning of the year	22,107,810	44.22	22,107,810	44.22
Add: Issued during the year	-	-	-	-
Outstanding at the end of the year	**22,107,810**	**44.22**	**22,107,810**	**44.22**

(b) Rights, preferences and restrictions attached to shares

The Company has only one class of shares i.e equity shares having par value of ₹ 2/- per share. Each shareholder is entitled to one vote per share held and ranks pari passu. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in the case of Interim Dividend.

In the event of liquidation of the company, the holders of equity shares are entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

The board of directors of the company have recommended a dividend of ₹ 2/- per equity share of ₹ 2/- each for the financial year 2020-21 (FY 2019-20: Nil per equity share of ₹ 2/- each), subject to approval of the shareholders at the ensuring Annual General Meeting, and if approved, would result in a cash outflow of approximately ₹ 44.22 Mn.

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

Particulars	As at 31 March 2021		As at 31 March 2020	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Eurofins Analytical Services India Pvt. Ltd.	4,403,668	19.92	4,403,668	19.92
Sivalinga Prasad Vasireddi	3,598,525	16.28	3,598,525	16.28
LCGC Chromatography Solutions Pvt. Ltd.	2,083,175	9.42	2,083,175	9.42
Vangal Harriman	1,777,893	8.04	1,777,893	8.04
Vasireddi Veerabhadra Prasad	1,463,515	6.62	1,463,515	6.62

Note: The above shareholding is as per the records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest. The above shareholding represents both legal and beneficial ownership of shares.

(d) 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.

(e) 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 2021	As at 31 March 2020
Security Premium		
Balance at the beginning and end of the year	773.73	773.73
General Reserve		
Balance at the beginning and end of the year	86.40	86.40
Retained Earnings		
Balance at the beginning of the year	842.70	826.74
Add: Profit for the year	212.60	69.27
Less: Dividend on Equity Shares	-	44.22
Less: Tax on Dividend	-	9.09
Balance at the end of the year	1,055.30	842.70
Other Comprehensive Income		
Balance at the beginning of the year	(17.46)	(15.57)
Add: Other comprehensive income/(loss) for the year	1.00	(1.89)
Balance at the closing of the year	(16.46)	(17.46)
TOTAL	**1,898.97**	**1,685.37**

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 acturial gain/(loss) [net of taxes] at the end of the reporting period.

17 Borrowings

Particulars	As at 31 March 2021	As at 31 March 2020
(A) Non-current Borrowings		
1) Secured		
Loans from Banks		
- Rupee term loan	114.07	48.00
- Foreign currency term loan	76.06	63.85
Loans from Financial Institution		
- Rupee term loan	12.55	23.60
	202.68	135.45
2) Unsecured		
- Loan from Financial Institutions	11.51	12.19
	214.19	147.64
Less: current maturities [Refer Note 21]	71.83	101.69
TOTAL	**142.36**	**45.95**
(B) Current Borrowings		
Secured, repayable on demand		
- Working capital loans from banks	82.07	177.04
TOTAL	**82.07**	**177.04**

Note:

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

1. i) The rupee term loan from Kotak Mahindra Bank aggregating to ₹ 30.62 Million as at March 31, 2021 (sanctioned limit of ₹ 54.00 Million in FY 2019-20) is secured by way of first charge to bank on assets created out of Term Loan. This loan is also secured by Second Charge on Current Assets (Both Present and Future) of the company at paripasu basis with Axis bank ltd.

ii) The above mentioned rupee term loan carries interest at the rate of 0.80% above MCLR 1 Year rate and is repayable in 9 equal quarterly instalments commencing from February 2020 (as per sanction letter).

iii) First paripassu charge along with Axis bank on Industrial land and building situated at Plot No 141/2 and 142, IDA, Phase - II, Cherlapally, Hyderabad - 500051, India as collateral security.

2. i) The working capital term loan from Axis Bank amounting to ₹ 23.90 Million as at March 31, 2021 (sanctioned limit of ₹ 23.90 Million in FY 2020-21) under Emergency Credit Line Guarantee Scheme is secured by extention 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 4% (Repo rate) + 3.5% i.e 7.5% p.a and is repayable in 36 equal monthly instalments commencing from March 2022 (as per sanction letter).

3. i) The rupee term loan from Axis Bank aggregating to ₹ 59.55 Million as at March 31, 2021 (sanctioned limit of ₹ 150.00 Million in FY 2020-21) is secured by way of first charge to bank on assets created out of Term Loan. This loan is also secured by Second Charge on Current Assets (Both Present and Future) of the company at paripasu basis with Kotak Mahindra bank ltd.

ii) The above mentioned rupee term loan carries interest at the rate of 0.80% above MCLR 1 Year rate and is repayable in 20 equal quarterly instalments commencing from September 2021 (as per sanction letter).

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

1. The foreign currency term loan from Axis bank amounting to ₹ 76.01 Million (equivalent to USD 1.034 Million) as at March 31, 2021 (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 paripasu basis with Kotak Mahindra Bank Ltd. The loan is covered by collateral security by way of equitable mortgage of property bearing plot no.58, block C, of section 8, Noida, UP.

2. The above mentioned foreign currency term loan carries interest at 2.75% over one year LIBOR plus 1% mark up fee upfront and repayable in 20 equal quarterly instalments commencing from March 2021 (as per sanction leter).

(c) Terms and conditions of secured rupee term loans from financial institutions

1. i) The rupee term loan from Cisco Systems Capital India Private Limited amounting to ₹ 4.89 Million as at March 31, 2021 (sanctioned limit of ₹ 24.40 Million in FY 2018-19) 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, 2021 (March 31, 2020 is 5%) and is repayable in 12 quarterly instalments commencing from March 2019.

2. i) The rupee term loan from Cisco Systems Capital India Private Limited amounting to ₹ 7.66 Million as at March 31, 2021 (sanctioned limit of ₹ 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, 2021 and is repayable in 12 quarterly instalments commencing from October 2019.

3. i) The rupee term loan from Cisco Systems Capital India Private Limited amounting to ₹ 2.72 Million as at March 31, 2021 (sanctioned limit of ₹ 4.54 Million in FY 2020-21) 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, 2021 and is repayable in 20 quarterly instalments commencing from June 2020.

(d) Terms and conditions of unsecured loans from financial institutions

1. The rupee term loan from Cisco Systems Capital India Private Limited amounting to ₹ 4.15 Million as at March 31, 2021 (sanctioned limit of ₹ 8.67 Million in FY 2019-20) carries at NIL interest and is repayable in 20 quarterly instalments commencing from September 2019.

(Amount in INR millions, unless otherwise stated)

2. The rupee term loan from Cisco Systems Capital India Private Limited amounting to ₹ 5.33 Million as at March 31, 2021 (sanctioned limit of ₹ 9.69 Million in FY 2019-20) carries at NIL interest and is repayable in 20 quarterly instalments commencing from January 2020.

(e) Maturity profile of long-term borrowings:

31 March 2021

Particulars	Within 1 year	1 - 2 years	2 - 5 years	More than 5 Years	Total
Rupee term loan from bank	46.99	44.10	22.98	-	114.07
Foreign currency term loan from bank	12.31	15.00	45.00	3.75	76.06
Loan from Financial Institutions	12.53	6.04	5.49	-	24.06
TOTAL	**71.83**	**65.14**	**73.47**	**3.75**	**214.19**

31 March 2020

Particulars	Within 1 year	1 - 2 years	2 - 5 years	More than 5 Years	Total
Rupee term loan from bank	24.00	24.00	-	-	48.00
Foreign currency term loan from bank	63.85	-	-	-	63.85
Loan from Financial Institutions	13.84	12.59	9.36	-	35.79
TOTAL	**101.69**	**36.59**	**9.36**	**-**	**147.64**

(f) Details of working capital limits from banks:

1. The working capital facility from Axis bank amounting ₹ 27.76 mn as at March 31, 2021 (sanctioned limit ₹ 150 mn) carries an interest of 0.80% above 3 Months MCLR rate and is secured by way of first paripassu charge on entire current assets of the company(both present and future) along with Kotak Mahindra bank ltd.
2. The working capital facility from Kotak Mahindra bank amounting ₹ 54.30 mn as at March 31, 2021 (sanctioned limit ₹ 150 mn) carries an interest of 0.35% above MCLR 6 Months rate 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 Kotak Mahindra bank on Industrial land and building situated at Plot No 141/2 and 142, IDA, Phase -II, Cherlapally, Hyderabad- 500051, India as collateral security.

(g) There were no defaults as on balance sheet date In repayment of above borrowings and interest thereon (Period and amount)

(Amount in INR millions, unless otherwise stated)

18 Provisions

Particulars	As at 31 March 2021	As at 31 March 2020
(A) Non-current		
Provision for employee benefits		
- Gratuity, funded	47.54	54.07
- Compensated absences	31.69	31.74
TOTAL	**79.23**	**85.81**
(B) Current		
Provision for employee benefits		
- Gratuity, funded	23.91	14.20
- Compensated absences	12.03	8.89
TOTAL	**35.94**	**23.09**

19 Other non-current liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Deferred grant income related to Property, Plant & Equipment	36.22	10.76
Deferred grant income related to revenue	2.13	2.13
TOTAL	**38.35**	**12.89**

Note:

(1) The company was granted an in-principal approval of a grant-in-aid of ₹ 7.1 million during FY 2017-18 by the biotechnology industry research assistance council for project entitled towards preclinical evaluation of clinical grade vaccine. Against this sanctioned amount, so far an amount of ₹ 2.13 millions was received. Since the terms and conditions of sanction are not fully complied, the said grant is not yet recognised as income.

(2) Waiver of duty of ₹ 28.81 millions on import of plant and equipment under Export Promotion Capital Goods (EPCG) Scheme. There are no contingencies attached to these grants except the fulfilment of export obligations. As these grants are relating to Plant and equipments, the same has been capitalised and amortised over the useful life of respective assets.

20 Trade payables

Particulars	As at 31 March 2021	As at 31 March 2020
Outstanding dues of micro enterprises and small enterprises	24.16	14.63
Outstanding dues of creditors other than micro enterprises and small enterprises	121.83	87.35
TOTAL	**145.99**	**101.98**

(Amount in INR millions, unless otherwise stated)

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

	Particulars	As at 31 March 2021	As at 31 March 2020
(a)	**Amount remaining unpaid to any supplier at the end of each accounting year:**		
	Principal	24.16	14.63
	Interest	-	-
	Total	**24.16**	**14.63**
(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.

21 Other current financial liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Current maturities of long-term borrowings	71.83	101.69
Interest accrued	0.54	0.54
Unclaimed dividends	2.11	2.37
Creditors for capital expenditure	64.83	25.35
Others - Dues for revenue expenses	60.36	86.45
TOTAL	**199.67**	**216.40**

Note:

(i) Unclaimed dividends do not include any amount due and outstanding to be credited to investor education and protection fund.

(ii) For terms and conditions applicable to current maturities of longterm borrowings, please refer note no 17

(Amount in INR millions, unless otherwise stated)

22 Other Current Liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Deferred grant income related to Property, Plant & Equipment	3.35	3.35
Advances from customers	41.14	34.32
Others - Statutory Dues	19.45	14.90
TOTAL	**63.94**	**52.57**

23 Revenue from Operations

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Sale of services - Testing and Analysis	2069.39	1783.76
Other operating revenue - Export Incentives	21.12	22.98
TOTAL	**2,090.51**	**1,806.74**
Revenue disaggregation by geography is as follows:		
Revenue from Foreign countries	566.20	420.43
Revenue from country of domicile-India	1,524.31	1,386.31
TOTAL	**2,090.51**	**1,806.74**

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

24 Other Income

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
i) Interest income on:		
- Bank deposits	0.19	0.64
- Deposits with State Electricity Corporations	0.80	0.80
- Interest Income on fair value measurement	0.71	0.32
- Income tax refunds	2.21	3.07
- Loan to Subsidiary	0.17	-
- Employees loans	0.12	0.20
ii) Others		
- Liabilities no longer required written back	0.32	3.40
- Grant income	3.36	4.35
- Gain on foreign currency transactions and translations (net)	-	14.43
- Miscellaneous receipts	0.22	1.34
- Profit on Sale of Property, Plant and Equipment	-	1.63
TOTAL	**8.10**	**30.18**

(Amount in INR millions, unless otherwise stated)

25 Cost of material consumed and testing expenditure

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
(A) Cost of materials consumed		
Inventory at the beginning of the year	136.65	152.16
Add : Purchases	357.38	308.59
Less : Inventory at the end of the year	141.54	136.65
SUB-TOTAL (A)	**352.49**	**324.10**
(B) Testing expenditure		
Sample preparation, data generation, inspection & testing expenditure	120.82	99.04
Carriage Inwards	2.88	2.84
Power and fuel	96.60	102.10
Water Charges	5.79	5.73
SUB-TOTAL (B)	**226.09**	**209.71**
TOTAL (A) + (B)	**578.58**	**533.81**

26 Changes in inventories of Work-in Progress

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Opening Work-in-Progress	34.65	38.25
Less : Closing Work-in-Progress	4.81	34.65
Decrease/(Increase) in Work-in-Progress	**29.84**	**3.60**

27 Employee benefits expense

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Salaries and wages	508.00	503.50
Directors remuneration	29.75	38.43
Contribution to provident and other funds	26.03	29.76
Gratuity	11.01	11.52
Compensated absences	12.08	12.67
Staff welfare expenses	15.67	18.41
TOTAL	**602.54**	**614.29**

28 Finance costs

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Interest on term loans	7.97	12.78
Interest on working capital loans	9.28	10.25
Interest expense on fair value measurement	0.03	0.36
Interest on Income Tax	-	1.11
Bank charges	4.39	5.69
Exchange differences regarded as an adjustment to borrowing cost	-	7.46
TOTAL	**21.67**	**37.65**

(Amount in INR millions, unless otherwise stated)

29 Other expenses

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Sitting fees to directors	0.73	0.48
Rent	19.96	20.90
Rates, taxes, duties and levies	32.10	26.83
Insurance	8.57	6.40
Repairs and maintenance to:		
- Plant and Machinery	79.79	81.08
- Buildings	14.24	13.32
- Vehicles	4.81	5.06
Advertisement and sales promotion	1.43	5.99
Commission	1.05	1.40
Travelling and conveyance	34.81	63.08
Communication expenses	19.54	21.60
Printing and Stationery	1.79	2.86
Books and periodical	0.12	0.12
Professional and consultancy services	47.02	60.14
Membership and subscriptions	0.90	1.19
House Keeping and premises maintenance	10.21	11.46
Security charges	7.40	7.14
Recruitment and training expenses	0.51	0.89
Payment to auditors :		
- for statutory audit	1.25	1.25
- for tax audit	0.15	0.15
- for other services	0.45	0.46
- reimbursement of expenses	0.02	0.07
Software charges	1.87	1.30
Loss on foreign currency transactions and translations (net)	4.31	-
Loss on sale of assets	0.17	-
Bad debts written off	31.70	10.83
Impairment loss on receivables	21.57	3.10
Corporate Social Responsibility expenses	4.49	5.02
Miscellaneous expenses	1.68	2.77
TOTAL	**352.64**	**354.89**

(Amount in INR millions, unless otherwise stated)

30 Tax Expense

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
(A) Tax expense charged to Statement of Profit and Loss		
(I) Current tax		
Current tax expense for current year	76.26	33.61
Current tax expense pertaining to prior years	-	(3.91)
	76.26	**29.70**
(II) Deferred tax		
Deferred tax expense for current year	(4.89)	(15.51)
	(4.89)	**(15.51)**
Total tax expense recognised in current year (I + II)	**71.37**	**14.19**
(B) Tax expense charged to Other Comprehensive Income	**(0.34)**	**0.64**
(C) Reconciliation of tax expense		
Profit before tax	283.97	83.46
Tax expense at applicable tax rates for March 31, 2021 :25.17% (March 31, 2020: 25.17%;)	71.48	21.01
Tax effect of adjustments to reconcile expected tax expense to reported tax expense:		
- adjustment for previous years	-	(3.91)
- items not deductible for tax	(1.13)	(1.51)
- due to adoption of new tax rate	-	(1.50)
- Others	1.02	0.10
Tax expense reported in Statement of Profit and Loss	**71.37**	**14.19**

(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 2021	For the year ended 31 March 2020
Profit attributable to equity holders (in INR Million)	212.60	69.27
Profit attributable to equity holders adjusted for the effect of dilution (in INR Million)	212.60	69.27
Weighted average number of equity shares for basic EPS (in No's)	22,107,810	22,107,810
Weighted average number of equity shares adjusted for the effect of dilution (in No's)	22,107,810	22,107,810
Nominal/Face Value per share (INR)	2.00	2.00
Basic Earnings per share (INR)	9.62	3.13
Diluted Earnings per share (INR)	9.62	3.13

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 2021	As at 31 March 2020
Financial Assets			
Investments	7	61.50	61.50
Loans (current and non-current)	8A & 8B	39.67	33.23
Trade receivables (net)	12	731.96	576.78
Cash and cash equivalents	13A	60.10	54.83
Bank balances other than Cash and cash equivalents	13B	6.03	11.69
Other financial assets	14	0.97	0.78
		900.23	**738.81**
Financial Liabilities			
Borrowings (current and non-current)	17A & 17B	224.43	222.99
Trade Payables	20	145.99	101.98
Other financial liabilities	21	199.67	216.40
		570.09	**541.37**

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') 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 2021		As at 31 March 2020	
	Foreign Currency	Amounts in INR	Foreign Currency	Amounts in INR
United States Dollar				
Assets - Trade Receivables	2.52	185.26	2.23	168.36
Assets - Vendor Advances	0.08	5.87	0.01	0.91
Liabilities - Trade Payables	(0.64)	(46.73)	(0.24)	(17.92)
Liabilities - Borrowings	(1.03)	(76.06)	(0.85)	(63.85)
Liabilities - Customer Advances	(0.12)	(8.95)	(0.07)	(5.03)
Euro				
Assets - Trade Receivables	0.13	11.24	0.04	3.00
Liabilities - Customer Advances	(0.00)	(0.28)	(0.00)	(0.08)
Assets - Vendor Advances	0.01	0.91	0.06	4.63
Liabilities - Trade Payables	(0.10)	(8.77)	(0.00)	(0.39)
Great Britain Pound				
Assets - Trade Receivables	-	-	0.03	2.45
Liabilities - Trade Payables	(0.00)	(0.13)	(0.00)	(0.26)
Assets - Vendor Advances	0.00	0.24	-	-
Malaysian Ringgit				
Assets - Trade Receivables	0.11	1.94	0.93	16.30
Swiss Franc				
Assets - Vendor Advances	0.09	6.75	0.09	6.69
Liabilities - Trade Payables	(0.00)	(0.05)	-	-
Singapore dollar				
Assets - Vendor Advances	0.00	0.05	-	-

(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 2021	As at 31 March 2020
United States Dollar	73.5047	75.3859
Euro	86.0990	83.0496
Great Britain Pound	100.9509	93.0760
Malaysian Ringgit	17.6615	17.4570
Swiss Franc	77.6902	78.3431
Singapore dollar	54.4295	53.0017

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 2021				
5% Sensitivity* of:				
United States Dollar	2.97	(2.97)	2.22	(2.22)
Euro	0.16	(0.16)	0.12	(0.12)
Great Britain Pound	0.01	(0.01)	0.00	(0.00)
Malaysian Ringgit	0.10	(0.10)	0.07	(0.07)
Swiss Franc	0.33	(0.33)	0.25	(0.25)
Singapore dollar	0.00	(0.00)	0.00	(0.00)
31 March 2020				
5% Sensitivity* of:				
United States Dollar	4.12	(4.12)	3.09	(3.09)
Euro	0.36	(0.36)	0.27	(0.27)
Great Britain Pound	0.11	(0.11)	0.08	(0.08)
Malaysian Ringgit	0.82	(0.82)	0.61	(0.61)
Swiss Franc	0.33	(0.33)	0.25	(0.25)

* Holding all other variables constant

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's fixed rate borrowings are carried at amortised cost and hence are not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates. Further, the Company's investments in deposits is with banks and electricity authorities and therefore do not expose the Company to significant interest rates risk. The company's main interest rate risk arises from borrowings with variable rates, which expose it to cash flow interest rate risk.

The Company's exposure to fixed rate and variable rate instruments at the end of the financial year, are as follows:

Particulars	As at 31 March 2021	As at 31 March 2020
Fixed rate instruments		
Financial assets	45.70	44.92
Financial liabilities	24.06	35.79
Variable rate instruments		
Financial liabilities	272.20	288.89

(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 2021	As at 31 March 2020
Interest rates increase by 100 basis points *	2.72	2.89
Interest rates decrease by 100 basis points *	(2.72)	(2.89)

* 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, 2021 are as follows:

Particulars	Gross carrying amount	Expected credit losses	Carrying amount of trade receivables
31 March 2021			
Upto 180 days	611.89	(8.88)	603.01
Over 180 days	173.50	(44.55)	128.95
Total	**785.39**	**(53.43)**	**731.96**
31 March 2020			
Upto 180 days	467.09	(3.79)	463.30
Over 180 days	141.55	(28.07)	113.48
Total	**608.64**	**(31.86)**	**576.78**

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 2021	As at 31 March 2020
Upto 180 days	603.01	463.30
Over 180 days	128.95	113.48
	731.96	**576.78**

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 2021	As at 31 March 2020
Current assets	1,104.35	956.35
Current liabilities	527.61	571.08
Working capital	**576.74**	**385.27**

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 2021	As at 31 March 2020
Less than 1 year		
- Borrowings	153.90	278.73
- Trade payables	145.99	101.98
- Other financial liabilities	127.84	114.71
1 to 2 years		
- Borrowings	65.14	36.59
2 to 5 years		
- Borrowings	73.47	9.36
More than 5 years		
- Borrowings	3.75	-

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.

(Amount in INR millions, unless otherwise stated)

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 2021	As at 31 March 2020
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	**22.67**	**19.52**

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 detrmine 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 2021	As at 31 March 2020
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	91.38	76.91

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 2021	For the year ended 31 March 2020
Total rental expense relating to operating lease	19.96	20.90
- Non-cancellable	-	-
- Cancellable	19.96	20.90

36 Research and development expenditure

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Aggregate amount of research and development expenditure recognised as an expense during the year		
Revenue Expenditure	11.20	9.00
Capital Expenditure	1.50	-
	12.70	**9.00**

(Amount in INR millions, unless otherwise stated)

37 Corporate social responsibility expenditure (CSR)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Gross amount required to be spent during the year	4.49	5.02
Amount spent during the year in cash:		
(i) On Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	4.49	5.02
Unspent amount	-	-

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
V V Prasad	Executive Director (ED) -Admn. (up to 14th July 2019)
Satya Sreenivas Neerukonda	Executive Director (w.e.f. 14th July 2019)
D R Narahai Naidu	Chief Financial Officer (w.e.f 22nd February 2021)
Amit Pathak	Chief Financial Officer (up to 28th January 2021)
Sujani Vasireddi	Company Secretary
(ii) Independent Directors	
Y Prameela Rani	Independent Director
Popuri Adheyya Chowdary	Independent Director (upto 30th June 2020)
Sanjay Dave	Independent Director
G Purnachandra Rao	Independent Director
Dr. Yadagiri R Pendri	Independent Director (w.e.f 10th August 2020)
(iii) Relatives of Key Management Personnel (KMP)	
Sireesh Chandra Vungal	Son of ED - Operations
Sudheshna Vungal	Daughter of ED - Operations
Praveena Vasireddi	Daughter of Chairman
Rajeswari Vungal	Wife of ED - Operations
Rajya Lakshmi Vasireddi	Wife of ED - Admin
Swarnalatha Vasireddi	Wife of Chairman

(iv) Wholly Owned Subsidiary

Emtac Laboratories Private Limited (w.e.f. 04th March 2020)

(v) Companies in which some of the Directors or other relatives are interested

Bloomedha Info Solutions Limited

Covide Business Integrated Private Limited

(Amount in INR millions, unless otherwise stated)

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

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
(i) Remuneration to Key Management Personnel (KMP) #		
Harita Vasireddi	6.72	13.44
Harriman Vungal	13.44	13.44
Satya Sreenivas Neerukonda	9.59	7.69
V V Prasad *	-	15.40
D R Narahai Naidu	0.25	-
Amit Pathak	3.41	3.94
Sujani Vasireddi	2.15	2.30
* Remuneration is inclusive of provident fund, gratuity and leave encashment		
(ii) Rent paid to Key Management Personnel (KMP)		
Harriman Vungal	-	0.18
(iii) Remuneration to relatives of Key Management Personnel (KMP) #		
Sireesh Chandra Vungal	5.74	5.97
Sudheshna Vungal	1.98	1.89
Satya Sreenivas Neerukonda (upto 13th July 2019)	-	1.70
Praveena Vasireddi	1.63	1.75

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.

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
(iv) Sitting Fees to KMP - Independent Directors		
Y Prameela Rani	0.24	0.15
Popuri Adheyya Chowdary	0.05	0.11
Sanjay Dave	0.22	0.10
G Purnachandra Rao	0.24	0.13
Dr. Yadagiri R Pendri	-	-
(v) Dividends Paid		
Dr. S P Vasireddi	-	7.20
Harita Vasireddi	-	0.34
Harriman Vungal	-	3.55
V V Prasad	-	2.93
Sireesh Chandra Vungal	-	0.22
Sudheshna Vungal	-	0.20
Praveena Vasireddi	-	0.25
Sujani Vasireddi	-	0.25
Rajeswari Vungal	-	0.16
Rajya Lakshmi Vasireddi	-	0.08
Swarnalatha Vasireddi	-	0.19
(vi) Services received		
Bloomedha Info Solutions Limited	2.63	0.58
Covide Business Integrated Private Limited	1.29	-
(vii) Unsecured Loan given to Wholly Owned Subsidiary		
Emtac Laboratories Private Limited	3.80	-
(viii) Interest Income on Unsecured Loans		
Emtac Laboratories Private Limited	0.17	-

(Amount in INR millions, unless otherwise stated)

(C) Balances payable/(receivable)

Particulars	As at 31 March 2021	As at 31 March 2020
(i) Dues Payable to KMPs and their relatives:		
Harita Vasireddi	0.58	3.28
Harriman Vungal	0.32	1.41
V V Prasad	-	0.46
Sujani Vasireddi	-	0.03
Amit Pathak	-	0.28
Sudheshna Vungal	-	0.12
Satya Sreenivas Neerukonda	-	1.55
Praveena Vasireddi	0.01	0.10
Sireesh Chandra Vungal	(0.16)	0.10
(ii) Others		
Emtac Laboratories Private Limited	(3.83)	-
Bloomedha Info Solutions Limited	0.02	0.01
Covide Business Integrated Private Limited	-	(0.10)

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 2021	For the year ended 31 March 2020
Employers' Contribution to Provident Fund	27.78	32.02
Employers' Contribution to Employee State Insurance	2.50	3.16

(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 2021	For the year ended 31 March 2020
Current service cost	7.23	7.17
Past service cost	-	-
Net Interest Cost/(Income) on the Net Defined Benefit Liability/(Asset)	3.79	4.35
Total amount recognized in the Statement Profit and Loss	**11.02**	**11.52**

(Amount in INR millions, unless otherwise stated)

Amounts recognised in Other Comprehensive Income are as follows:

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Actuarial losses		
- change in demographic assumptions	-	(0.01)
- change in financial assumptions	(0.27)	3.58
- experience variance (i.e. Actual experience vs assumptions)	(1.42)	(1.56)
Return on plan assets, excluding amount recognised in net interest expense	0.35	0.51
Total amount recognised in the other comprehensive income	**(1.34)**	**2.52**

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

Particulars	As at 31 March 2021	As at 31 March 2020
Present value of obligation at the beginning of the year	68.48	65.36
Current service cost	7.23	7.17
Interest Expense or Cost	3.80	4.57
Re-measurement (or Actuarial) (gain) / loss arising from:		
- change in demographic assumptions	-	(0.01)
- change in financial assumptions	(0.27)	3.58
- experience variance (i.e. actual experience v/s assumptions)	(1.43)	(1.56)
Past service cost	-	-
Benefits paid	(5.64)	(10.63)
Present value of obligation at the end of the year	**72.17**	**68.48**

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

Particulars	As at 31 March 2021	As at 31 March 2020
Fair Value of Plan Assets as at the beginning of the year	0.20	3.14
Investment Income	0.01	0.22
Employer's Contribution	6.49	7.99
Benefits Paid	(5.64)	(10.63)
Return on plan assets, excluding amount recognised in net interest expense	(0.35)	(0.51)
Fair Value of Plan Assets as at the end of the year	**0.71**	**0.21**

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

Particulars	As at 31 March 2021	As at 31 March 2020
Present value of defined benefit obligation	(72.17)	(68.48)
Fair value of plan assets	0.71	0.21
Net Asset/(Liability)	**(71.46)**	**(68.27)**

(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 2021	As at 31 March 2020
Discount rate (per annum)	5.65%	5.55%
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%	20%

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 2021	As at 31 March 2020
Discount Rate		
1% increase	69.60	65.88
1% decrease	74.95	71.28
Salary Growth Rate		
1% increase	74.77	71.12
1% decrease	69.70	65.97
Attrition Rate		
50% increase	72.45	68.44
50% decrease	70.47	67.18
Mortality Rate		
10% increase	72.18	68.48
10% decrease	72.17	68.47

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 2021	As at 31 March 2020
0 - 1 Year	24.63	14.41
2 - 5 Years	36.58	43.80
6 - 10 Years	19.92	19.70
More than 10 Years	9.65	9.57

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 3 years (31 March 2020: 4 years).

Expected Contribution to the plan for the next annual period ₹ 78.25 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 2021	As at 31 March 2020
Equity Share Capital		44.22	44.22
Other Equity		1,898.97	1,685.37
Total Equity	(i)	**1,943.19**	**1,729.59**
Long-term borrowings		142.36	45.95
Short-term borrowings		82.07	177.04
Other financial liabilities (current maturities of long-term borrowings)		71.83	101.69
Less: Cash and Cash equivalents		60.10	54.83
Total Debt	(ii)	**236.16**	**269.85**
Overall financing	(iii) = (i) + (ii)	2,179.35	1,999.44
Gearing ratio	**(ii)/ (iii)**	**10.84%**	**13.50%**

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, 2021.

42 Estimation of uncertainty relating to COVID-19 global health pandemic

In assessing the recoverability of loans, receivables and investments of the Company has considered internal and external sources of information, including credit reports, economic forecasts and industry reports up to the date of approval of these standalone financial statements.

The Company has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the carrying amount of these assets represent the company's best estimate of the recoverable amounts. As a result of the uncertainties resulting from COVID-19, the impact of this pandemic may be different from those estimated as on the date of approval of these financial statements and the Company will continue to monitor any changes to the future economic conditions.

43 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 14, 2021

For and on behalf of the Board of Vimta Labs Limited

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

Harita Vasireddi
Managing Director
DIN: 00242512

Harriman Vungal
ED-Operations
DIN : 00242621

Y Prameela Rani
Director
DIN : 03270909

D R Narahai Naidu
Chief Financial Officer

Sujani Vasireddi
Company Secretary

Place: Hyderabad
Date : May 14, 2021

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, 2021, 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, 2021, 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.	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 Company 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 aforesaid 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, 2021 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:

   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 report that subsidiary company has not paid or provided for any remuneration during the year covered under audit.

   (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 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 2021.

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 2021.

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 2021.

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

G. SRINIVASARAO
Partner
(ICAI Ms. No. 210535)
UDIN: 21210535AAAADS7543

Place: Hyderabad
Date: May 14, 2021

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, 2021 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, 2021, 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: 21210535AAAADS7543

Place: Hyderabad
Date: May 14, 2021

Consolidated Balance Sheet
as at March 31, 2021

(Amount in INR millions, unless otherwise stated)

Particulars	Note No	As at 31 March 2021	As at 31 March 2020
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	5	1,291.66	1,323.92
(b) Capital works-in-progress	6	174.62	18.20
(c) Goodwill		55.80	55.80
(d) Financial assets			
(i) Loans	7A	22.35	19.82
(e) Deferred Tax Assets (Net)	8	9.66	5.12
(f) Other non-current assets	9A	84.12	76.19
Total Non-Current assets		**1,638.21**	**1,499.05**
Current assets			
(a) Inventories	10	146.35	171.30
(b) Financial assets			
(i) Trade receivables	11	734.56	578.45
(ii) Cash and cash equivalents	12A	61.93	55.05
(iii) Bank balances other than (ii) above	12B	6.03	11.69
(iv) Loans	7B	14.24	14.14
(v) Other financial assets	13	0.94	0.78
(c) Other current assets	9B	141.31	127.20
Total Current assets		**1,105.36**	**958.61**
TOTAL ASSETS		**2,743.57**	**2,457.66**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	14	44.22	44.22
(b) Other equity	15	1,899.60	1,684.55
Total equity		**1,943.82**	**1,728.77**
Liabilities			
Non-Current Liabilities			
(a) Financial liabilities			
(i) Borrowings	16A	142.36	53.84
(b) Provisions	17A	79.23	85.81
(c) Deferred tax liability (Net)	8	0.70	0.72
(d) Other non-current liabilities	18	38.35	12.89
Total Non Current Liabilities		**260.64**	**153.26**
Current Liabilities			
(a) Financial liabilities			
(i) Borrowings	16B	89.96	177.04
(ii) Trade payables	19		
- Outstanding dues of micro enterprises and small enterprises		24.16	14.63
- Outstanding dues of creditors other than micro enterprises and small enterprises		124.14	90.37
(iii) Other financial liabilities	20	200.70	217.36
(b) Other current liabilities	21	64.21	53.14
(c) Provisions	17B	35.94	23.09
Total Current Liabilities		**539.11**	**575.63**
TOTAL EQUITY AND LIABILITIES		**2,743.57**	**2,457.66**

The accompanying significant accounting policies and 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 14, 2021

For and on behalf of the Board of Vimta Labs Limited

Dr. S. P. Vasireddi
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DIN : 00242288

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Managing Director
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Harriman Vungal
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Y Prameela Rani
Director
DIN : 03270909

D R Narahai Naidu
Chief Financial Officer

Sujani Vasireddi
Company Secretary

Place: Hyderabad
Date : May 14, 2021

Consolidated Statement of Profit and Loss

for the year ended March 31, 2021

(Amount in INR millions, unless otherwise stated)

	Particulars	Note No	Year Ended 31 March 2021	Year Ended 31 March 2020
I.	**Income**			
	Revenue from Operations	22	2,106.79	1,807.12
	Other Income	23	8.29	30.18
	Total Income		**2,115.08**	**1,837.30**
II.	**Expenses**			
	Cost of material consumed and testing expenditure	24	581.30	533.85
	Changes in inventories of work-in-progress	25	29.84	3.60
	Employee benefits expense	26	607.78	614.74
	Finance costs	27	21.68	37.65
	Depreciation expense	5	230.78	209.33
	Other expenses	28	358.30	355.43
	Total Expenses		**1,829.68**	**1,754.60**
III.	**Profit before tax [I-II]**		**285.40**	**82.70**
IV.	**Tax expense**	29		
	(a) Current tax		76.26	33.61
	(b) Prior year adjustments		-	(3.91)
	(c) Deferred tax (benefit)/expense		(4.91)	(15.45)
	Total Tax Expense		**71.35**	**14.25**
V.	**Profit for the year [III-IV]**		**214.05**	**68.45**
VI.	**Other comprehensive Income**			
	Items that will not be reclassified to profit or loss			
	(a) Re-measurement of the net defined liability		1.34	(2.53)
	(b) Income tax relating to the above item		(0.34)	0.64
	Total other comprehensive income/(loss), net of tax		**1.00**	**(1.89)**
VII.	**Total Comprehensive income for the year [V-VI]**		**215.05**	**66.56**
VIII.	**Earnings per share**	30		
	Basic (INR)		**9.68**	**3.10**
	Diluted (INR)		**9.68**	**3.10**

The accompanying significant accounting policies and 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 14, 2021

For and on behalf of the Board of Vimta Labs Limited

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Sujani Vasireddi
Company Secretary

Place: Hyderabad
Date : May 14, 2021

Consolidated Statement of Cash Flows
for the year ended March 31, 2021

(Amount in INR millions, unless otherwise stated)

Particulars	Year Ended 31 March 2021	Year Ended 31 March 2020
Cash flow from operating activities		
Profit before tax	285.40	82.70
Adjustments to reconcile profit before tax to net cash flows:		
- Depreciation expense	230.78	209.33
- Interest Cost paid	17.28	23.03
- Impairment loss on receivables	21.57	3.10
- Bad Debts written off	31.69	10.83
- Loss/(profit) on sale of PPE	0.17	(1.63)
- Liabilities no longer required written back	(0.33)	(3.41)
- Interest Income received	(4.19)	(5.03)
- Income from Government Grants	(3.36)	(3.35)
- Unrealised foreign exchange gains and losses (net)	1.31	(3.54)
Adjustments for changes in working capital:		
- (Increase)/decrease in inventories	24.95	19.10
- (Increase)/decrease in trade receivables	(211.26)	1.18
- (Increase)/decrease in loans	(2.63)	(1.04)
- (Increase)/decrease in other assets	(12.94)	(27.86)
- Increase/(decrease) in employee benefit obligations	7.60	3.89
- Increase/(decrease) in trade payables	43.88	(1.73)
- Increase/(decrease) in other financial liabilities	(25.91)	2.64
- Increase/(decrease) in other liabilities	39.90	(2.84)
Cash generated from/(used in) operations	**443.91**	**305.37**
Income tax paid	(72.09)	(61.89)
Net cash flows generated from/(used in) operating activities (A)	**371.82**	**243.48**
Cash flow from Investing activities		
Payment for property, plant and equipment and capital work-in-progress	(330.89)	(157.98)
Proceeds from sale/disposal of property, plant and equipment	1.99	5.17
Redemption/(Investment) in fixed deposits (Net)	5.66	(4.90)
Interest Income received	4.00	5.09
Investment in subsidiary	-	(55.80)
Net cash flow generated from/(used in) investing activities (B)	**(319.24)**	**(208.42)**
Cash flow from Financing activities		
Payment of Dividend (including Dividend Distribution Tax)	-	(53.30)
Repayment of Long term Borrowings	(96.46)	(215.65)
Proceeds from Long term Borrowings	162.98	160.89
Proceeds from/ (repayment of) short-term borrowings	(94.97)	124.62
Interest Cost paid	(17.25)	(23.24)
Net cash flow generated from/(used in) financing activities (C)	**(45.70)**	**(6.68)**
Net increase in cash and cash equivalents (A+B+C)	**6.88**	**28.38**
Cash and cash equivalents at the beginning of the year	55.05	26.67
Cash and cash equivalents at the end of the year	**61.93**	**55.05**
Cash and cash equivalents comprise		
Balances with banks in current accounts	61.53	53.89
Cash on hand	0.40	1.16
Total Cash and cash equivalents at the end of year	**61.93**	**55.05**

The accompanying significant accounting policies and 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 14, 2021

For and on behalf of the Board of Vimta Labs Limited

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D R Narahai Naidu
Chief Financial Officer

Sujani Vasireddi
Company Secretary

Place: Hyderabad
Date : May 14, 2021

Consolidated Statement of changes in equity

for the year ended March 31, 2021

(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, 2019	22,107,810	44.22
Add/Less: Changes in equity share capital	-	-
Balance as at March 31, 2020	22,107,810	44.22
Add/Less: Changes in equity share capital during the year	-	-
Balance as at March 31, 2021	**22,107,810**	**44.22**

(B) Other equity

Particulars	Securities Premium	General Reserve	Retained Earnings	Other Comprehensive Income	Total
Opening Balance as of April 1, 2019	773.73	86.40	826.74	(15.57)	1,671.30
Add: Profit for the year	-	-	68.45	-	68.45
Less: Dividend on Equity Shares	-	-	44.22	-	44.22
Less: Tax on Dividend	-	-	9.09	-	9.09
Add: Other comprehensive income/(loss) for the year	-	-	-	(1.89)	(1.89)
Closing Balance as of March 31, 2020	**773.73**	**86.40**	**841.88**	**(17.46)**	**1,684.55**
Add: Profit for the year	-	-	214.05	-	214.05
Less: Dividend on Equity Shares	-	-	-	-	-
Less: Tax on Dividend	-	-	-	-	-
Add: Other comprehensive income/(loss) for the year	-	-	-	1.00	1.00
Balance as of March 31, 2021	**773.73**	**86.40**	**1,055.93**	**(16.46)**	**1,899.60**

The accompanying significant accounting policies and 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 14, 2021

For and on behalf of the Board of Vimta Labs Limited

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

Harita Vasireddi
Managing Director
DIN: 00242512

Harriman Vungal
ED-Operations
DIN : 00242621

Y Prameela Rani
Director
DIN : 03270909

D R Narahai Naidu
Chief Financial Officer

Sujani Vasireddi
Company Secretary

Place: Hyderabad
Date : May 14, 2021

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 erstwhile 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, India. 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 14th May 2021.

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

Subsidiary

Subsidiary is entity (including structured entity) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in full while preparing these consolidated financial statements.

Basis 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 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.

2.4 Impairment of non-financial assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired, based on internal or external factors. If any such indication exists, the Group estimates the recoverable amount of the asset or the cash generating unit. If such recoverable amount of the asset or cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. Impairment losses previously recognised are accordingly reversed in the Statement of Profit and Loss.

2.5 Financial instruments

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

(a) Financial assets

Initial recognition and measurement

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

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

Subsequent measurement

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

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

Debt instruments at amortised cost

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

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

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

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

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

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified to the Statement of Profit and Loss. Interest earned while holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instruments and equity instruments at fair value through profit or loss (FVTPL)

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

Debt and Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Equity instruments measured at FVTOCI

All equity investments in the scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Group decides to classify the same either as at FVTOCI or FVTPL. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

De-recognition

The Group de-recognises a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the

Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss for the following financial assets and credit risk exposures:

a) Financial assets that are debt instruments and are measured at amortised cost e.g., loans, deposits and bank balance

b) Trade Receivables that result from transactions that are within the scope of Ind AS 115.

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Group to track changes in credit risk. It recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analysed.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 quarter ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12 quarter ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 quarter ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date. ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive.

When estimating the cash flows, the Group is required to consider:

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

(b) Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The

EIR amortisation is included as finance costs in the Statement of Profit and Loss.

This category generally applies to interest-bearing loans and borrowings.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid as per agreed terms. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.6 Taxes

Tax expense for the year, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the year.

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the year end date.

The Group recognises interest levied and penalties related to income tax assessments in interest expense.

(b) Deferred tax

Deferred tax is provided using the Balance Sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.7 Inventories

Inventories consist of chemicals and consumables, stores and spares, are measured at the lower of cost and net realisable value. Cost includes purchase price, duties and taxes (other than those subsequently recoverable by the Group from the concerned revenue authorities), freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. In determining the cost, First In First Out (FIFO) method is used. The carrying cost of inventories are appropriately written down when there is a decline in replacement cost of such materials.

Work in progress are valued at the lower of cost and net realisable value. Cost of work in progress is determined on the basis of cost and on the cost which comprises direct material consumed and human resource cost.

2.8 Provisions and contingent liabilities

Provisions are recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the year end.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Contingent liabilities and assets are not recognised in consolidated financial statements. A disclosure of the contingent liability is made when there is a possible or a present obligation that may, but probably will not, require an outflow of resources.

2.9 Revenue Recognition

Rendering of services

The Group primarily earns revenue from Contract research and testing services.

Revenue is recognised upon transfer of control of promised services to customers in an amount that reflects the consideration the Group expect to receive in exchange for those services.

Revenue from providing services is recognised in the accounting period in which such services are rendered.

At contract inception, the Group assesses its promise to transfer services to a customer to identify separate performance obligations. The Group applies judgment to determine whether each service promised to a customer is capable of being distinct, and are distinct in the context of the contract, if not, the promised services are combined and accounted as a single performance obligation. The Group allocates the arrangement consideration to separately identifiable performance obligation based on their relative stand-alone selling price or residual method.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

Revenues in excess/short of invoicing are classified as assets/liabilities, as the case may be.

Export incentives

Export incentives are recognised when the right to receive the credit is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds and utilization of export incentives within its validity period.

Interest

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's gross carrying amount on initial recognition. Interest income is included in other income in the Statement of Profit and Loss.

2.10 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to income are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to the profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

2.11 Foreign Currency Transactions

(a) Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is the Group's functional and presentation currency.

(b) Transactions and balances

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction. Gains/Losses arising out of fluctuation in foreign exchange rate between the transaction date and settlement date are recognised in the Statement of Profit and Loss.

All monetary assets and liabilities in foreign currencies are restated at the year end at the exchange rate prevailing at the year end and the exchange differences are recognised in the Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

2.12 Retirement and other Employee Benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the year in which the employees render the related service are recognized in respect of employees' services up to the end of the year and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(b) Other long-term employee benefit obligations

(i) Defined contribution plan

Provident Fund: Contribution towards provident fund is made to the regulatory authorities, where the Group has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Group does not carry any further obligations, apart from the contributions made on a monthly basis which are charged to the Statement of Profit and Loss.

Employee's State Insurance Scheme: Contribution towards employees' state insurance scheme is made to the regulatory authorities, where the Group has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Group does not carry any further obligations, apart from the contributions made on a monthly basis which are charged to the Statement of Profit and Loss.

(ii) Defined benefit plans

The Group has gratuity as defined benefit plan where the amount that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The Group has subscribed to gratuity scheme of Life Insurance Corporation of India ('LIC') to which the Group makes periodic Funding. Under the said policy, the eligible employees are entitled for gratuity upon their resignation, retirement, 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.

2.13 Leases (as a lessee)

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following: –

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short term leases of real estate properties that have a lease term of 12 months. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.14 Borrowing Costs

Borrowing costs consist of interest, ancillary costs and other costs in connection with the borrowing of funds and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to interest costs.

Borrowing costs attributable to acquisition and/or construction of qualifying assets are capitalised as a part of the cost of such asset, up to the date such assets are ready for their intended use. Other borrowing costs are charged to the Statement of Profit and Loss.

2.15 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the Group's earnings per share is the net profit or loss for the year after deducting preference dividends and any attributable tax thereto for the year. The weighted average number of equity shares outstanding during the year and for all the years presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares.

2.16 Dividend Distributions

The Company recognizes a liability to make the payment of dividend to owners of equity, when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

2.17 Cash Flows

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payment and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

2.18 Segment Reporting

The management has assessed the identification of reportable segments in accordance with the requirements of Ind AS 108 'Operating Segment' and believes that the Group has only one reportable segment namely "Contract Research and Testing Services".

2.19 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks, cash on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

2.20 Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the fair value of net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in other comprehensive income and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognizes the gain directly in equity as capital reserve, without routing the same through other comprehensive income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

3 Significant accounting judgments, estimates and assumptions

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

3.1 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the year end date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Leases

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

(b) Deferred Taxes

The assessment of the probability of future taxable profit in which deferred tax assets can be utilised is based on the Group's latest approved forecast, which is adjusted for significant non-taxable profit and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the jurisdiction in which the Group operates are also carefully taken into consideration. If a positive forecast of taxable profit indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full.

(c) Defined benefit plans (gratuity benefits and leave encashment)

The cost of the defined benefit plans such as gratuity and leave encashment are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future due to changing market and economic conditions, regulatory events, judicial rulings, higher or lower withdrawal rates, or longer or shorter participant life spans.

The assumptions include determination of the discount rate, salary growth rate, mortality rate, retirement age and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each year end.

(d) Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

(e) Impairment of financial assets

The impairment provisions of financial assets are based on assumptions about risk of default and expected loss rates. the Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on Group's past history ,existing market conditions as well as forward looking estimates at the end of each reporting period.

(f) Impairment of non-financial assets

An impairment loss is recognised for the amount by which an asset's or cash-generating unit's carrying amount exceeds its recoverable amount to determine the recoverable amount, management estimates expected future cash flows from each asset or cash generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Group's assets.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

(g) Research and Developments Costs

Management monitors progress of internal research and development projects by using a project management system. Significant judgment is required in distinguishing research from the development phase. Development costs are recognised as an asset when all the criteria are met, whereas research costs are expensed as incurred. Management also monitors whether the recognition requirements for development costs continue to be met. This is necessary due to inherent uncertainty in the economic success of any product development.

(h) Property, Plant and Equipment

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted prospectively, as appropriate.

(i) Current income taxes

Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods. The recognition of taxes that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

(j) Provision for expected credit losses (ECL) of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due across all segments. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

4 Standards (including amendments) issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015.

Balance Sheet:

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.

  Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.

- Specified format for disclosure of shareholding of promoters.

- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.

- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.

- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of profit and loss:

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

(Amount in INR millions, unless otherwise stated)

5 Property Plant and Equipment

Particulars	Gross Carrying Value				Accumulated Depreciation				Net Carrying Value	
	As at 1 April 2020	Additions/ Adjustments	Deductions/ Adjustments	As at 31 March 2021	As at 1 April 2020	Charge for the year	Deductions/ Adjustments	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Tangible Assets										
Land	21.88	-	-	21.88	-	-	-	-	21.88	21.88
Buildings	575.44	-	-	575.44	49.86	12.65	-	62.51	512.93	525.59
Furniture & Fixtures	114.17	0.69	-	114.86	51.19	12.04	-	63.23	51.63	62.99
Plant & Equipment	1,050.54	181.22	-	1,231.76	462.88	167.66	-	630.54	601.22	587.64
Electrical Installation	32.30	-	-	32.30	25.50	3.72	-	29.22	3.08	6.80
Office Equipment	18.79	0.82	0.12	19.49	13.34	2.48	0.08	15.74	3.75	5.44
Computers	139.16	15.68	-	154.84	43.60	28.60	-	72.20	82.64	95.56
Vehicles	32.54	2.27	6.89	27.92	14.53	3.63	4.77	13.39	14.53	18.01
Total	**1,984.82**	**200.68**	**7.01**	**2,178.49**	**660.90**	**230.78**	**4.85**	**886.83**	**1,291.66**	**1,323.92**
Previous Year	**1,796.75**	**189.57**	**1.50**	**1,984.82**	**449.53**	**209.33**	**(2.04)**	**660.90**	**1,323.92**	

Note:

(i) Refer Note No. 16 of the Consolidated financial statements for disclosures relating to property, plant and equipment pledged as security by the Company.

(ii) Refer Note No. 33 of the Consolidated financial statements for disclosures relating to contractual commitments for acquisition of property, plant and equipment.

(Amount in INR millions, unless otherwise stated)

6 Capital work-in-progress

Particulars	As at 31 March 2021	As at 31 March 2020
Property, Plant & Equipment (under erection/ installation)		
Opening balance	18.20	41.82
Add: Additions during the year	171.70	33.15
Less: Capitalised during the year	15.28	56.77
TOTAL	**174.62**	**18.20**

Note: The amount of Borrowing costs capitalised to CWIP during the year ended March 31, 2021 was ₹ 1.13 million (March 31, 2020 -Nil-)

7. Loans

Particulars	As at 31 March 2021	As at 31 March 2020
(A) Non-current		
Loans - considered good, unsecured		
Security deposit - Others	22.35	19.82
TOTAL	**22.35**	**19.82**
(B) Current		
Loans - considered good, unsecured		
Secured deposits - Others	12.87	12.48
Other Loans - Employees	1.37	1.66
TOTAL	**14.24**	**14.14**

8 Deferred tax Assets/(liabilities) (Net)

Particulars	As at 31 March 2021	As at 31 March 2020
Holding company:		
(A) Deferred tax liability on account of		
- property, plant and equipment	29.18	36.09
(B) Deferred tax asset on account of		
- Gratuity	12.95	10.23
- Compensated absences	9.74	17.18
- Bonus	2.70	5.78
- Impairment loss recognized under expected credit loss (ECL) model	13.45	8.02
	38.84	**41.21**
Total Deferred Tax Assets/(Liabilities) (Net)	**9.66**	**5.12**
Subsidiary company:		
(A) Deferred tax liability on account of		
- property, plant and equipment	0.77	0.72
(B) Deferred tax asset on account of		
- Impairment loss recognized under expected credit loss (ECL) model	0.07	-
	0.07	**-**
Total Deferred Tax Assets/(Liabilities) (Net)	**(0.70)**	**(0.72)**

(Amount in INR millions, unless otherwise stated)

Movement in the Deferred Tax Assets/(Liabilities):

Particulars	Employee benefit expenses	Property, plant and equipment	Impairment loss recognized under ECL model	Total
Opening balance as of April 1, 2019	**33.04**	**(52.45)**	**8.38**	**(11.03)**
Charged/(credited)				
- to profit	(0.49)	16.36	(0.36)	15.51
- to OCI	0.64	-	-	0.64
Closing balance as at March 31, 2020	**33.19**	**(36.09)**	**8.02**	**5.12**
Opening balance as of April 1, 2020	**33.19**	**(36.09)**	**8.02**	**5.12**
Charged/(credited)				
- to profit	(7.46)	6.91	5.43	4.88
- to OCI	(0.34)	-	-	(0.34)
Closing balance as at March 31, 2021	**25.39**	**(29.18)**	**13.45**	**9.66**
Opening balance as of April 1, 2019	-	(0.67)	-	(0.67)
Charged/(credited)				
- to profit	-	(0.05)	-	(0.05)
- to OCI	-	-	-	-
Closing balance as at March 31, 2020	**-**	**(0.72)**	**-**	**(0.72)**
Opening balance as of April 1, 2020	-	(0.72)	-	(0.72)
Charged/(credited)				
- to profit	-	(0.05)	0.07	0.02
- to OCI	-	-	-	-
Closing balance as at March 31, 2021	-	(0.77)	0.07	(0.70)

9 Other Assets

Particulars	As at 31 March 2021	As at 31 March 2020
(A) Other Non-Current assets (Unsecured, considered good)		
Capital advances	13.25	-
Income tax assets (Net)	70.87	76.19
TOTAL	**84.12**	**76.19**
(B) Other Current Assets (Unsecured, Considered good)		
Prepaid expenses	35.35	34.36
Advances for services and supplies	10.29	21.66
Balance with government authorities	12.17	8.02
Export incentives	75.49	56.75
Other advances	8.01	6.41
TOTAL	**141.31**	**127.20**

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-. (March 31, 2020 : Nil)

(Amount in INR millions, unless otherwise stated)

10 Inventories

Particulars	As at 31 March 2021	As at 31 March 2020
Valued at the lower of cost and net realisable value		
Chemicals and consumables	130.86	127.09
Stores and spares	10.68	9.56
Work-in-progress	4.81	34.65
TOTAL	**146.35**	**171.30**

Note:

(i) Refer Note No. 16 of the consolidated financial statements for disclosures relating to assets pledged as security by the Company.

11 Trade Receivables

Particulars	As at 31 March 2021	As at 31 March 2020
Unsecured		
Trade receivables - considered good	734.56	578.45
Trade receivables - credit impaired	53.72	31.86
Gross Trade receivables	788.28	610.31
Less : Impairment allowance for trade receivables - credit impaired	53.72	31.86
TOTAL	**734.56**	**578.45**

Note:

(i) Neither trade nor other receivables are due from directors or other officers of the company either severally or jointly with any other person, Nor any trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

(ii) Refer Note 32 of the consolidated financial statements for information about credit risk and market risk of trade receivables.

(iii) Refer Note No. 16 of the consolidated financial statements for disclosures relating to assets pledged as security by the Company.

12 Cash and Bank Balances

Particulars	As at 31 March 2021	As at 31 March 2020
(A) Cash and Cash equivalents:		
(i) Balance with Banks		
- Current Accounts	34.16	22.01
- EEFC Accounts	27.37	31.88
(ii) Cash on hand	0.40	1.16
TOTAL	**61.93**	**55.05**
(B) Bank balances other than (A) (i) above		
Deposits with Banks	3.92	9.32
Unclaimed Dividend accounts	2.11	2.37
TOTAL	**6.03**	**11.69**

Note :

(i) There are no restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior period

(ii) Unclaimed Dividends are transferred to Investor Education and Protection Fund after seven years from due date in accordance with applicable provisions of Companies Act 2013.

(Amount in INR millions, unless otherwise stated)

13 Other Financial Assets

Particulars	As at 31 March 2021	As at 31 March 2020
Current - Unsecured, considered good		
Interest accrued on deposits	0.94	0.78
TOTAL	**0.94**	**0.78**

14 Equity Share Capital

Particulars	As at 31 March 2021		As at 31 March 2020	
	No. of Shares	Amount	No. of Shares	Amount
Authorized				
Equity Shares of ₹ 2/- each	**35,000,000**	**70.00**	**35,000,000**	**70.00**
Issued, subscribed and fully paid-up				
Equity Shares of ₹ 2/- each	**22,107,810**	**44.22**	**22,107,810**	**44.22**

(a) Reconciliation of equity shares outstanding at the beginning and at the end of the year

Particulars	As at 31 March 2021		As at 31 March 2020	
	No. of Shares	Amount	No. of Shares	Amount
Outstanding at the beginning of the year	22,107,810	44.22	22,107,810	44.22
Add: Issued during the year	-	-	-	-
Outstanding at the end of the year	**22,107,810**	**44.22**	**22,107,810**	**44.22**

(b) Rights, preferences and restrictions attached to shares

The Company has only one class of 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 2020-21 (FY 2019-20: Nil per equity share of ₹ 2/- each), subject to approval of the shareholders at the ensuring Annual General Meeting, and if approved, would result in a cash outflow of approximately ₹ 44.22 Mn.

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

Particulars	As at 31 March 2021		As at 31 March 2020	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Eurofins Analytical Services India Pvt. Ltd.	4,403,668	19.92	4,403,668	19.92
Sivalinga Prasad Vasireddi	3,598,525	16.28	3,598,525	16.28
LCGC Chromatography Solutions Pvt. Ltd.	2,083,175	9.42	2,083,175	9.42
Vangal Harriman	1,777,893	8.04	1,777,893	8.04
Vasireddi Veerbhadra Prasad	1,463,515	6.62	1,463,515	6.62

Note: The above shareholding is as per the records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

(Amount in INR millions, unless otherwise stated)

(d) 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.

(e) 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 2021	As at 31 March 2020
Security Premium		
Balance at the beginning and end of the year	**773.73**	**773.73**
General Reserve		
Balance at the beginning and end of the year	**86.40**	**86.40**
Retained Earnings		
Balance at the beginning of the year	841.88	826.74
Add: Profit for the year	214.05	68.45
Less: Dividend on Equity Shares	-	44.22
Less: Tax on Dividend	-	9.09
Balance at the end of the year	**1,055.93**	**841.88**
Other Comprehensive Income		
Balance at the beginning of the year	(17.46)	(15.57)
Add: Other comprehensive income/(loss) for the year	1.00	(1.89)
Balance at the closing of the year	**(16.46)**	**(17.46)**
T O T A L	**1,899.60**	**1,684.55**

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 acturial gain/(loss) [net of taxes] at the end of the reporting period.

(Amount in INR millions, unless otherwise stated)

16 Borrowings

Particulars	As at 31 March 2021	As at 31 March 2020
(A) Non-current Borrowings		
Secured		
Loans from Banks		
- Rupee term loan	114.07	48.00
- Foreign currency term loan	76.06	63.85
Loans from Financial Institution		
- Rupee term loan	12.55	23.60
	202.68	**135.45**
Unsecured		
- Loan from Financial Institutions	11.51	12.19
- Loans from Others	-	7.89
	214.19	**155.53**
Less: current maturities [Refer Note 20]	71.83	101.69
TOTAL	**142.36**	**53.84**
(B) Current Borrowings		
Secured, repayable on demand		
- Working capital loans from banks	82.07	177.04
- Loans from Others	7.89	-
TOTAL	**89.96**	**177.04**

Note:

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

1. i) The rupee term loan from Kotak Mahindra Bank aggregating to ₹ 30.62 Million as at March 31, 2021 (sanctioned limit of ₹ 54.00 Million in FY 2019-20) is secured by way of first charge to bank on assets created out of Term Loan. This loan is also secured by Second Charge on Current Assets (Both Present and Future) of the company at paripasu basis with Axis bank ltd.

   ii) The above mentioned rupee term loan carries interest at the rate of 0.80% above MCLR 1 Year rate and is repayable in 9 equal quarterly instalments commencing from February 2020 (as per sanction letter).

   iii). First paripassu charge along with Axis bank on Industrial land and building situated at Plot No 141/2 and 142, IDA, Phase -II, Cherlapally, Hyderabad - 500051, India as collateral security.

2. i) The working capital term loan from Axis Bank amounting to ₹ 23.90 Million as at March 31, 2021 (sanctioned limit of ₹ 23.90 Million in FY 2020-21) under Emergency Credit Line Guarantee Scheme is secured by extention 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 4% (Repo rate)+ 3.5% i.e 7.5% p.a and is repayable in 36 equal monthly instalments commencing from March 2022 (as per sanction letter).

3. i) The rupee term loan from Axis Bank aggregating to ₹ 59.55 Million as at March 31, 2021 (sanctioned limit of ₹ 150.00 Million in FY 2020-21) is secured by way of first charge to bank on assets created out of Term Loan. This loan is also secured by Second Charge on Current Assets (Both Present and Future) of the company at paripasu basis with Kotak Mahindra Bank ltd.

   ii) The above mentioned rupee term loan carries interest at the rate of 0.80% above MCLR 1 Year rate and is repayable in 20 equal quarterly instalments commencing from September 2021 (as per sanction letter).

(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 from Axis bank amounting to ₹ 76.01 Million (equivalent to USD 1.034 Million) as at March 31, 2021 (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 paripasu basis with Kotak Mahindra Bank Ltd. The loan is covered by collateral security by way of equitable mortgage of property bearing plot no. 58, block C, of section 8, Noida, UP.
2. The above mentioned foreign currency term loan carries interest at 2.75% over one year LIBOR plus 1% mark up fee upfront and repayable in 20 equal quarterly instalments commencing from March 2021 (as per sanction leter).

(c) Terms and conditions of secured rupee term loans from financial institutions

1. i) The rupee term loan from Cisco Systems Capital India Private Limited amounting to ₹ 4.89 Million as at March 31, 2021 (sanctioned limit of ₹ 24.40 Million in FY 2018-19) 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, 2021 (March 31, 2020 is 5%) and is repayable in 12 quarterly instalments commencing from March 2019.

2. i) The rupee term loan from Cisco Systems Capital India Private Limited amounting to ₹ 7.66 Million as at March 31, 2021 (sanctioned limit of ₹ 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, 2021 and is repayable in 12 quarterly instalments commencing from October 2019.

3. i) The rupee term loan from Cisco Systems Capital India Private Limited amounting to ₹ 2.72 Million as at March 31, 2021 (sanctioned limit of ₹ 4.54 Million in FY 2020-21) 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, 2021 and is repayable in 20 quarterly instalments commencing from June 2020.

(d) Terms and conditions of unsecured loans from financial institutions

1. The rupee term loan from Cisco Systems Capital India Private Limited amounting to ₹ 4.15 Million as at March 31, 2021 (sanctioned limit of ₹ 8.67 Million in FY 2019-20) carries at NIL interest and is repayable in 20 quarterly instalments commencing from September 2019.
2. The rupee term loan from Cisco Systems Capital India Private Limited amounting to ₹ 5.33 Million as at March 31, 2021 (sanctioned limit of ₹ 9.69 Million in FY 2019-20) carries at NIL interest and is repayable in 20 quarterly instalments commencing from January 2020.

(e) Maturity profile of long-term borrowings:

31 March 2021

Particulars	Within 1 year	1 - 2 years	2 - 5 years	More than 5 Years	Total
Rupee term loan from bank	46.99	44.10	22.98	-	114.07
Foreign currency term loan from bank	12.31	15.00	45.00	3.75	76.06
Loan from Financial Institutions	12.53	6.04	5.49	-	24.06
Loans from Others	-	-	-	-	-
TOTAL	**71.83**	**65.14**	**73.47**	**3.75**	**214.19**

31 March 2020

Particulars	Within 1 year	1 - 2 years	2 - 5 years	More than 5 Years	Total
Rupee term loan from bank	24.00	24.00	-	-	48.00
Foreign currency term loan from bank	63.85	-	-	-	63.85
Loan from Financial Institutions	13.84	12.59	9.36	-	35.79
Loans from Others	-	7.89	-	-	7.89
TOTAL	**101.69**	**44.48**	**9.36**	**-**	**155.53**

(Amount in INR millions, unless otherwise stated)

(f) Details of working capital limits from banks:

1. The working capital facility from Axis bank amounting ₹ 27.76 mn as at March 31, 2021 (sanctioned limit ₹ 150 mn) carries an interest of 0.80% above 3 Months MCLR rate and is secured by way of first paripassu charge on entire current assets of the company(both present and future) along with Kotak Mahindra bank ltd.
2. The working capital facility from Kotak Mahindra bank amounting ₹ 54.30 mn as at March 31, 2021 (sanctioned limit ₹ 150 mn) carries an interest of 0.35% above MCLR 6 Months rate 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 Kotak Mahindra bank on Industrial land and building situated at Plot No 141/2 and 142, IDA, Phase -II, Cherlapally, Hyderabad - 500051, India as collateral security.

(g) There were no defaults as on balance sheet date In repayment of above borrowings and interest thereon (Period and amount)

17 Provisions

Particulars	As at 31 March 2021	As at 31 March 2020
(A) Non-current		
Provision for employee benefits		
- Gratuity, funded	47.54	54.07
- Compensated absences	31.69	31.74
TOTAL	**79.23**	**85.81**
(B) Current		
Provision for employee benefits		
- Gratuity, funded	23.91	14.20
- Compensated absences	12.03	8.89
TOTAL	**35.94**	**23.09**

18 Other non-current liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Deferred grant income related to Property, Plant & Equipment	36.22	10.76
Deferred grant income related to revenue (Refer note given below)	2.13	2.13
TOTAL	**38.35**	**12.89**

Note:

(1) Holding company was granted an in-principal 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 these sanctioned amount, so far an amount of ₹ 2.13 millions was received. Since the terms and conditions of sanction are not fully complied, the said grant is not yet recognised as income.

(2) Waiver of duty of ₹ 28.81 millions on import of plant and equipment under Export Promotion Capital Goods (EPCG) Scheme. There are no contingencies attached to these grants except the fulfilment of export obligations. As these grants are relating to Plant and equipments, the same has been capitalised and amortised over the useful life of respective assets.

19 Trade payables

Particulars	As at 31 March 2021	As at 31 March 2020
Outstanding dues of micro enterprises and small enterprises	24.16	14.63
Outstanding dues of creditors other than micro enterprises and small enterprises	124.14	90.37
TOTAL	**148.30**	**105.00**

(Amount in INR millions, unless otherwise stated)

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

Particulars	As at 31 March 2021	As at 31 March 2020
(a) Amount remaining unpaid to any supplier at the end of each accounting year:		
Principal	24.16	14.63
Interest	-	-
Total	**24.16**	**14.63**
(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.

20 Other current financial liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Current maturities of long-term borrowings	71.83	101.69
Interest accrued	0.54	0.54
Unclaimed dividends	2.11	2.37
Creditors for capital expenditure	64.83	25.35
Others - Dues for revenue expenses	61.39	87.41
TOTAL	**200.70**	**217.36**

Note:

(i) Unclaimed dividends do not include any amount due and outstanding to be credited to investor education and protection fund.

(ii) For terms and conditions applicable to current maturities of longterm borrowings, please refer note no 16

21 Other Current Liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Deferred grant income related to Property, Plant & Equipment	3.35	3.35
Advances from customers	41.36	34.85
Others - Statutory Dues	19.50	14.94
TOTAL	**64.21**	**53.14**

(Amount in INR millions, unless otherwise stated)

22 Revenue from Operations

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Sale of services - Testing and Analysis	2085.67	1784.14
Other operating revenue - Export Incentives	21.12	22.98
TOTAL	**2,106.79**	**1,807.12**
Revenue disaggregation by geography is as follows:		
Revenue from Foreign countries	566.20	420.43
Revenue from country of domicile-India	1,540.59	1,386.69
TOTAL	**2,106.79**	**1,807.12**

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

23 Other Income

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
i) Interest income on:		
- Bank deposits	0.19	0.64
- Deposits with State Electricity Corporations	0.80	0.80
- Interest Income on fair value measurement	0.70	0.32
- Income tax refunds	2.30	3.07
- Employees loans	0.12	0.20
ii) Others		
- Liabilities no longer required written back	0.60	3.40
- Grant income	3.36	4.35
- Gain on foreign currency transactions and translations (net)	-	14.43
- Miscellaneous receipts	0.22	1.34
- Profit on Sale of Property, Plant and Equipment	-	1.63
TOTAL	**8.29**	**30.18**

24 Cost of material consumed and testing expenditure

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
(A) Cost of materials consumed		
Inventory at the beginning of the year	136.66	152.15
Add : Purchases	357.38	308.59
Less : Inventory at the end of the year	141.54	136.65
SUB-TOTAL (A)	**352.50**	**324.09**
(B) Testing expenditure		
Sample preparation, data generation, inspection & testing expenditure	123.10	99.05
Carriage Inwards	2.88	2.84
Power and fuel	97.01	102.14
Water Charges	5.81	5.73
SUB-TOTAL (B)	**228.80**	**209.76**
TOTAL (A) + (B)	**581.30**	**533.85**

(Amount in INR millions, unless otherwise stated)

25 Changes in inventories of Work-in Progress

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Opening Work-in-Progress	34.65	38.25
Less : Closing Work-in-Progress	4.81	34.65
Decrease/(Increase) in Work-in-Progress	**29.84**	**3.60**

26 Employee benefits expense

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Salaries and wages	513.18	503.95
Directors remuneration	29.75	38.43
Contribution to provident and other funds	26.05	29.76
Gratuity	11.01	11.52
Compensated absences	12.08	12.67
Staff welfare expenses	15.71	18.41
TOTAL	**607.78**	**614.74**

27 Finance costs

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Interest on term loans	7.97	12.78
Interest on working capital loans	9.28	10.25
Interest expense on fair value measurement	0.03	0.36
Interest on Income Tax	-	1.11
Bank charges	4.40	5.69
Exchange differences regarded as an adjustment to borrowing cost	-	7.46
TOTAL	**21.68**	**37.65**

(Amount in INR millions, unless otherwise stated)

28 Other expenses

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Sitting fees to directors	0.73	0.48
Rent	23.79	21.22
Rates, taxes, duties and levies	32.31	26.84
Insurance	8.59	6.40
Repairs and maintenance :		
- Plant and Machinery	80.20	81.09
- Buildings	14.24	13.32
- Vehicles	4.81	5.06
Advertisement and sales promotion	1.66	5.99
Commission	1.05	1.40
Travelling and conveyance	34.88	63.10
Communication expenses	19.64	21.60
Printing and Stationery	1.85	2.86
Books and periodical	0.12	0.12
Professional and consultancy services	47.35	60.26
Membership and subscriptions	0.90	1.19
House Keeping and premises maintenance	10.25	11.46
Security charges	7.40	7.14
Recruitment and training expenses	0.51	0.89
Payments to auditors :		
- for statutory audit	1.30	1.30
- for tax audit	0.18	0.15
- for other services	0.45	0.46
- for reimbursement of expenses	0.02	0.07
Software charges	1.87	1.30
Loss on foreign currency transactions and translations (net)	4.31	-
Loss of sale of assets	0.17	-
Bad debts written off	31.69	10.83
Impairment loss on receivables	21.86	3.10
Corporate Social Responsibility expenses	4.49	5.02
Miscellaneous expenses	1.68	2.78
TOTAL	**358.30**	**355.43**

(Amount in INR millions, unless otherwise stated)

29 Tax Expense

Particulars	For the Year Ended 31 March 2021	For the Year Ended 31 March 2020
(A) Tax expense charged to Statement of Profit and Loss		
Current tax (I)		
Current tax expense for current year	76.26	33.61
Current tax expense pertaining to prior years	-	(3.91)
	76.26	**29.70**
Deferred tax (II)		
Deferred tax expense for current year	(4.91)	(15.45)
	(4.91)	(15.45)
Total tax expense recognised in current year (I + II)	**71.35**	**14.25**
(B) Tax expense charged to Other Comprehensive Income	**(0.34)**	**0.64**
(C) Reconciliation of tax expense		
Profit before tax	285.40	82.70
Tax expense at applicable tax rates March 31, 2021: 25.17% (March 31, 2020: 25.17%;)	71.84	20.82
Tax effect of adjustments to reconcile expected tax expense to reported tax expense:		
- adjustment for previous years	-	(3.91)
- items not deductible for tax	(1.13)	(1.51)
- due to adoption of new tax rate	-	(1.50)
- Others	0.64	0.35
Tax expense reported in Statement of Profit and Loss	**71.35**	**14.25**

(Amount in INR millions, unless otherwise stated)

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 2021	For the year ended 31 March 2020
Profit attributable to equity holders (in INR Million)	214.05	68.45
Profit attributable to equity holders adjusted for the effect of dilution (in INR Million)	214.05	68.45
Weighted average number of equity shares for basic EPS (in No's)	22,107,810	22,107,810
Weighted average number of equity shares adjusted for the effect of dilution (in No's)	22,107,810	22,107,810
Nominal/Face Value per share (INR)	2.00	2.00
Basic Earnings per share (INR)	9.68	3.10
Diluted Earnings per share (INR)	9.68	3.10

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 2021	As at 31 March 2020
Financial Assets			
Loans (current and non-current)	7A & 7B	36.59	33.96
Trade receivables (net)	11	734.56	578.45
Cash and cash equivalents	12A	61.93	55.05
Bank balances other than Cash and cash equivalents	12B	6.03	11.69
Other financial assets	13	0.94	0.78
		840.05	**679.93**
Financial Liabilities			
Borrowings (current and non-current)	16A & 16B	232.32	230.88
Trade Payables	19	148.30	105.00
Other financial liabilities	20	200.70	217.36
		581.32	**553.24**

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.

(Amount in INR millions, unless otherwise stated)

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 Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group'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') and borrowings in USD.

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 2021		As at 31 March 2020	
	Foreign Currency	Amounts in INR	Foreign Currency	Amounts in INR
United States Dollar				
Assets - Trade Receivables	2.52	185.26	2.23	168.36
Assets - Vendor Advances	0.08	5.87	0.01	0.91
Liabilities - Trade Payables	(0.64)	(46.73)	(0.24)	(17.92)
Liabilities - Borrowings	(1.03)	(76.06)	(0.85)	(63.85)
Liabilities - Customer Advances	(0.12)	(8.95)	(0.07)	(5.03)
Euro				
Assets - Trade Receivables	0.13	11.24	0.04	3.00
Liabilities - Customer Advances	(0.00)	(0.28)	(0.00)	(0.08)
Assets - Vendor Advances	0.01	0.91	0.06	4.63
Liabilities - Trade Payables	(0.10)	(8.77)	(0.00)	(0.39)
Great Britain Pound				
Assets - Trade Receivables	-	-	0.03	2.45
Liabilities - Trade Payables	(0.00)	(0.13)	(0.00)	(0.26)
Assets - Vendor Advances	0.00	0.24	-	-
Malaysian Ringgit				
Assets - Trade Receivables	0.11	1.94	0.93	16.30
Swiss Franc				
Assets - Vendor Advances	0.09	6.75	0.09	6.69
Liabilities - Trade Payables	(0.00)	(0.05)	-	-
Singapore dollar				
Assets - Vendor Advances	0.00	0.05	-	-

(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 2021	As at 31 March 2020
United States Dollar	73.5047	75.3859
Euro	86.0990	83.0496
Great Britain Pound	100.9509	93.0760
Malaysian Ringgit	17.6615	17.4570
Swiss Franc	77.6902	78.3431
Singapore dollar	54.4295	53.0017

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 2021				
5% Sensitivity of:*				
United States Dollar	2.97	(2.97)	2.22	(2.22)
Euro	0.16	(0.16)	0.12	(0.12)
Great Britain Pound	(0.01)	0.01	(0.00)	0.00
Malaysian Ringgit	0.10	(0.10)	0.07	(0.07)
Swiss Franc	0.33	(0.33)	0.25	(0.25)
Singapore dollar	0.00	(0.00)	0.00	(0.00)
31 March 2020				
5% Sensitivity of:*				
United States Dollar	4.12	(4.12)	3.09	(3.09)
Euro	0.36	(0.36)	0.27	(0.27)
Great Britain Pound	0.11	(0.11)	0.08	(0.08)
Malaysian Ringgit	0.82	(0.82)	0.61	(0.61)
Swiss Franc	0.33	(0.33)	0.25	(0.25)

* Holding all other variables constant

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's fixed rate borrowings are carried at amortised cost and hence are not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates. Further, the Group's investments in deposits is with banks and electricity authorities and therefore do not expose the Group to significant interest rates risk. The Group's main interest rate risk arises from borrowings with variable rates, which expose it to cash flow interest rate risk.

The Group's exposure to fixed rate and variable rate instruments at the end of the financial year, are as follows:

Particulars	As at 31 March 2021	As at 31 March 2020
Fixed rate instruments		
Financial assets	42.62	45.65
Financial liabilities	31.95	43.68
Variable rate instruments		
Financial liabilities	272.20	288.89

(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 Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	As at 31 March 2021	As at 31 March 2020
Interest rates increase by 100 basis points *	2.72	2.89
Interest rates decrease by 100 basis points *	(2.72)	(2.89)

* Holding all other variables constant

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, 2021 are as follows:

Particulars	Gross carrying amount	Expected credit losses	Carrying amount of trade receivables
31 March 2021			
Upto 180 days	613.42	(8.89)	604.53
Over 180 days	174.86	(44.83)	130.03
Total	**788.28**	**(53.72)**	**734.56**
31 March 2020			
Upto 180 days	467.69	(3.79)	463.90
Over 180 days	142.62	(28.07)	114.55
Total	**610.31**	**(31.86)**	**578.45**

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 2021	As at 31 March 2020
Upto 180 days	604.53	463.90
Over 180 days	130.03	114.55
	734.56	**578.45**

(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 2021	As at 31 March 2020
Current assets	1,105.36	958.61
Current liabilities	539.11	575.63
Working capital	**566.25**	**382.98**

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 2021	As at 31 March 2020
Less than 1 year		
- Borrowings	161.79	278.73
- Trade payables	148.30	105.00
- Other financial liabilities	128.87	115.67
1 to 2 years		
- Borrowings	65.14	44.48
2 to 5 years		
- Borrowings	73.47	9.36
More than 5 years		
- Borrowings	3.75	-

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.

33 Contingent liabilities & Commitments (to the extent not provided for)

Particulars	As at 31 March 2021	As at 31 March 2020
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
	8.70	**8.70**
Bank Guarantees	**22.67**	**19.52**

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.

(Amount in INR millions, unless otherwise stated)

(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 detrmine 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 2021	As at 31 March 2020
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	91.38	76.91

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 2021	For the year ended 31 March 2020
Total rental expense relating to operating lease	23.79	21.22
- Non-cancellable	-	-
- Cancellable	23.79	21.22

35 Research and development expenditure

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Aggregate amount of research and development expenditure recognised as an expense during the year		
Revenue Expenditure	11.20	9.00
Capital Expenditure	1.50	-
	12.70	**9.00**

36 Corporate social responsibility expenditure (CSR)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Gross amount required to be spent during the year	4.49	5.02
Amount spent during the year in cash:		
(i) On Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	4.49	5.02
Unspent amount	**-**	**-**

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
	V V Prasad	Executive Director (ED) -Admn. (up to 14th July 2019)
	Satya Sreenivas Neerukonda	Executive Director (w.e.f. 14th July 2019)
	D R Narahai Naidu	Chief Financial Officer (w.e.f 22nd February 2021)
	Amit Pathak	Chief Financial Officer (up to 28th January 2021)
	Sujani Vasireddi	Company Secretary
(ii)	**Independent Directors**	
	Y Prameela Rani	Independent Director
	Popuri Adheyya Chowdary	Independent Director (upto 30th June 2020)
	Sanjay Dave	Independent Director
	G Purnachandra Rao	Independent Director
	Dr. Yadagiri R Pendri	Independent Director (w.e.f 10th August 2020)
(iii)	**Relatives of Key Management Personnel (KMP)**	
	Sireesh Chandra Vungal	Son of ED - Operations
	Sudheshna Vungal	Daughter of ED - Operations
	Praveena Vasireddi	Daughter of Chairman
	Satya Sreenivas Neerukonda	Son-in-law of ED - Admin
	Rajeswari Vungal	Wife of ED - Operations
	Rajya Lakshmi Vasireddi	Wife of ED - Admin
	Swarnalatha Vasireddi	Wife of Chairman
(iv)	**Companies in which some of the Directors or other relatives are interested**	
	Bloomedha Info Solutions Limited	
	Covide Business Integrated Private Limited	

(Amount in INR millions, unless otherwise stated)

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

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
(i) Remuneration to Key Management Personnel (KMP) #		
Harita Vasireddi	6.72	13.44
Harriman Vungal	13.44	13.44
Satya Sreenivas Neerukonda	9.59	7.69
V V Prasad *	-	15.40
D R Narahai Naidu	0.25	-
Amit Pathak	3.41	3.94
Sujani Vasireddi	2.15	2.30
* Remuneration is inclusive of provident fund, gratuity and leave encashment		
(ii) Rent paid to Key Management Personnel (KMP)		
Harriman Vungal	-	0.18
(iii) Remuneration to relatives of Key Management Personnel (KMP) #		
Sireesh Chandra Vungal	5.74	5.97
Sudheshna Vungal	1.98	1.89
Satya Sreenivas Neerukonda (upto 13th July 2019)	-	1.70
Praveena Vasireddi	1.63	1.75
# 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	0.24	0.15
Popuri Adheyya Chowdary	0.05	0.11
Sanjay Dave	0.22	0.10
G Purnachandra Rao	0.24	0.13
Dr. Yadagiri R Pendri	-	-
(v) Dividends Paid		
Dr. S P Vasireddi	-	7.20
Harita Vasireddi	-	0.34
Harriman Vungal	-	3.55
V V Prasad	-	2.93
Sireesh Chandra Vungal	-	0.22
Sudheshna Vungal	-	0.20
Praveena Vasireddi	-	0.25
Sujani Vasireddi	-	0.25
Rajeswari Vungal	-	0.16
Rajya Lakshmi Vasireddi	-	0.08
Swarnalatha Vasireddi	-	0.19
(vi) Services received		
Bloomedha Info Solutions Limited	2.63	0.58
Covide Business Integrated Private Limited	1.29	-

(Amount in INR millions, unless otherwise stated)

(C) Balances payable/(receivable)

Particulars	As at 31 March 2021	As at 31 March 2020
(i) Dues Payable to KMPs and their relatives:		
Harita Vasireddi	6.06	8.75
Harriman Vungal	0.32	1.41
V V Prasad	-	0.46
Sujani Vasireddi	-	0.03
Amit Pathak	-	0.28
Sudheshna Vungal	-	0.12
Satya Sreenivas Neerukonda	-	1.55
Praveena Vasireddi	2.42	2.51
Sireesh Chandra Vungal	(0.16)	0.10
(ii) Others		
Bloomedha Info Solutions Limited	0.02	0.01
Covide Business Integrated Private Limited	-	(0.10)

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 2021	For the year ended 31 March 2020
Employers' Contribution to Provident Fund	27.78	32.02
Employers' Contribution to Employee State Insurance	2.50	3.16

(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 2021	For the year ended 31 March 2020
Current service cost	7.23	7.17
Past service cost	-	-
Net Interest Cost/(Income) on the Net Defined Benefit Liability/(Asset)	3.79	4.35
Total amount recognized in the Statement Profit and Loss	**11.02**	**11.52**

(Amount in INR millions, unless otherwise stated)

Amounts recognised in Other Comprehensive Income are as follows:

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Actuarial losses		
- change in demographic assumptions	-	(0.01)
- change in financial assumptions	(0.27)	3.58
- experience variance (i.e. Actual experience vs assumptions)	(1.42)	(1.56)
Return on plan assets, excluding amount recognised in net interest expense	0.35	0.51
Total amount recognised in the other comprehensive income	**(1.34)**	**2.52**

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

Particulars	As at 31 March 2021	As at 31 March 2020
Present value of obligation at the beginning of the year	68.48	65.36
Current service cost	7.23	7.17
Interest Expense or Cost	3.80	4.57
Re-measurement (or Actuarial) (gain) / loss arising from:		
- change in demographic assumptions	-	(0.01)
- change in financial assumptions	(0.27)	3.58
- experience variance (i.e. actual experience v/s assumptions)	(1.43)	(1.56)
Benefits paid	(5.64)	(10.63)
Present value of obligation at the end of the year	**72.17**	**68.48**

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

Particulars	As at 31 March 2021	As at 31 March 2020
Fair Value of Plan Assets as at the beginning of the year	0.20	3.14
Investment Income	0.01	0.22
Employer's Contribution	6.49	7.99
Benefits Paid	(5.64)	(10.63)
Return on plan assets, excluding amount recognised in net interest expense	(0.35)	(0.51)
Fair Value of Plan Assets as at the end of the year	**0.71**	**0.21**

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

Particulars	As at 31 March 2021	As at 31 March 2020
Present value of defined benefit obligation	(72.17)	(68.48)
Fair value of plan assets	0.71	0.21
Net Asset/(Liability)	**(71.46)**	**(68.27)**

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

Particulars	As at 31 March 2021	As at 31 March 2020
Discount rate (per annum)	5.65%	5.55%
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%	20%

(Amount in INR millions, unless otherwise stated)

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 2021	As at 31 March 2020
Discount Rate		
1% increase	69.60	65.88
1% decrease	74.95	71.28
Salary Growth Rate		
1% increase	74.77	71.12
1% decrease	69.70	65.97
Attrition Rate		
50% increase	72.45	68.44
50% decrease	70.47	67.18
Mortality Rate		
10% increase	72.18	68.48
10% decrease	72.17	68.47

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 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 2021	As at 31 March 2020
0 - 1 Year	24.63	14.41
2 - 5 Years	36.58	43.80
6 - 10 Years	19.92	19.70
More than 10 Years	9.65	9.57

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 3 years (31 March 2020: 4 years).

Expected Contribution to the plan for the next annual period ₹ 78.25 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.

(Amount in INR millions, unless otherwise stated)

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

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):

Particulars		As at 31 March 2021	As at 31 March 2020
Equity Share Capital		44.22	44.22
Other Equity		1,899.60	1,684.55
Total Equity	(i)	**1,943.82**	**1,728.77**
Long-term borrowings		142.36	53.84
Short-term borrowings		89.96	177.04
Other financial liabilities (current maturities of long-term borrowings)		71.83	101.69
Less: Cash and Cash equivalents		61.93	55.05
Total Debt	(ii)	**242.22**	**277.52**
Overall financing	(iii) = (i) + (ii)	2,186.04	2,006.29
Gearing ratio	(ii)/ (iii)	11.08%	13.83%

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, 2021.

(Amount in INR millions, unless otherwise stated)

41. 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 Con-solidated net assets	Amount	As % of con-solidated profit or loss	Amount	As % of consolidated other compre-hensive income	Amount	As % of total compre-hensive income	Amount
Parent								
VIMTA Labs Ltd.,								
FY 2020-21	99.97%	1,943.19	99.32%	212.60	100.00%	1.00	99.33%	213.60
FY 2019-20	100.05%	1,729.59	101.20%	69.27	100.00%	(1.89)	101.23%	67.38
Subsidiary - Indian								
EMTAC laboratories Ltd.,								
FY 2020-21	0.33%	6.33	0.68%	1.45	0.00%	-	0.67%	1.45
FY 2019-20	0.28%	4.89	(1.20%)	(0.82)	0.00%	-	(1.23%)	(0.82)
On account of Inter-company eliminations & adjustments								
FY 2020-21	(0.30%)	(5.70)	-	-	-	-	-	-
FY 2019-20	(0.33%)	(5.71)	-	-	-	-	-	-
Total (FY2020-21)	**100.00%**	**1,943.82**	**100.00%**	**214.05**	**100.00%**	**1.00**	**100.00%**	**215.05**
Total (FY2019-20)	**100.00%**	**1,728.77**	**100.00%**	**68.45**	**100.00%**	**(1.89)**	**100.00%**	**66.56**

42 Estimation of uncertainty relating to COVID-19 global health pandemic

In assessing the recoverability of loans, receivables and investments of the Group has considered internal and external sources of information, including credit reports, economic forecasts and industry reports up to the date of approval of these consolidated financial statements.

The Group has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the carrying amount of these assets represent the Group's best estimate of the recoverable amounts. As a result of the uncertainties resulting from COVID-19, the impact of this pandemic may be different from those estimated as on the date of approval of these financial statements and the Group will continue to monitor any changes to the future economic conditions.

43 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 14, 2021

For and on behalf of the Board of Vimta Labs Limited

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

Harita Vasireddi
Managing Director
DIN: 00242512

Harriman Vungal
ED-Operations
DIN : 00242621

Y Prameela Rani
Director
DIN : 03270909

D R Narahai Naidu
Chief Financial Officer

Sujani Vasireddi
Company Secretary

Place: Hyderabad
Date : May 14, 2021

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	March 4, 2020
Financial Year ending on	March 31, 2021	March 31, 2020
Reporting Currency	Indian Rupees in Million	
Share Capital	34.17	34.17
Reserves & Surplus (Other Equity)	(27.84)	(29.28)
Total Assets	22.36	18.04
Total Liabilities	16.03	13.15
Investments (excluding Investments made in subsidiaries)	Nil	Nil
Total Income	16.64	12.44
Profit/(Loss) before tax	1.42	(2.21)
Provision for tax (net)-Credit	(0.02)	0.05
Total other Comprehensive income/(loss)	-	-
Profit/(Loss) after tax	1.44	(2.26)
Proposed Dividend	-	-
% of shareholding	100%	100%

For and on behalf of the Board of Vimta Labs Limited

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

Harita Vasireddi
Managing Director
DIN: 00242512

Harriman Vungal
ED-Operations
DIN : 00242621

Y Prameela Rani
Director
DIN : 03270909

D R Narahai Naidu
Chief Financial Officer

Sujani Vasireddi
Company Secretary

Place: Hyderabad
Date : May 14, 2021

Driven by Quality. Inspired by Science.

Vimta Labs Limited

CIN : L24110TG1990PLC011977

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

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