



**Notice Calling 27th Annual General Meeting
Scheduled to be held on Wednesday, September 27, 2017**

Vimta Labs Limited

CIN : L24110TG1990PLC011977

Registered Office: Plot Nos. 141/2 & 142, IDA Phase II, Cherlapally, Medchal District, Hyderabad - 500 051

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

NOTICE is hereby given that the twenty seventh Annual General Meeting of the members of Vimta Labs Limited will be held on Wednesday September 27, 2017 at 10.00 A M at the Registered Office of the Company i.e. 141/2 & 142, IDA, Phase-II, Cherlapally, Hyderabad - 500051 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the audited Balance Sheet as at March 31, 2017 and Statement of Profit & Loss Account for the year ended on that date together with Cash Flow Statements, Auditors' report and the Board Report thereon.
2. To appoint a Director in place of Harriman Vungal who retires by rotation and being eligible, offers himself for reappointment.
3. Appointment of auditors

"Resolved that pursuant to the provisions section 139 and all other applicable provisions of Companies Act, 2013 and the Companies (Audit and Auditor) Rules 2014, as amended from time to time M/s Gattamaneni & Co, Chartered Accountants, Hyderabad (Firm Regn No.009303S) be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the Annual General Meeting of the Company for the financial year 2021-22, subject to ratification of the appointment in every Annual General Meeting on such remuneration as may be decided by the Board of Directors of the Company based on the recommendations of Audit Committee in addition to reimbursement of all out of pocket expenses in connection with audit of the accounts of the company."

SPECIAL BUSINESS

4. To consider and, if thought fit to pass the following resolution, with or without any modification(s), 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 remuneration of 50,000/- (Rupees fifty thousand only) payable to M/s U S Rao & Co, Cost Auditors of the Company for the audit of cost records for the financial year ending March 31, 2018 which was approved by the Board of Directors be and is hereby ratified"
5. To consider and, if thought fit to pass the following resolution, with or without any modification(s), as an Ordinary Resolution:
"Resolved that approval of the members be and is hereby accorded to the Board under the provisions of Section 188 of the Companies Act, 2013 (the Act) read with relevant Rules made there under and other applicable provisions of the Act, if any as amended to date to pay such remuneration as it may deem fit from time to time, to Mr Sireesh Chandra Vungal, Vice President - Information Technology Group not exceeding ₹. 500,000/- per month."
6. To consider and, if thought fit to pass the following resolution, with or without any modification(s), as an Ordinary Resolution:
"Resolved that approval of the members be and is hereby accorded to the Board under the provisions of Section 188 of the Companies Act, 2013 (the Act) read with relevant Rules made there under and other applicable provisions of the Act, if any as amended to date to pay such remuneration as it may deem fit from time to time, to Mr Neerukonda Satya Sreenivas, Senior Vice President and Global Head Business Development not exceeding ₹. 500,000/- per month."

By Order of the Board

A VENKATA RAMANA
COMPANY SECRETARY

Place : Hyderabad
Date : 17.08.2017

Statement Pursuant To Section 102(1) Of The Companies Act, 2013:**Item No: 4**

The Company is maintaining the cost records in pursuance of Section 148(1) and is required to get them audited by a cost auditor in pursuance of Section 148(2) of the Companies Act, 2013 read with rules made there under.

Accordingly, on the recommendations of the Audit Committee the Board of Directors have appointed M/s US Rao & Co, Cost Accountants to carry out cost audit of the cost records of the Company for the financial year ending March 31, 2018 at remuneration of 50,000/- (rupees fifty thousand only).

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

None of the Directors are in any way concerned or interested in this resolution.

The Board recommends the ordinary resolution set out at Item No. 4 of the Notice for approval of the Members.

Item No : 5

Mr Sireesh Chandra Vungal, S/o Mr Harriman Vungal, Executive Director-Operations was appointed by the Board on 15.10.2004. He is being paid only within the permissible limit of ₹. 250,000 per month under the provision of Section 188 of the Companies Act, 2013 (the Act) read with rules made thereunder. The salary so paid is not commensurate with present market trends for an individual with his qualification, experience and job responsibilities.

Payment of remuneration exceeding ₹. 250,000/- per month to Mr Sireesh Chandra Vungal, being a related party requires approval of the members under the provisions of Section 188 of the Act read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended to date. Accordingly, the said resolution put up for approval of the members.

None of the Directors are in any way concerned or interested in this resolution except Mr Harriman Vungal.

The Board recommends the ordinary resolution set out at Item No. 5 of the Notice for approval of the Members.

Item No : 6

Mr Satya Sreenivas Neerukonda, son-in-law of Mr V V Prasad, Executive Director - Administration was appointed by the Board on 04.05.2009. He is being paid only within the permissible limit of ₹. 250,000 per month under the provision of Section 188 of the Companies Act, 2013 (the Act) read with rules made thereunder. The salary so paid is not commensurate with present market trends for an individual with his qualification, experience and job responsibilities.

Payment of remuneration exceeding ₹. 250,000/- per month to Mr Satya Sreenivas Neerukonda, being a related party requires approval of the members under the provisions of Section 188 of the Act read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended to date. Accordingly, the said resolution put up for approval of the members.

None of the Directors are in any way concerned or interested in this resolution except Mr V V Prasad.

The Board recommends the ordinary resolution set out at Item No. 6 of the Notice for approval of the Members.

By Order of the Board

Place : Hyderabad
Date : 17.08.2017

A VENKATA RAMANA
COMPANY SECRETARY

Details of the Directors seeking reappointment at the forth coming Annual General meeting (Regulation 36 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

| | |
|---|--|
| Name | Harriman Vungal |
| Designation | Executive Director- Operations |
| Date of Birth | 01.10.1951 |
| Qualification | D.Tech (Toronto) |
| Expertise in specific functional areas | D.Tech. from Toronto, Canada with over 39 years of experience. He is one of the promoter Director of the company and has been its Director-Technical since inception |
| Disclosure of relationships between directors inter-se | NA |
| Shareholding as on 30.06.2017 | 1777166 |
| Names of other listed entities in which the person also holds the directorship and the membership of the committees of Board (as on 30.06.2017) | Nil (He is a member of Risk Management Committee & Corporate Social Responsibility Committee of Vimta Labs Limited) |

NOTES :

1. The Statement pursuant to Section 102(1) of the Companies Act, 2013 with respect to the special business set out in the Notice is annexed.
2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on a poll in the meeting instead of such member. The proxy need not be a member of the Company.
3. A person can act as a proxy on behalf of such member or number of members not exceeding fifty (50) members and holding in aggregate not more than ten (10) percent of the total share capital of the Company. A member holding more than ten (10) percent of the total share capital of the Company may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.
4. A member of a company registered under Section 8 of the Companies Act, 2013 shall not be entitled to appoint any other person as its proxy unless such other person is also a member of such company.
5. The instrument appointing the proxy, duly completed, must be deposited at the Company's registered office not less than 48 hours before the commencement of the meeting. A proxy form for this Annual General Meeting is enclosed
6. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board resolution to the Company, authorizing their representative to attend and vote on their behalf at the meeting.
7. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged with the Company at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company by such intending person.
8. Members / proxies / authorized representatives should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.
9. The Register of Members and Share Transfer Books will remain closed from 21.09.2017 to 27.09.2017 (both days inclusive) for the purpose of Annual Closing for the financial year ended March 31, 2017.
10. Members whose shareholding is in electronic mode are requested to update the change of address, email IDs and change in bank account details, if any with the respective Depository Participant(s).
11. Members who are willing to claim dividends, which remain unclaimed, are requested to correspond with the Company at its registered office address. Members are requested to note that dividends not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will be transferred to the Investor Education and Protection Fund as per the provisions of Section 124 of the Companies Act, 2013.
12. With a view to using natural resources responsibly, we request the shareholders to update respective email addresses with your Depository Participants, if not already done, to enable the Company to send communications electronically.
13. The Annual Report 2016-17 is being sent through electronic mode to the members whose email addresses are registered with the Company / Depository Participant(s), unless any member has specifically requested for a physical copy of the report. For members who have not registered their email addresses, physical copies of the Annual Report 2016-17 are being sent by the permitted mode or by any other mode as specifically requested.
14. In compliance with Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as substituted by Companies (Management and Administration) Amendment, Rules 2015 has provided a facility to the members to exercise their votes electronically through the electronic voting service facility arranged by Central Depository Services (India) Limited. The facility for voting, through ballot paper, will also be made available at the Annual General Meeting and the members attending the Annual General Meeting who have not already cast their votes by remote e-voting shall be able to exercise their right at the Annual General Meeting through ballot paper. Members who have casted their votes by remote e-voting prior to the Annual General Meeting may attend the Annual General Meeting but shall not be entitled to cast their votes again. The Company has appointed Mr D Hanumanta Raju, Partner, M/s D Hanumanta Raju & Co., Hyderabad, Practicing Company Secretary as the Scrutinizer for conducting the e-voting process in a fair and transparent manner. E-voting is optional. The E-voting rights of the shareholders/beneficial owners shall be reckoned on the equity shares held by them as on the 20.09.2017.
15. The instructions for e-voting, along with the Attendance slip and Proxy form are provided here with as an insertion. A copy of the same is also available on Company's website www.vimta.com for reference.
16. Members may also note that the Notice of the 27th Annual General Meeting and the Annual Report 2016-17 is available on the Company's website, www.vimta.com. Members who require physical copies may write to us at "shares@vimta.com"
17. The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their respective Depository Participant(s). Members holding shares in physical form are required to submit their PAN details to the Company.
18. All documents referred to in this Notice are available for inspection at the Company's registered office during normal business hours on working days up to the date of the Annual General Meeting.
19. The Register of Contracts or Arrangements in which Directors are interested maintained under Section 189 of the Companies Act, 2013 and the Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013 will be available for inspection by the members at the AGM.
20. Members are requested to bring their copy of Annual Report to the Meeting.

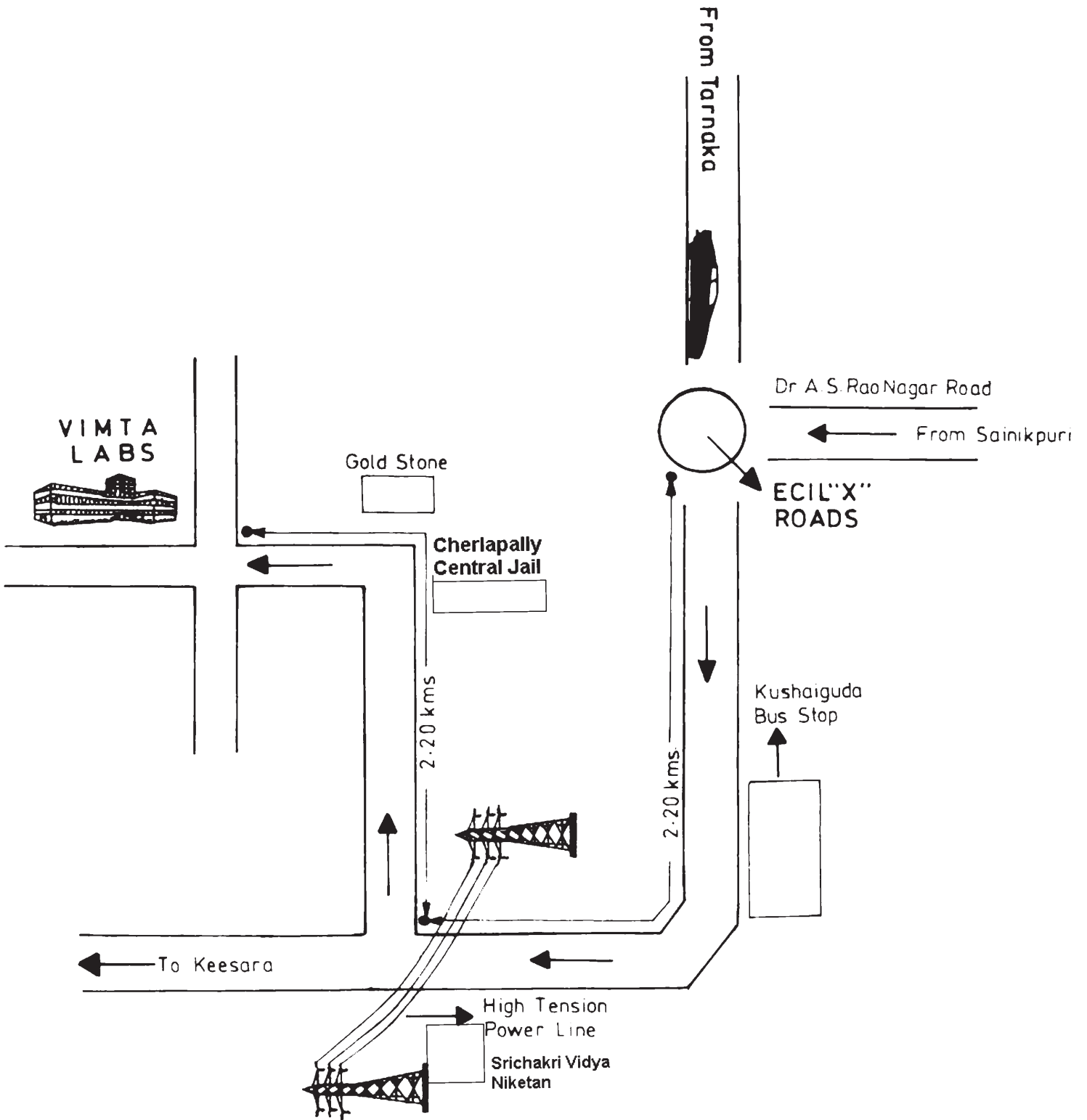
THE INSTRUCTIONS TO THE MEMBERS FOR VOTING ELECTRONICALLY ARE AS UNDER

- (i) The voting period begins at **9.00 am on Sunday the September 24, 2017** and ends at **5.00 pm on Tuesday, September 26, 2017**. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date **Wednesday the September 20, 2017**, may cast their vote electronically. The e-voting module will be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) 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. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

| For Members holding shares in Demat Form 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) <ul style="list-style-type: none"> ● Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. ● In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field. |
| DIVIDEND BANK DETAILS OR DATE OF BIRTH (DOB) | Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> ● If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv). |

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members 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.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xii) 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.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) 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.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) 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.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) Note for Non - Individual Shareholders and Custodians
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - 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.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

27th Annual General Meeting of VIMTA LABS LIMITED ROUTE MAP



Proxy Form

(Form No. MGT-11)

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : L24110TG1990PLC011977
Name of the company : **Vimta Labs Limited**
Registered office : Plot Nos. 141/2 & 142, IDA Phase II, Cherlapally, Medchal District, Hyderabad - 500 051
E-mail : shares@vimta.com Web : www.vimta.com

Name of the member (s) :

Registered address :

E-mail Id :

Folio No/ Client Id :

DP ID :

I/We, being the member (s) having shares in the above named company, hereby appoint

| | |
|--------------------|-------------|
| 1. Name : | 2. Name : |
| Address : | Address : |
| E-mail Id : | E-mail Id : |
| Signature : | Signature : |
| or failing him/her | |

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 27th Annual General Meeting of the company, to be held on Wednesday the 27th day of September, 2017 at 10.00 a.m. at Regd. Office 141/2 & 142, IDA, Phase-II, Cherlapally, Medchal District, Hyderabad : 500051 and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolutions : **1.** Adoptions of Accounts **2.** Appointment of Shri Harriman Vungal (DIN 00242621) as Director who retires by rotation **3.** Appointment of Auditors **4.** Ratification of remuneration to Cost Auditors **5.** Remuneration to Vice President - Information Technology Group. **6.** Remuneration to Senior Vice President and Global Head Business Development.

Signed this..... day of, 2017
Signature of shareholder

Signature of Proxy holder(s)

Affix
1 Rupee
Revenue
Stamp

Note : This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

ADMISSION SLIP

| Name & Address of Member | Folio No. | DP ID No. | Client ID No. |
|--------------------------|-----------|-----------|---------------|
|--------------------------|-----------|-----------|---------------|

I hereby record my attendance at the 27th Annual General Meeting of the Company, to be held on the Wednesday the 27th day of September, 2017 at 10.00 a.m. at Regd. Office 141/2 & 142, IDA, Phase-II, Cherlapally, Medchal District, Hyderabad : 500051

I certify that I am a registered member of the company and hold _____ shares.

Member's / Proxy's Signature



Annual Report
2016 - 17

Vimta Labs Limited

CIN : L24110TG1990PLC011977

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

BOARD OF DIRECTORS

Dr S P VASIREDDI
Executive Chairman

HARITA VASIREDDI
Managing Director

V HARRIMAN
Executive Director - Operations

V V PRASAD
Executive Director - Administration

T S AJAI
Independent Director

Dr SUBBA RAO PAVULURI
Independent Director

Prof. D BALASUBRAMANIAN
Independent Director

RAO PURNACHANDRA POTHARLANKA
Independent Director

CHIEF FINANCIAL OFFICER

M MURALI MOHANA RAO

COMPANY SECRETARY & COMPLIANCE OFFICER

A VENKATA RAMANA

BANKERS

State Bank of India
Overseas Branch
Hyderabad

STATUTORY AUDITORS

JVSL & Associates
(Firm Regn. No. 15002S)
Chartered Accountants
Hyderabad

SECRETARIAL AUDITORS

D Hanumantha Raju & Co.
Company Secretaries
Hyderabad

COST AUDITORS

U S Rao & Co.
(Firm Regn. No. 102629)
Cost Accountants
Hyderabad

LISTED WITH

BSE Limited
National Stock Exchange of India Ltd

SHARE TRANSFER AGENTS

CIL Securities Ltd
214, Raghava Ratna Towers
Chirag Ali Lane, Abids
Hyderabad - 500 001

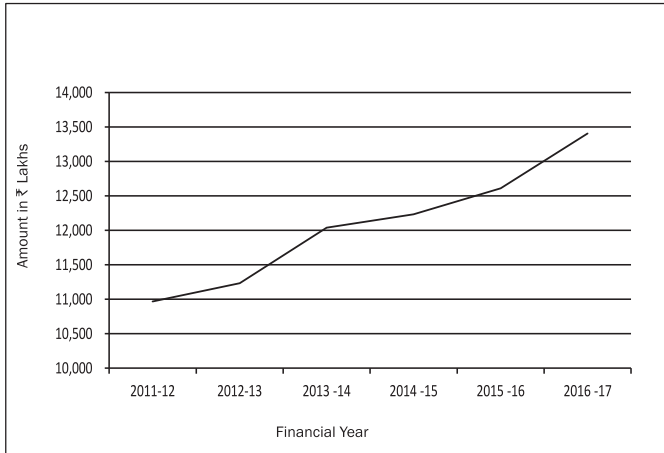
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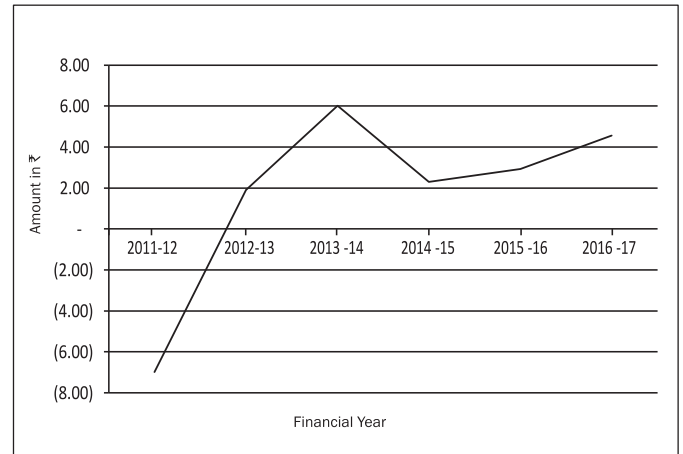
IMPORTANT COMMUNICATION TO MEMBERS

The Ministry of Company Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register their e-mail ID with M/s CIL Securities Ltd., 214, Raghava Ratna Towers, Chira-Ali-Lane, Abids, Hyderabad-500 001.

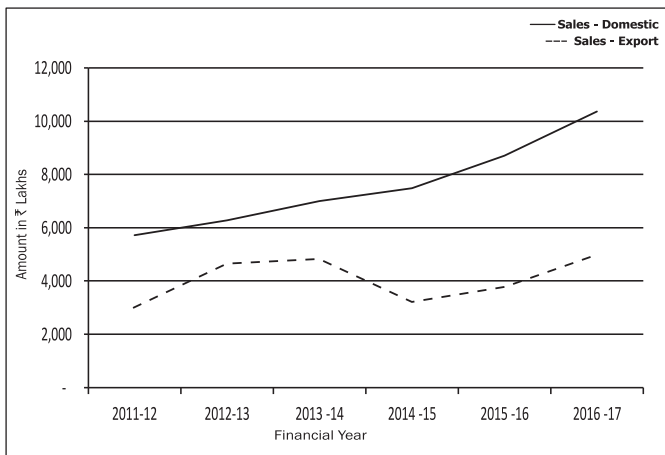
Net Worth



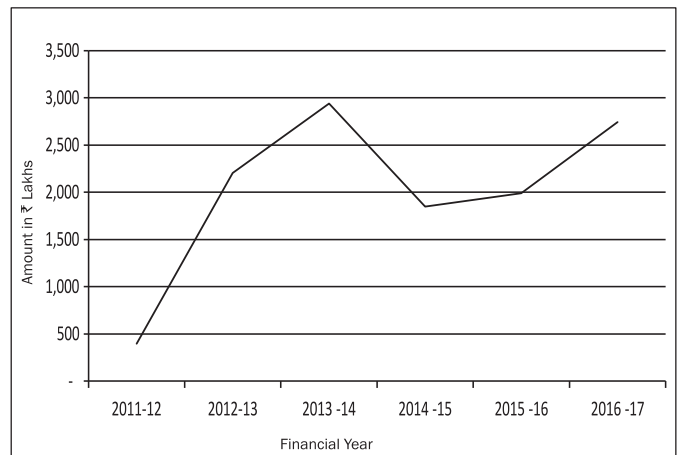
EPS



Yearly Sales Domestic vs Export



EBITDA



To
The Members of VIMTA LABS LIMITED

Your Directors have pleasure in presenting the 27th Annual Report and audited accounts of your Company for the year ended March 31, 2017.

FINANCIAL RESULTS

Financial Results for the year under review are as follows :

| | (₹ in lakhs) | | | |
|---|---------------------------|----------------|---------------------------|----------------|
| | For the Year 2016-2017 | | For the Year 2015-2016 | |
| 1. Profit before interest, depreciation & taxes (EBIDTA) | | 2741.42 | | 1991.14 |
| Less : Finance charges & Interest | 208.70 | | 130.38 | |
| Depreciation | 962.99 | <u>1171.73</u> | <u>1025.64</u> | <u>1156.02</u> |
| 2. Profit /(Loss) before Amortization, Prior year adjustments & Taxes | | 1569.73 | | 835.12 |
| Less : Amortization of Preliminary Expenses | -- | | -- | |
| Less/(Add) : Prior year adjustments | -- | -- | -- | -- |
| 3. Profit /(Loss) before tax | | 1569.73 | | 835.12 |
| 4. Less : a) Current Tax | 613.89 | | 171.00 | |
| b) Prior year Tax Liability / (Credits) | (14.66) | | (6.22) | |
| c) Deferred Tax Liability/(Asset) | <u>(33.94)</u> | <u>565.29</u> | <u>26.95</u> | <u>191.74</u> |
| 5. Profit /(Loss) after Tax | | 1004.44 | | 643.38 |
| 6. Add / (Less) : Surplus brought forward from previous years | | <u>3566.88</u> | | <u>3254.59</u> |
| Amount available for appropriations | | <u>4571.32</u> | | <u>3897.97</u> |
| APPROPRIATIONS : | | | | |
| Transfer to General Reserve | | -- | | 65.00 |
| Proposed dividend | | -- | | 221.08 |
| Provision for tax on proposed dividend | | -- | | 45.01 |
| Surplus carried to Balance Sheet | | <u>4571.32</u> | | <u>3566.88</u> |
| | | <u>4571.32</u> | | <u>3897.97</u> |

OPERATIONS:

During the year under review net revenue from operations increased by 23% compared to the previous year. Earnings before interest, depreciation, taxes and amortization (EBIDTA) for the year stood at ₹.2741.42 lakhs as compared to ₹. 1991.14 lakhs in the previous year.

Profit after tax (including deferred tax) for the year stood at ₹. 1004.44 lakhs with 56.12 % increase over previous year of ₹. 643.38 lakhs.

MATERIAL CHANGES AND COMMITMENTS

There were no material changes and commitments, 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 this report.

APPROPRIATIONS:

Dividend

Keeping in view of the financial needs of the Company in coming years, your Directors have decided not to declare dividend for the financial year 2016-17.

Transfer to Reserves

Your Directors have decided not to transfer funds to General Reserve for the year 2016-17.

BOARD:

Particulars of Board of Directors and its Committees: Particulars of Board of Directors, its Committees along with terms of reference and

meetings held during the year under review are given in detail in the report on corporate governance.

Particulars of changes in Directorship and Key Managerial Personnel

Mr Harriman Vungal, Executive Director-Operations retires by rotation and offer himself for reappointment. Your Directors commend his re-appointment.

Directors' Responsibility Statement

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013 your Board of Directors state that:

- In the preparation of annual accounts, applicable accounting standards have been followed along with proper explanation relating to material departures;
- They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss for that period;
- They have 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;
- They have prepared the annual accounts on a going concern basis;
- They have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

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

Declaration by Independent Directors

The Independent Directors of the Company have submitted their declarations as required under Section 149(7) of the Companies Act, 2013 stating that they meet the criteria of independence as per sub-section (6) of Section 149 of the Act.

Nomination and Remuneration Policy

In compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered into with the Stock Exchanges, the Nomination and Remuneration Committee has recommended to the Board a Nomination and Remuneration policy with respect to appointment / nomination and remuneration payable for the Directors, Key Managerial Personnel and senior level employees of the Company. The said policy has been adopted by the Board and the same is attached as Annexure-II to the Board's Report.

Board Evaluation

The Board and the Independent Directors have carried out evaluations for the year 2016 - 17 w.r.t. performance of the Board, its Committees & the individual Directors in compliance to the provisions of Companies Act, 2013 and regulation of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The evaluation reports are meeting the expectations of the Board. Further the Nomination and Remuneration Committee has also evaluated the performance of each Director.

The evaluation mechanism has been explained in the report on corporate governance appended to the Board's report.

Training of Independent Directors

There is a system for every Director inducted newly to the Board to undergo an orientation program in order to get familiarized with the strategy, operations and functions of the Company. The Executive Directors / senior personnel make presentations to the inductees about the Company's strategy, operations, service offerings, markets, organization structure, finances, human resources, technology, facilities, risk management, etc.

Further, at the time of appointment of an Independent Director, the Company issues a formal letter of appointment outlining his / her role, functions, duties and responsibilities as an Independent Director. The contents of the letter of appointment is available on Company's website www.vimta.com

Statement of particulars of Appointment and Remuneration of Managerial personnel & Particulars of Employees

Pursuant to Section 197 (12) read with Rule 5(1) and 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, details of remuneration of managerial personnel and particulars of employees are appended as Annexure-III to the Board's report and form part of the Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion given below covers the key subjects that concern the business carried on by the Company with respect to industry overview, outlook, trends, opportunities, threats and risks.

An Overview

The Company is in the business of selling contract research and testing services to both domestic and overseas markets in the areas of pharmaceutical, bio-pharmaceutical, medical devices, herbal, food/agri & beverages, consumer products. It offers preclinical

research and clinical research services and analytical services. The Company is also in the business of providing environmental consultancy services and clinical diagnostic services.

Industrial Overview

Indian economy is one of the largest and fastest growing economies in the world. The Food & Agri industry is among the top three sectors in India that propel the Indian economy, which is predicted to experience further robust growth in the coming years. The pharmaceutical industry too is one of the primary economic drivers in India which currently is facing headwinds due to increased regulatory scrutiny and a slowdown in the US and a few other leading pharmaceutical markets globally. However, undeterred, the Indian pharmaceutical industry shows a trend of increased spending on outsourcing compliance related testing needs and also an increased R&D spending to develop new drugs.

Whether it be the increasing focus on food safety and quality in the country, driven by FSSAI and quality conscious manufacturers and customers, or the regulatory challenges being faced by the Indian pharmaceutical industry, these trends create huge opportunities for food and pharmaceuticals testing and research services (both routine and sophisticated). Like in any business, these opportunities come along with challenges such as increased competition from more local and global players and insufficient number of skilled and trained human resources. Added to this is the unlevel playing field amongst the competition in terms of quality of services and the perceived value of the same by the customers.

Healthcare spending is globally high, more now than ever, due to an increasing demand for more and newer medicines in emerging economies. Globally, the pharmaceutical industry continues to be under pressure to get more out of every dollar spent on new product development, and reduce the time between the concept to the product. Given the slow and low returns on investments, the companies look to focus more and more on specialty healthcare segments and products. Therefore, there is an increased demand for cost effective and quick R&D and manufacturing processes. Although India doesn't currently seem to be among the most preferred destination for outsourcing new R&D activities, the cost efficiencies it can deliver to the global pharmaceutical industry is undeniable.

Outlook

Your Company's activities are guided by the principles of quality services, safety of its employees and business prudence. The Company would put all its efforts to achieve good results within its ambit. The Company regularly focuses on increasing productivity and efficiency, cutting expenses, innovating services and profitable streams of Business. The Company endeavors to use its resources optimally and work persistently towards its set goals.

SWOT Analysis

Strengths

- Dedicated and talented staff at all levels
- Multi-basket, complimentary services, business model
- Continuous focus on improvement of quality and regulatory compliance
- Leadership in building pan-India, multi-location testing laboratories
- High reputation for quality

Weaknesses

- A price sensitive market both in pharma and food segments
- Increased Goods and Service Tax (GST) rates in India, making Indian Companies less competitive globally
- Poor quality perception on India

Opportunities

- Strengthening FSSAI's oversight on food safety and quality
- Strong food and pharmaceutical exports
- Global regulatory bodies' emphasis on cGMP compliance
- Increased focus of the global pharmaceutical and biopharmaceutical industry on specialty drugs
- Growing number of virtual companies in the pharma segment

Threats

- Slowdown in regulatory approvals to pharmaceutical and biopharmaceutical manufacturers.
- Diminishing generic pharmaceutical pipelines
- Increased competition in both food testing and pharma CRO services from both Indian and global players

Risk Management

Risks are inherent to any business. The opportunities compound challenges and vice versa. Risks are managed by your Company through a risk management process of risk identification, 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, and its uncompromising commitment to quality, regulatory compliance and customer service.

DSIR Recognition

Your Company has been recognized by DSIR (Department of Scientific and Industrial Research) as in-house R&D unit vide approval F.No.TU/IV-RD/2833/ 2017 and pursuing its goal to continuously innovate or increase efficiency of its services by allocating dedicated scientific personnel and purpose design facility to realize its vision of adding new services and research programs for expansion and diversification to meet changing global industry requirements, and new scientific and technological advancements.

Particulars of Contracts & Arrangements with Related Parties

There are no subsidiary Companies. Hence, disclosure under A (2) of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is not applicable.

All transactions entered into by the Company with the Related Parties as defined in the Companies Act, 2013 were in the ordinary course of business and are at Arm's Length pricing basis. The Audit Committee granted approvals for the transactions and the same were reviewed and consented by the Board of Directors.

These related party transactions are not materially significant and not in conflict with the interest of the Company. Details of contracts and arrangements with related parties as referred to in Section 188(1) of the Companies Act, 2013 are given as Annexure-I to the Board's Report in form No: AOC-2 pursuant to Section 134 (3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules 2014.

Internal Control Systems

The Company has a well-defined internal control system that is adequate and commensurate with the size and nature of its business. Internal Audit department is put in place and adequate internal controls are established to ensure that all assets are safeguarded and protected against any loss from unauthorized use or disposition and all the transactions are authorized, recorded and reported correctly. SAP based controls are in place.

Accounting Treatment and Financial Performance

The financial statements are prepared in compliance to the Accounting Standards as laid down under the provisions of section 133 of the Companies Act, 2013.

Gross revenue for the year 2016-17 is ₹.154.31 crores as compared to ₹.125.75 crores in the previous year. During the year under review, the sales have gone up by 23% as compared to the previous year. The Net profit stood at ₹. 1004.44 lakhs as compared to of ₹.643.38 lakhs of previous year.

Segment-wise or Product-wise Performance

The Company is providing services of Testing and Contract Research in the fields of Clinical Research, Pre-Clinical Research, Clinical Diagnostics, Biopharma services, Analytical Testing & Research and Environmental studies. Since the inherent nature of all these services are inter related and governed by similar set of risks and returns and operating in the same economic environment, segment reporting is not applicable. Accordingly, for reporting purposes, all these services are treated as single business and geographical segment. The said treatment is in accordance with Accounting Standard - 17 Segment Reporting.

Human Resources

Human Resource is one of the key strength of the Company. At the end of the financial year 31.03.2017, the Company had 1021 employees including 23 medical doctors; 28 PhDs and 970 scientists, engineers, technicians and other administrative staff.

Cautionary Statement

Statements in the Management Discussion 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.

BRANCH LABORATORIES

Out of nine branch laboratories which were set up under pan India network, labs at Bhimavaram, Kochi, Nellore, Pune and Visakhapatnam obtained required accreditations and commenced commercial operations. Accreditations for Ahmedabad, Bangaluru, Indore and Kolkata are under progress and commercial operations are expected to commence in third quarter.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

Pursuant to Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has adopted Whistle Blower Policy. This policy aims for conducting the affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behaviour.

A mechanism has been established for employees to report concerns about unethical behaviour, actual or suspected fraud or violation of Code of Conduct and Ethics. The policy provides adequate safeguards against the victimization of employees who avail the mechanism and allow direct access to the Chairman of the Audit Committee in exceptional cases.

Your Company hereby affirms that during the year, no Director / employee have been denied access to the Chairman of the Audit Committee and that no complaints were received.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the year under review, the Company has neither, directly or indirectly given any loan to its Directors nor extended any guarantee or provided any security in connection with any loan taken by them. Further, the Company has neither given any inter-corporate loan / advance nor made any investments in other companies.

SAFETY, HEALTH AND ENVIRONMENT

Safety, health and environment continue to be the priority areas of the Company. Some of the major activities in these areas have been recycling of waste water, reduction in paper usage, training of staff at all levels to the required standards of safety, health and environment.

FOREIGN EXCHANGE FLUCTUATIONS

The net loss during the year on account of Foreign exchange fluctuations against overseas customers, Vendors and Book balances was ₹. 37.40 lakhs. The same was accounted under the head Other Expenses in the statement of Profit and Loss account.

AUDITORS**Statutory Auditors**

At the Annual General Meeting held on July 07, 2014, M/s J V S L & Associates, Chartered Accountants (Firm Reg. No: 15002S) were appointed Statutory Auditors of the Company to hold office for a period of three years i.e., till the conclusion of the Annual General Meeting to be held in the calendar year 2017.

Consequent to the completion of maximum permissible tenure under Companies Act 2013 the existing Statutory Auditors are retiring on conclusion of forthcoming Annual General Meeting to be held on 27.09.2017. According, based on the recommendations of the Audit Committee your Directors in their meeting held on 17.08.2017 have appointed M/s Gattamaneni & Co, Chartered Accountants (Firm Reg. No: 009303S) as Statutory Auditors of the Company, subject to approval of the Members of the Company to hold the office from the conclusion of forthcoming Annual General Meeting till the conclusion of the Annual General Meeting to be held in the calendar year 2022.

In terms of the provisions of Section 139 of the Companies Act, 2013 approval of the members is required for appointment of Statutory Auditors. Accordingly the said appointment of M/s Gattamaneni & Co, Chartered Accountants (Firm Reg. No: 009303S), as statutory auditors of the Company is placed for approval of the Members. In this regard, the Company has received a certificate from them to the effect that if their appointment is approved, it would be in accordance with the provision of Section 141 of the Act.

Audit Report

The Statutory Auditors have given their report dated 22.04.2017 on financial statements of your Company relating to financial year 2016-17 and the same form part of the Annual Report.

Their report does not contain any qualifications, reservation or adverse remarks or disclaimer.

No frauds were reported by the Statutory Auditors either to the Central Government or to the Audit Committee / the Board in terms of section 143(12) of the Companies Act, 2013.

Response to the audit observation vide Point Vii (b) of annexure A to independent auditors' report.

During the assessments for Assessment Years 2012-13, 2013-14 and 2014-15, the Competent authority has disallowed certain amounts paid to foreign consultants for non-deduction of TDS. The tax liability arised due to the above disallowances got adjusted against the MAT credit Available during these years. Appeals have

been filed for all the three years before the ITAT challenging the disallowances made by the Assessing officer. Company is confident of winning the cases at ITAT level. If the Company wins the case, it will get back the MAT credit to the extent of taxes on disallowances.

Internal Auditors

On the recommendations of the Audit Committee, in pursuance of Section 138 of the Companies Act, 2013 read with rules made there under, the Board has appointed M/s JVSL & Associates, Chartered Accountants (Firm Reg.No.015002S) as Internal Auditors of the Company with effect from 28.09.2017 to carry out internal auditing of books of accounts periodically.

Cost Auditors:

In pursuance of Section 148 of the Companies Act, 2013 read with rules made thereunder, the Board has appointed M/s U S Rao & Co (Registration No. 102629), Cost Accountants as Cost Auditors of the Company to carry out the audit of cost records maintained by the Company.

In pursuance of rule14, (a) (ii) of Companies (Audit and Auditors) rules 2014 the remuneration for the financial year 2017-18 fixed by the Board of Directors which is payable to Cost Auditors needs a ratification by the shareholders of the Company. Accordingly, remuneration fixed by the Board is placed for ratification before the shareholders.

Secretarial Auditors:

In pursuance of Section 204 of the Companies Act, 2013 read with rules made thereunder, the Board has appointed M/s D Hanumantha Raju & Co, Practicing Company Secretaries as Secretarial Auditors of the Company to carry out the secretarial audit.

The report contains a qualification stating that "*the day of 26th Annual General Meeting is not mentioned in its Notice calling the meeting*".

It was inadvertently missed at the time of editing at printers end. The Board will ensure not to repeat in future.

OTHER INFORMATION IN PURSUANCE OF RULE 5 OF COMPANIES (ACCOUNTS) RULES, 2014

- The financial summary and the changes in Directors and Key Managerial Personnel were given supra. During the year under review, there is no change in the nature of business of the Company and it has no subsidiaries, joint ventures or associate companies.
- During the year under review, the Company has not accepted any deposits in terms of Section 73 of the Companies Act, 2013 and the rules made there under and hence providing compliance statement with respect to the provisions of Chapter V of the Act is not applicable.
- During the year under review, there are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.
- Following are the details in respect of adequacy of internal financial controls with reference to the Financial Statements:

The Company has adequate Internal Financial Controls (IFC) and well laid down procedures are in place. The Audit Committee periodically reviews the adequacy of internal controls with respect to financial transactions and suggests the changes, if any required to the said controls.

The Company maintains its books of accounts in SAP system and the work flow and approvals are routed through SAP. Further, the

Company has set internal financial control systems to maintain accurate and complete accounting records, to safeguard its assets and to prevent and detect any frauds and errors.

The Company has internal audit department and also appointed Internal Auditors in compliance to the provisions of the Companies Act, 2013 who in turn observe the set internal controls and the financial transactions of the Company. The internal audit department reviews the set controls and the financial transactions periodically and reports to the Management. On quarterly basis the Internal Auditors present their report to the Audit Committee and the Management comments on the Internal Auditor's observations and gives their replies to the Committee. Based on the reports, the Management will take up necessary steps to mitigate the short falls, if any.

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 the risk. The Risk Management procedure will be reviewed periodically by the Audit Committee and the Board.

ANTI SEXUAL HARASSMENT

A Committee was framed in compliance to the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 in order to curb sexual harassment, if any, at work place of the Company. There were no complaints received by the Company during the year under review.

EXTRACT OF ANNUAL RETURN

In accordance with the provisions of Section 134(3)(a) of the Companies Act, 2013, an extract of the Annual Return in the prescribed format is appended as Annexure-V to the Board's Report.

CORPORATE GOVERNANCE

The Company, as a policy believes that its corporate governance goes beyond the regulatory requirement and has laid strong emphasis on the transparency, accountability, responsibility, fairness, integrity, consistent value systems and delegation across all of its operations.

A separate section on Corporate Governance along with a Certificate from the Auditors confirming the compliance is appended to the Board's Report and forms part of the Annual Report.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Corporate Social Responsibility is commitment of the Company to the community and society at large. The Company believes that CSR plays an important role in an organization's existence, sustained growth and for overall development of all stakeholders & the society at large. In line with this, the Board has constituted CSR Committee and adopted a CSR policy on the recommendations of the Committee.

During the year under review an eligible amount of ₹.2,184,135/- was to be spent towards CSR activities by the Company. Out of which it has paid an amount of ₹.632,838/- to Narsingh Swain Memorial Trust, Hyderabad and an amount of ₹.1,000,000/- paid to Public Health Foundation of India for providing medical aid to differently abled people on charitable basis who belong to economically weaker sections of the society. The balance amount of ₹. 551,297/- is to be spent during the current financial year.

Report on CSR activity is enclosed as Annexure-VI to the Board's Report in compliance to Rule 8 of Companies (Corporate Social Responsibility Policy) Rules, 2014.

CASH FLOW STATEMENT

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

STOCK EXCHANGES

Equity Shares of the Company are listed with BSE Limited and National Stock Exchange of India Limited and the respective listing fees was paid in time and no amount is outstanding.

SHARE TRANSFER AGENCY

The Company has appointed M/s CIL Securities Ltd, 214, Raghava Ratna Towers, Abids, Hyderabad - 500001, as its share transfer agency for handling both physical and electronic transfers.

TRANSFER OF UNCLAIMED DIVIDEND AMOUNT TO INVESTOR EDUCATION AND PROTECTION FUND

The Company has transferred unclaimed dividend for the year upto 2008-09 to Investor Education and Protection Fund. The details of unclaimed dividends and due dates for transfer to the said fund account for other financial years are disclosed in the report on corporate governance.

CODE OF CONDUCT

The Company has adopted Code of Conduct for the Board and for the senior level employees of the Company and they are complying with the said code. A declaration by the Managing Director to this effect is furnished as Annexure-VII to the Board's Report.

INFORMATION ON CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

Pursuant to the provisions of Section 134 (3) (m) of the Companies Act, 2013 read with Rule 3 of Companies (Accounts) Rules, 2014, the relevant information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo is appended hereto as Annexure-VIII and forms part of the Board's Report.

ACKNOWLEDGMENTS

The Directors wish to place on record their gratitude to shareholders and thank the customers, vendors, franchisees, bankers and legal advisors for their continued support to the Company's growth. The Directors also wish to place on record, their appreciation for the contribution made by the employees at all levels, for their sincerity, hard work, solidarity and dedicated support to the Company.

For and on behalf of the Board

Place : Hyderabad
Date : 17.08.2017

DR S P VASIREDDI
EXECUTIVE CHAIRMAN

INTRODUCTION**Company 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.

BOARD OF DIRECTORS**Composition**

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

Attendance and other Directorships

During the year ended March 31, 2017 the Board of Directors met six times. These meetings were held on May 16, 2016; July 14, 2016; August 11, 2016; November 12, 2016; January 06, 2017 and February 11, 2017. The Directors' attendance and their Directorships during the year ended March 31, 2017 are as under:

| Name of the Director & Category | Attendance at | | No. of other Boards / Committees in which he/she is member or Chairperson | |
|---------------------------------|---------------|------------------------|---|-----------|
| | Board Meeting | Annual General Meeting | Board | Committee |

I) EXECUTIVE

| | | | | |
|---|---|---------|------|------|
| Dr S P Vasireddi Promoter, Executive Chairman | 5 | Present | ---- | ---- |
| Harita Vasireddi Managing Director | 5 | Present | 1 | 2 |
| V Harriman Promoter, Executive Director-Operations | 6 | Present | ---- | 2 |
| V V Prasad Promoter, Executive Director-Admn. | 6 | Present | 1 | 1 |

II) NON-EXECUTIVE & INDEPENDENT DIRECTORS

| | | | | |
|------------------------------|---|---------|------|---|
| T S Ajai | 6 | Present | ---- | 3 |
| Dr Subba Rao Pavuluri | 6 | Present | 15 | 3 |
| Prof D Balasubramanian | 2 | Absent | 2 | 1 |
| Rao Purnachandra Potharlanka | 4 | Absent | ---- | 3 |

Selection of New Directors

Based on the recommendations of the remuneration and nomination committee, the Board will select a new Director for induction to the Board. Before its recommendations, the committee will carryout the screening and selection process involved in selecting new Directors.

Performance evaluation mechanism

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

The performance indicators for 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.

Details of remuneration paid to the Directors:

(in ₹)

| Name of the Directors | Salary | Sitting Fee | Total |
|------------------------------|-----------|-------------|-----------|
| Dr S P Vasireddi | 9,520,000 | — | 9,520,000 |
| Harita Vasireddi | 7,453,419 | — | 7,453,419 |
| V Harriman | 7,453,419 | — | 7,453,419 |
| V V Prasad | 7,453,419 | — | 7,453,419 |
| T S Ajai | — | — | ---- |
| Dr Subba Rao Pavuluri | — | — | ---- |
| Prof. D Balasubramanian | — | 50,375 | 50,375* |
| Rao Purnachandra Potharlanka | — | — | ---- |

*Including Service Tax

Note:

1. Salary includes Basic Salary, 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. The term of the executive directors is three years effective from 15.07.2016 and that of independent directors is five years effective from 01.04.2014. There is no notice period and severance fee, other than payment of gratuity and leave encashment to the executive directors as per the Company policy.
3. During the Financial Year 2016-17
 - ◆ There are no pecuniary relationships or transactions of the Non-Executive Directors' vis-à-vis the Company
 - ◆ No payments were made to Non-Executive Directors other than sitting fee as detailed herein above.
 - ◆ None of the Non-Executive Directors are holding any shares or convertible instruments of the Company.
 - ◆ There are no familiarizations programs imparted to independent directors.

COMMITTEES OF THE BOARD

Audit Committee

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

Composition

The Committee comprises of three members and are nonexecutive & independent directors of the Company. The Chairman of the Committee T S Ajai is a senior Chartered Accountant in practice. The other members are Dr Subba Rao Pavuluri and Rao Purnachandra Potharlanka.

Meetings and Attendance

During the year ended March 31, 2017 the Audit Committee met four times. These meetings were held on May 16, 2016; July 14, 2016; November 12, 2016 and February 11, 2017.

Composition and attendance

| Name of the Member | Meetings held | Attendance |
|------------------------------|---------------|------------|
| T S Ajai, Chairman | 4 | 4 |
| Dr Subba Rao Pavuluri | 4 | 4 |
| Rao Purnachandra Potharlanka | 4 | 4 |

The Company Secretary, A Venkata Ramana acted as Secretary to the Committee.

Nomination and Remuneration Committee

The role of the Committee is to

- ◆ Formulate criteria for determining qualifications, positive attributes and independence of a 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;
- ◆ Selection of new Directors and key managerial personnel; and
- ◆ Formulate criteria for evaluation of Directors and the Board as a whole.

Composition

The Committee comprises of three non-executive and Independent Directors namely, Dr Subba Rao Pavuluri, Chairman, Mr T S Ajai and Prof. D Balasubramanian, Members.

The Company Secretary, A Venkata Ramana acted as Secretary to the Committee.

Meetings & Attendance

During the year ended March 31, 2017 the Nomination and Remuneration Committee met two times. These meetings were held on July 14, 2016 and November 12, 2016.

Attendance

| Name of the Member | Meetings held | Attendance |
|-------------------------|---------------|------------|
| Dr Subba Rao Pavuluri | 2 | 2 |
| T S Ajai, Chairman | 2 | 2 |
| Prof. D Balasubramanian | 2 | 1 |

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 there under 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 and independence of a Director; and
- ◆ To formulate remuneration principles for the Directors, key managerial personnel and other senior level employees of the Company.

Stakeholders' Relationship, Grievance Committee

Director heading the committee : Dr Subba Rao Pavuluri
 Compliance Officer : A Venkata Ramana
 Company Secretary

No. of shareholders' complaints received during the year : Nil
 No. of complaints resolved : Nil
 No. of pending complaints : Nil

Performance Evaluation Criteria for Independent Directors

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

Corporate Social Responsibility (CSR) Committee**Philosophy**

Vimta believes that business enterprises are economic organs of society and to be a truly value adding organization, Vimta should not only deliver quality scientific services but also directly nurture the society and its environment in a scale that is appropriate to its economics. In line with this belief, Vimta would be carrying out CSR activities to build a better, sustainable way of life for the weaker sections of society. Programmes, projects and activities (collectively known as "CSR Programmes") are independent of the normal business activities of Vimta.

Composition

The Board has constituted CSR Committee consisting of Harita Vasireddi, Managing Director as Chairman of the Committee; Vungal Harriman, Executive Director-Operations; V V Prasad, Executive Director-Administration and Rao Purnachandra Potharlanka, Independent Director as other members of the Committee.

Risk Management Committee**Philosophy**

The Board has constituted Risk Management Committee to formulate a Risk Management Policy for dealing with different kinds of risks attributable to the operations of the Company outlining different kinds of risks and risk mitigating measures to be adopted. The Board shall be responsible for framing, implementing and monitoring the risk management plan of the Company.

GENERAL BODY MEETINGS

The Details of Annual General Meetings held in last three years

| S.No. | For F/Y | Meeting | Venue | Date | Time |
|-------|-----------|---------|--------------|------------|------------|
| 1. | 2015-2016 | AGM | Regd. Office | 02.09.2016 | 10.00 a.m. |
| 2. | 2014-2015 | AGM | Regd. Office | 21.08.2015 | 10.00 a.m. |
| 3. | 2013-2014 | AGM | Regd. Office | 07.07.2014 | 10.00 a.m. |

The Details of Extra-Ordinary General Meetings held in last three years

| S.No. | F/Y | Meeting | Venue | Date | Time |
|-------|-----------|---------|--------------|------------|------------|
| 1. | 2015-2016 | | | Nil | |
| 2. | 2014-2015 | | | Nil | |
| 3. | 2013-2014 | EGM | Regd. Office | 17.08.2013 | 10.00 a.m. |

All special resolutions placed before the shareholders at the above meetings were approved. No resolution was proposed which got to be conducted through Postal ballot. Hence, no resolution was conducted through postal ballot in the above General Meetings.

DISCLOSURES

- ◆ There are no materially significant related party transactions that may have potential conflict with the interests of the Company at large. Suitable disclosures have been made in the Annual Report as required by the provisions of the Companies Act, 2013.
- ◆ During the last three years there have been no instances of noncompliance by the Company w.r.t. Stock Exchange and SEBI regulations. Further, no penalties, no strictures imposed on the Company by Stock Exchanges or SEBI or any other statutory authority on any matters related to Capital markets.
- ◆ The Company has adopted the Whistle Blower Policy and affirms that none of the personnel have been denied access to the Audit Committee to report their concerns about unethical behavior, actual or suspected fraud or violation of Code of Conduct or ethics policy. The Company has complied with all mandatory requirements of the Corporate Governance clause of the listing agreement.
- ◆ The Company has complied with all mandatory requirements and it has adopted non mandatory requirement of the Corporate Governance clause with respect to :
 - i) separate posts of Chairman and Managing Director
 - ii) reporting of Internal Auditor to the Audit Committee
- ◆ Web link for policy on disclosure of material events and related party transactions is www.vimta.com/financials
- ◆ Commodity price risks and commodity hedging activities are not applicable being service industry
- ◆ The Company has complied with 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

INTER-SE RELATIONSHIP BETWEEN DIRECTORS

- ◆ In respect of Dr S P Vasireddi - Executive Chairman:
Harita Vasireddi - Managing Director is daughter of Dr S P Vasireddi
V V Prasad - Executive Director- Administration is brother of Dr S P Vasireddi
- ◆ In respect of Harita Vasireddi - Managing Director:
Dr S P Vasireddi - Executive Chairman is father of Harita Vasireddi
- ◆ In respect of V V Prasad - Executive Director Admn.
Dr S P Vasireddi - Executive Chairman is brother of V V Prasad.

MEANS OF COMMUNICATION

In compliance to the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the quarterly, half-yearly and annual financial results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board through BSE Listing Centre and NSE Electronic Application Processing System and are also placed on the Company's website <http://www.vimta.com/financials>. The abridged financial results are published in two newspapers within 48 hours of the conclusion of the meeting of the Board in compliance to the Regulations. Generally the results are published in Financial Express and Andhra Prabha. Further, all the material information, if any which has bearing on the operations of the Company is sent to all stock exchanges concerned. The Company's website also displays official press/news releases, presentations if any, made to institutional investors & analysts and other details / information of interest to various stakeholders.

COMPLIANCE OF INSIDER TRADING NORMS

The Company has adopted the code of internal procedures and conduct for listed companies as notified by Securities Exchange

Board of India prohibiting insider trading. A policy document on internal code of conduct on insider trading is available with the registered office of the Company. All insiders shall comply with the model code of conduct adopted by the Company.

GENERAL SHAREHOLDER INFORMATION

Annual General Meeting

Day & Date : Wednesday, September 27, 2017
 Time : 10.00 A M
 Venue : Plot No.142, IDA, Phase-II,
 Cherlapally, Hyderabad : 500051

Financial Calendar

Financial year : April 1, 2017 to March 31, 2018
 First quarter results : On or before September 14, 2017*
 Half yearly results : On or before December 14, 2017*
 Third quarter results : On or before February 14, 2018
 Fourth quarter/Annual Results : On or before May 30, 2018
 Date of Book Closure : 21.09.2017 to 27.09.2017
 (both days inclusive)

Date of dividend payment : NA

* First year of Ind-AS implementation

Unclaimed dividend

Dividend pertaining to the financial years 2001-02 to 2008-09 which remain unclaimed for a period of seven years, was transferred to the Investor Education and Protection Fund. The unclaimed dividends for the financial years 2009-10 to 2010-11, 2012-13 to 2015-16 are due for transfer to the said fund account as detailed in the below statement the details of which are available on Company's website www.vimta.com and on the website of Ministry of Corporate Affairs. Therefore, the members may claim their dividend before its transfer to the said Fund.

| Sl. No. | Year of Dividend | Date of declaration | Due for transfer to IEPF in the month of |
|---------|------------------|--------------------------|--|
| 1 | 2009-2010 | 30.09.2010 | November' 2017 |
| 2 | 2010-2011 | 24.09.2011 | October' 2018 |
| 3 | 2011-2012 | No dividend was declared | |
| 4 | 2012-2013 | 31.05.2013 | July' 2020 |
| 5 | 2013-2014 | 07.07.2014 | August' 2021 |
| 6 | 2014-2015 | 21.08.2015 | September' 2022 |
| 7 | 2015-2016 | 02.09.2016 | October' 2023 |

Listing with Stock Exchanges

Companies securities are listed with

- i) BSE Limited
 P J Towers Dalal Street, Mumbai - 400 001
 Stock Code : 524394
- ii) National Stock Exchange of India Limited
 "Exchange Plaza", Bandra Kurla Complex
 Bandra (E) Mumbai - 400 051
 Stock Code : VIMTALABS

The ISIN of dematerialized shares of the Company is "INE579C01029"

Electronic Connectivity

- i) National Securities Depository Ltd
 Trade World, 4th Floor, Kamala Mills Compound
 Senapati Bapat Marg, Lower Parel, Mumbai - 400 013
- ii) Central Depository Services (India) Limited
 26/28th Floor, BSE Bldgs., Dalal St. Mumbai - 400 023

Stock Price Data

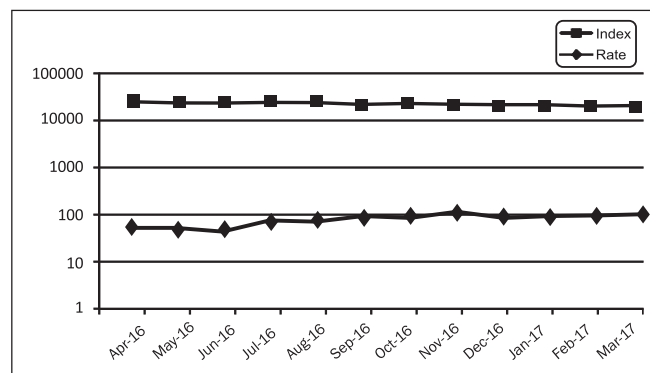
Monthly high and low share quotations on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited, Mumbai for the financial year 2016-2017 were as follows :

(in ₹)

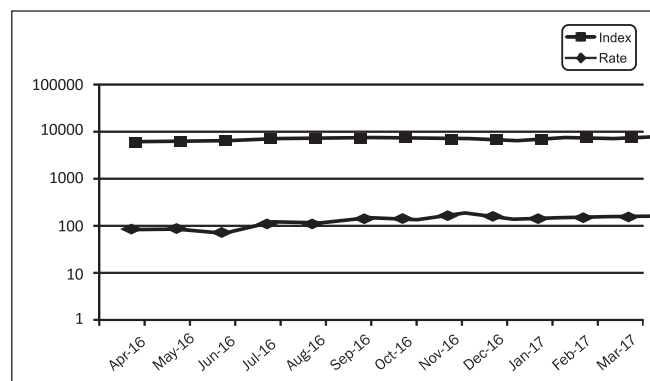
| Year 2016-17 | BSE Limited | | National Stock Exchange of India Ltd. | |
|-----------------|-------------|--------|---------------------------------------|--------|
| | High | Low | High | Low |
| April, 2016 | 83.00 | 69.75 | 82.90 | 70.00 |
| May, 2016 | 83.05 | 70.00 | 83.05 | 70.10 |
| June, 2016 | 74.95 | 67.65 | 75.00 | 67.25 |
| July, 2016 | 101.40 | 73.00 | 101.40 | 72.50 |
| August, 2016 | 98.60 | 81.05 | 98.70 | 81.35 |
| September, 2016 | 114.00 | 87.35 | 113.90 | 87.80 |
| October, 2016 | 107.80 | 95.80 | 107.60 | 96.20 |
| November, 2016 | 128.50 | 88.55 | 128.50 | 88.40 |
| December, 2016 | 109.35 | 95.00 | 109.40 | 95.15 |
| January, 2017 | 114.70 | 102.45 | 114.30 | 102.00 |
| February, 2017 | 116.75 | 103.10 | 116.80 | 105.00 |
| March, 2017 | 119.60 | 107.00 | 119.60 | 108.00 |

Share price performance in comparison to broad based indices - BSE Sensex and NSE

BSE Limited



National Stock Exchange of India Limited



Share Transfer System

The share transfers are being dealt by the Company's Registrars and Transfer Agents (RTA), M/s CIL Securities Ltd. Share transfers which are received in physical form are processed by RTA and after necessary transfers the share certificates are returned within a period of 15 to 20 days from the date of its receipt, subject to the documents being valid and complete in all respects.

Address for Communication

For Share Transfers and related matters

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

For other matters

Vimta Labs Ltd.
Plot No.142, IDA, Phase-II, Cherlapally, Hyderabad - 500051
Phone : 040-2726 4141
Web : www.vimta.com; E-mail : shares@vimta.com
CIN : L24110TG1990PLC011977

Compliance Officer

A Venkata Ramana, Company Secretary
Vimta Labs Ltd.
Plot No.142, IDA, Phase-II, Cherlapally, Hyderabad - 500051
Phone: 040-2726 4141
Email: cs@vimta.com / shares@vimta.com

Distribution of shareholding as on 31.03.2017

| Shares held From - To | Shareholders | | No. of Shares | |
|--------------------------|--------------|------------|-----------------|------------|
| | No. | % | No. | % |
| Upto 5000 | 13308 | 98.43 | 4958861 | 22.43 |
| 5001-10000 | 104 | 0.77 | 762188 | 3.45 |
| 10001-20000 | 57 | 0.42 | 837952 | 3.79 |
| 20001-30000 | 17 | 0.13 | 435457 | 1.97 |
| 30001-40000 | 6 | 0.04 | 225813 | 1.02 |
| 40001-50000 | 5 | 0.04 | 222499 | 1.01 |
| 50001-100000 | 8 | 0.06 | 618394 | 2.80 |
| 100001 & above | 15 | 0.11 | 14046646 | 63.54 |
| Total | 13520 | 100 | 22107810 | 100 |

Categories of shareholders as on 31.03.2017

| Category | No. of Shares | % |
|--|-----------------|------------|
| Shareholding of Promoter & Promoter Group | | |
| Indian | 8270052 | 37.41 |
| Foreign | Nil | Nil |
| Public Shareholding | | |
| Institutional Investors | 50381 | 0.23 |
| Non - Institutional Investors | 13787377 | 62.36 |
| TOTAL | 22107810 | 100 |

Dematerialization of shares and liquidity

Over 97.78 % of the Company's equity shares have been dematerialized as on 31.03.2017. Trading in Equity shares of the Company is permitted only in dematerialized form as per notification issued by SEBI.

Share trading

Vimta Shares are actively traded at BSE Limited and National Stock Exchange of India Limited.

Relevant turnover data for the financial year 2016-17

*(₹ in lakhs)

| | BSE Ltd. | National Stock Exchange of India Ltd. |
|---------------------|----------|---------------------------------------|
| Total shares traded | 11294702 | 43795138 |
| Turnover value* | 11461.89 | 44802.72 |

As on date, the Company has not issued any GDRs/ ADRs/ Warrants or any convertible instruments.

CEO/ CFO Certification

The Managing Director and Chief Financial Officer have certified to the Board with respect to the financial statements, internal controls and other matters, as required by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the said certificate is appended to report on corporate governance and forms part of the Annual Report.

COMPANY LOCATIONS

| Sl.No. | City | Address |
|--|--------------|--|
| Regd. Office & Central Laboratory | | |
| 1. | Hyderabad | 141/2 & 142, IDA, Phase-II, Cherlapally, Pin : 500051 Phone : 040-27264141 |
| Life Science Facility | | |
| 2. | Hyderabad | Plot No.5, MN Science & Technology Park, Genome Valley, Turkapally Village, Shameerpet, Pin : 500101 Phone : 040-67404040 |
| Laboratories | | |
| 1. | Ahmedabad | B-303 & B-304, Shilp Aaron Tower-B Sindhu Bhavan Road Near Pakvan Circle, Ghatlodiya, Pin : 380059 |
| 2. | Bangaluru | No.1047, Rukmini Plaza, 5 th Block, West of Chord Road Rajaji Nagar, Pin : 560010 |
| 3. | Bhimavaram | H.No.7-54/3, J P Road, West Side of SRK Eng. College Pin : 534202 |
| 4. | Bhubaneshwar | H.No.16C, BDA, HIG Duplex Colony Baranunda, Pin : 751003 |
| 5. | Chennai | No.33, Ganga Nagar, Jaffer Khan Pet, Pin : 600083 |
| 6. | Indore | Unit No.301 & 302, 3 rd Floor, Maloo 01, Plot No.26 Scheme No.94C, Ring Road, Pin : 452010 |
| 7. | Kochi | No.5D, 5 th Floor, NOEL Focus, Seaport-Airport Road Kakkannad, Kanayannur Taluk, Pin : 682037 |
| 8. | Kolkata | Merlin Infinite, Plot No. 51, Block DN, 11th Floor, Salt Lake Sector 5 Pin : 700 091 |
| 9. | Nellore | D.No.26-16-370, 3rd Floor, MC Arcade, Survey No. 652 Min Bye-Pass Road, Komdayapalem, Pin : 524004 |
| 10. | Pune | H.No.2B, 5th Floor, Bhakti Genesis, Wakad, Tal.munshi, Pin : 411057 |

COMPANY LOCATIONS

| Sl.No. | City | Address |
|-----------------------|---------------|--|
| Laboratories contd... | | |
| 11. | Varanasi | H.No.B-31/82, 2nd Rashmi Nagar, Naria Road Gate Pin : 221005 |
| 12. | Vijayawada | 29-5-1, Shyam Enclave, Opp. Glaxo, Cherukupalli Vari Street Prakasam Road, Governorpet, Pin: 520002 |
| 13. | Visakhapatnam | D.No.9-13-45/2-9-3, Neelima Times, VIP Road, Pin : 530003 |
| 14. | Visakhapatnam | D.No.15-13-2A, Krishna Nagar, Maharanipect Pin : 530002 |
| Liaison Offices | | |
| 1. | Chennai | 5, Crescent Park Street, T Nagar, Pin : 600017 |
| 2. | Coimbatore | No. 49, West Venkataswamy Road, Front Portion R.S Puram, Pin : 641002 |

AUDITORS' CERTIFICATE

To
The Members of Vimta Labs Limited

- We have examined the compliance of conditions of Corporate Governance by Vimta Labs Limited, for the year ended March 31, 2017, as stipulated in regulation 15(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 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 the 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 explanations given to us, we certify that the Company has complied with the conditions of the 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 J V S L & Associates
CHARTERED ACCOUNTANTS
(Firm Regn. No. 15002S)

Place : Hyderabad
Date : 17.08.2017

J Venkateswarlu
Partner
ICAI Ms.No.022481

COMPLIANCE CERTIFICATE

- A. We have reviewed financial statements and the cash flow statement for the year 2016-17 and that to the best of our knowledge and belief:
- these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - 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 that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, the design and operation of such internal controls. No deficiencies have been identified.
- D. We have indicated to the auditors and the Audit committee
- Significant changes in internal control over financial reporting during the year;
 - That there were no significant changes in accounting policies during the year, and
 - To the best of our knowledge and belief, that there are no instances of fraud involving either the management or an employee having a role in the Company's internal control system over financial reporting.

HARITA VASIREDDI
MANAGING DIRECTOR

Place : Hyderabad
Date : 22.04.2017

M MURALI MOHANA RAO
CHIEF FINANCIAL OFFICER

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)

Disclosure of 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:

1. There are no contracts / arrangements entered into by the Company with related parties which are not at arms length basis.
2. There are no material contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 which are at arms length basis.
3. There were no materially pecuniary relationships or transactions of the non-executive directors' vis-à-vis the Company.
4. Details of non-material contracts/arrangements at arm length basis with related parties for the year ended March 31, 2017 are as follow :-

| 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, if any | Justification For entering into Contract / Arrangement |
|---------|--|--|---|---|---------------------------------------|---|
| 1. | Bloomedha Info Solutions Limited, Hyderabad Directors of Bloomedha are relatives of Executive Chairman; Managing Director and Executive Director- Operations of the Company | Availing of services: Administrative support for application software | 3 years w.e.f. 01.04.2014 | ₹ 3,00,000 per month plus taxes | 17.05.2014 | Arms length Contract at prevailing market rates |
| 2. | Dr S P Vasireddi Owner of the property is Executive Chairman of the Company | Leasing of property: Residential property Obtained on lease for office purpose | 2 years w.e.f. 01.04.2016 | ₹ 77,000 per month with annual escalation of 10% with ₹ 210,000 as advance | 16.05.2016 | Lease Rentals at prevailing market rates. Lease rentals paid for the year @ ₹ 77,000/- p.m. |
| 3. | 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. 01.04.2016 | ₹ 12,100 per month with annual escalation of 10% | 16.05.2016 | Lease Rentals at prevailing market rates. Lease rentals paid for the year @ ₹ 12,100/- p.m. |
| 4. | 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. 01.04.2014 | Appointed on a Monthly remuneration not exceeding ₹ 250,000/- per month | 17.05.2014 | Commensurate with qualification and experience an amount of ₹ 223,000 p.m. is being paid |
| 5. | Satya Sreenivas Neerukonda Son-in-law of Executive Director – Administration of the Company | Appointment to office or place of profit: Appointed as Manager – Business Development Presently Senior Vice President and Global Head Business Development | w.e.f. 01.04.2014 | Appointed on a Monthly remuneration not exceeding ₹ 250,000/- per month | 17.05.2014 | Commensurate with qualification and experience an amount of ₹ 223,000 p.m. is being paid |
| 6. | Praveena Vasireddi Daughter of Executive Chairman and sister of Managing Director of the Company | Appointment to office or place of profit: Appointed as Executive – Internal Auditing | w.e.f. 01.04.2014 | Appointed on a Monthly remuneration not exceeding ₹ 250,000/- per month | 17.05.2014 | Commensurate with qualification and experience an amount of ₹ 100,000 p.m. is being paid |
| 7. | Sudeshna Vungal Daughter of Executive Director – Operations of the Company | Appointment to office or place of profit: Appointed as Bio Chemist Present capacity - Dy. Manager - Operations | w.e.f. 01.04.2014 | Appointed on a Monthly remuneration not exceeding ₹ 250,000/- per month | 17.05.2014 | Commensurate with qualification and experience an amount of ₹ 90,000 p.m. is being paid |
| 8. | Sujani Vasireddi Daughter of Executive Director – Administration of the Company | Appointment to office or place of profit: Appointed as Manager – Legal & Administration | w.e.f. 18.08.2016 | Appointed on a Monthly remuneration not exceeding ₹ 250,000/- per month | 12.11.2016 | Commensurate with qualification and experience an amount of ₹ 83,350 p.m. is being paid |

Place : Hyderabad
Date : 17.08.2017

Dr S P Vasireddi
Executive Chairman

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 there under 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 there under

'Key Managerial Personnel (KMP)' means:

- ◆ the Managing Director or the Chief Executive Officer and Whole-time Director;
- ◆ the Company Secretary and
- ◆ the Chief Financial Officer

'Senior level employees' means personnel of the Company just below the level of executive directors & KMPs 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 an 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 policies for KMPs, other employees at senior 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 to. 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 there under 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 there under.

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 Remuneration

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 there under. Such remuneration to Non-executive /Independent Directors may be paid within the monetary limits approved by shareholders, subject to the limits not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

Remuneration of other KMPs and Senior level employees

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

Policy review

This policy is framed in the best interest of the Company based on the provisions of the Companies Act, 2013 and rules made there under 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.

Statement of particulars of appointment and remuneration of managerial personnel and particulars of employees

A) i) Details of remuneration paid to Directors and Key Managerial Personnel as per rule 5(1) of Companies (Appointment of Managerial Personnel) Rules 2014

| Sl. No. | Name of the Director | 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 with the percentile increase in the remuneration of Directors that of employees | Comparison of remuneration against performance of the Company | |
|---------|--|--|---|--|---|---|
| | | | | | Remuneration paid (₹) | Performance of the Company for the year (Net Profit in ₹) |
| 1 | Dr S P Vasireddi Executive Chairman | 40.00 : 1 | 41.67 | NA | 9,520,000 | 100,443,760 |
| 2 | Harita Vasireddi Managing Director | 31.32 : 1 | 38.64 | NA | 7,453,419 | 100,443,760 |
| 3 | Vungal Harriman Executive Director - Operations | 31.32 : 1 | 38.64 | NA | 7,453,419 | 100,443,760 |
| 4 | V V Prasad Executive Director - Admn | 31.32 : 1 | 38.64 | NA | 7,453,419 | 100,443,760 |
| 5 | T S Ajai Independent Director | Nil | Nil | NA | NA | NA |
| 6 | Dr. Subba Rao Pavuluri Independent Director | Nil | Nil | NA | NA | NA |
| 7 | Prof. D Balasubramanian Independent Director | Nil | Nil | NA | NA | NA |
| 8 | Rao Purnachandra Potharlanka Independent Director | Nil | Nil | NA | NA | NA |
| 9 | M. Murali Mohan Rao CFO | NA | 21.65 | NA | 2,842,200 | 100,443,760 |
| 10 | A. Venkata Ramana Company Secretary | NA | 5.15 | NA | 1,424,730 | 100,443,760 |

Note: No remuneration was paid to Independent Directors. Minimum remuneration was paid to Managing Director and other Whole-time Directors in accordance with the terms of appointment as approved by the shareholders and Part - II, Section - II of Schedule - V of Companies Act, 2013 as amended to date.

- ii) There was no variable component of remuneration availed by the Directors.
- iii) The remuneration paid to the Key Managerial Personnel was as per the remuneration policy of the Company.
- iv) There are 1021 permanent employees on the rolls of the Company as on March 31, 2017.
The percentage increase in the median remuneration of employees in the financial year was 6.42%.
- v) The average increase in the salaries / remuneration of the employees during the year was 6%. 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) The ratio of the remuneration of the highest paid Director to that of the employee who are not Director but received remuneration in excess of the highest paid director during the year was : Not applicable
- vii) The market capitalization as on 31.3.2017 increased to ₹ 244.29 crores both at BSE and NSE from ₹ 157.05 crores (BSE) and ₹ 157.43 crores (NSE) as on 31.3.2016. The Price Earning Ratio was 22.53 as on March 31, 2017 as compared to 24.28 as of March 31, 2016. The closing price of the Company's equity shares on the BSE and NSE as of March 31, 2017 was ₹110.50/-.

B) Particulars of employees pursuant to section 197 (12) read with Rule 5(2) of (Appointment of Managerial Personnel) Rules 2014

| Sl. No. | Name & Designation | Remuneration received | Nature of employment | Qualifications and experience of the employee | Age | Date of Commencement of employment | Date of Cessation of employment | Last employment held before joining the company | The % of equity shares held in the company | Whether is a relative of any director of key managerial personnel of the company |
|---------|---|-----------------------|----------------------|---|-----|------------------------------------|---------------------------------|---|--|--|
| 1. | Dr Nitin Mahabala Shetty Vice President - Pre Clinical | ₹ 1,930,817 | Permanent | M.Sc, PhD 25 yrs | 53 | 27.04.2009 | 16.07.2016 | Wockhardt | Nil | No |

Form No. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31.03.2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
VIMTA LABS LIMITED
141/2 & 142, IDA PHASE II
CHARLAPALLI, RR DIST
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 (hereinafter called the Company). Secretarial Audit was conducted 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 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, 2017, 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, 2017, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder 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) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 & 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (Not applicable to the Company during the period of audit).
 - (e) The 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) The 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) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the period of audit);
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable to the Company during the period of audit); and
 - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- (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 Labour (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, 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 except,

The day of Annual General Meeting is not mentioned in the notice of 26th Annual General Meeting of the company held on 2nd September, 2016.

We further report that

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

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

Decisions at the Board Meetings are carried out unanimously as recorded in 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.

For D.HANUMANTA RAJU & CO
COMPANY SECRETARIES

Place : Hyderabad
Date : 17.08.2017

SHAIK RAZIA
FCS : 7122, CP NO.: 7824
PARTNER

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
Charlapally, RR Dist
Hyderabad-500051

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

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

For D.HANUMANTA RAJU & CO
COMPANY SECRETARIES

Place : Hyderabad
Date : 17.08.2017

SHAIK RAZIA
FCS : 7122, CP NO.: 7824
PARTNER

EXTRACT OF THE ANNUAL RETURN
(As on the financial year ended on 31.03.2017)

I. REGISTRATION AND OTHER DETAILS :

| | | | |
|------|--|---|--|
| i) | CIN | : | L24110TG1990PLC011977 |
| ii) | Registration Date | : | 16.11.1990 |
| iii) | Name of the Company | : | VIMTA LABS LIMITED |
| iv) | Category / Sub-Category of the Company | : | Service |
| v) | Address of the Registered office and contact details | : | 141/2 & 142, IDA, PHASE-II CHERLAPALLY HYDERABAD : 500051 TELANGANA, INDIA |

Company Secretary
040-2726 4141
cs@vimta.com; 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 : 500001, TELANGANA, 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 product / 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

| Sl. No. | Name & Address of the Company | CIN / GLN | Holding / Subsidiary / Associate | % of Shares held | Applicable Section |
|---------|-------------------------------|-----------|----------------------------------|------------------|--------------------|
| NIL | | | | | |

(ii) Shareholding of Promoters and promoters group

| Sl. No. | Shareholder's Name | No. of shares held at the beginning of the year 01.04.2016 | | | No. of shares held at the end of the year 31.03.2017 | | | % change in shareholding 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 | Sivalinga Prasad Vasireddi | 3598525 | 16.28 | 0 | 3598525 | 16.28 | 0 | 0.00 |
| 2 | Vungal Harriman | 1777166 | 8.04 | 0 | 1777166 | 8.04 | 0 | 0.00 |
| 3 | Vasireddi Veerabhadra Prasad | 1463515 | 6.62 | 0 | 1463515 | 6.62 | 0 | 0.00 |
| 4 | Andhra Pradesh Industrial Development Corporation Ltd. | 590000 | 2.67 | 0 | 590000 | 2.67 | 0 | 0.00 |
| 5 | Harita Vasireddi | 167964 | 0.76 | 0 | 167964 | 0.76 | 0 | 0.00 |
| 6 | Praveena Vasireddi | 122550 | 0.55 | 0 | 122550 | 0.55 | 0 | 0.00 |
| 7 | Sujani Vasireddi | 122542 | 0.55 | 0 | 122542 | 0.55 | 0 | 0.00 |
| 8 | Sireesh Chandra Vungal | 110000 | 0.50 | 0 | 110000 | 0.50 | 0 | 0.00 |
| 9 | Swarna Latha Vasireddi | 94765 | 0.43 | 0 | 94765 | 0.43 | 0 | 0.00 |
| 10 | Sudheshna Vungal | 100000 | 0.45 | 0 | 100000 | 0.45 | 0 | 0.00 |
| 11 | Rajya Lakshmi Vasireddi | 42300 | 0.19 | 0 | 42300 | 0.19 | 0 | 0.00 |
| 12 | Vungal Rajeswari | 80725 | 0.37 | 0 | 80725 | 0.37 | 0 | 0.00 |
| | Total | 8270052 | 37.41 | 0 | 8270052 | 37.41 | 0 | 0.00 |

IV. SHAREHOLDING PATTERN (Equity share capital Breakup as percentage of Total Equity)

i) Categorywise shareholding

| Sl. No. | Category of Shareholders | No. of shares held at the beginning of the year 01.04.2016 | | | | No. of shares held at the end of the year 31.03.2017 | | | | % change during the year |
|------------|---|--|---------------|-----------------|-------------------|--|---------------|-----------------|-------------------|--------------------------|
| | | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| (A) | Promoter and Promoter Group | | | | | | | | | |
| 1 | Indian | | | | | | | | | |
| (a) | Individuals/HUF | 7680052 | 0 | 7680052 | 34.74 | 7680052 | 0 | 7680052 | 34.74 | 0.00 |
| (b) | Central Govt./ State Govt. | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (c) | Bodies Corporate / Govt. Corporate Bodies | 590000 | 0 | 590000 | 2.67 | 590000 | 0 | 590000 | 2.67 | 0.00 |
| (d) | Financial Institutions/Banks | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (e) | Any other (Specify) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| | Sub-Total (A)(1) | 8270052 | 0 | 8270052 | 37.41 | 8270052 | 0 | 8270052 | 37.41 | 0.00 |
| 2 | Foreign | | | | | | | | | |
| (a) | Individuals (NRI/Foreign individuals) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| (b) | Bodies Corporate | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| (c) | Institutions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| (d) | Any other (Specify) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| | Sub-Total (A)(2) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| | Total shareholding of Promoter & Promoter Group (A) = (A)(1)+(A)(2) | 8270052 | 0 | 8270052 | 37.41 | 8270052 | 0 | 8270052 | 37.41 | 0.00 |
| (B) | Public shareholding | | | | | | | | | |
| 1 | Institutions | | | | | | | | | |
| (a) | Mutual Funds/UTI | 0 | 6000 | 6000 | 0.03 | 0 | 6000 | 6000 | 0.03 | 0.00 |
| (b) | Financial institutions/Banks | 15041 | 0 | 15041 | 0.07 | 44381 | 0 | 44381 | 0.20 | (0.13) |
| (c) | Central Govt./ State Govt. | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (d) | Venture Capital Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (e) | Insurance Companies | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (f) | Foreign Institutional Investors | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (g) | Foreign Venture Capital Investors | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (h) | Any other (Specify) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| | Sub-Total (B)(1) | 15041 | 6000 | 21041 | 0.10 | 44381 | 6000 | 50381 | 0.23 | (0.13) |
| 2 | Non-Institutions | | | | | | | | | |
| (a) | Bodies corporate | 6302130 | 11500 | 6313630 | 28.56 | 6213583 | 11500 | 6225083 | 28.16 | 0.40 |
| (b) | Individuals | | | | | | | | | |
| | i) Individual shareholders holding nominal share capital upto ₹.1 lakh | 6074854 | 491230 | 6566084 | 29.70 | 6172391 | 473730 | 6646121 | 30.06 | (0.36) |
| | ii) Individual shareholders holding nominal share capital in excess ₹.1 lakh | 643866 | 0 | 643866 | 2.91 | 756187 | 0 | 756187 | 3.42 | (0.51) |
| (c) | Any other (Specify) | | | | | | | | | |
| | NRI-Non Repatriable | 28083 | 0 | 28083 | 0.13 | 69891 | 0 | 69891 | 0.32 | (0.19) |
| | NRI-Repatriable | 182722 | 0 | 182722 | 0.83 | 26337 | 0 | 26337 | 0.12 | 0.71 |
| | N A Clearing Member | 82332 | 0 | 82332 | 0.37 | 63758 | 0 | 63758 | 0.29 | 0.08 |
| | Sub-Total (B)(2) | 13313987 | 502730 | 13816717 | 62.50 | 13302147 | 485230 | 13787377 | 62.36 | 0.13 |
| | Total Public shareholding Group (B) = (B)(1)+(B)(2) | 13329028 | 508730 | 13837758 | 62.5922 | 13346528 | 491230 | 13837758 | 62.59 | (0.00) |
| | Total (A)+(B) | 21599080 | 508730 | 22107810 | 100 | 21616580 | 491230 | 22107810 | 100.00 | (0.00) |
| (C) | Shares held by Custodians and against which Depository Receipts have been issued | | | | | | | | | |
| | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 |
| | GRAND TOTAL (A)+(B)+(C) | 21599080 | 508730 | 22107810 | 100 | 21616580 | 491230 | 22107810 | 100 | (0.00) |

(iii) Change in Promoters' or promoters group shareholding

| Sl. No. | Particulars | Shareholding at the beginning of the year 01.04.2016 | | Cumulative shareholding during the year | |
|---------|---|--|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total shares of the Company | No. of Shares | % of total shares of the Company |
| | <i>There is no change in the Promoters' or promoters group shareholding</i> | | | | |

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

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year 01.04.2016 | | Transactions during the year | | Cumulative shareholding during the year | |
|---------|---|--|----------------------------------|-------------------------------|-------------------------|---|----------------------------------|
| | | No. of Shares | % of total shares of the Company | Purchase / (Sale) | % Purchase / (Sale) | No. of Shares | % of total shares of the Company |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 1. | EUROFINS ANALYTICAL SERVICES INDIA PVT LTD At the beginning of the year At the end of the year | 3335920 | 15.09 | 0 | 0.00 | 3335920 3335920 | 15.09 15.09 |
| 2. | LCGC CHROMATOGRAPHY SOLUTIONS PRIVATE LIMITED At the beginning of the year 08.04.2016 15.04.2016 At the end of the year | 2056225 | 9.30 | 11277 15673 | 0.05 0.07 | 2067502 2083175 2083175 | 9.35 9.42 9.42 |
| 3. | PARAM CAPITAL RESEARCH PRIVATE LIMITED At the beginning of the year 20.05.2016 27.05.2016 08.07.2016 At the end of the year | 235000 | | (25000) (25000) (35000) | -0.11 -0.11 -0.16 | 210000 185000 150000 150000 | 0.95 0.84 0.68 0.68 |
| 4. | CHANDRA MOULI CHOWDARY S At the beginning of the year 29.07.2016 At the end of the year | 107181 | 0.48 | 13116 | 0.06 | 120297 120297 | 0.54 0.54 |
| 5. | KARAN SINGH THANDI At the beginning of the year At the end of the year | 103605 | 0.47 | 0 | 0.00 | 103605 103605 | 0.47 0.47 |
| 6. | SANJAY KUMAR At the beginning of the year 22.07.2016 23.09.2016 25.11.2016 At the end of the year | 101000 | 0.46 | 10277 10000 3723 | 0.05 0.05 0.02 | 111277 121277 125000 125000 | 0.50 0.55 0.57 0.57 |

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|--------|------|---|----------|--------|--------|------|
| 7. O.P.J FINANCIAL SERVICES (P) LTD. | | | | | | | |
| At the beginning of the year | 100000 | 0.45 | | | | | |
| 02.09.2016 | | | | (7000) | (0.03) | 93000 | 0.42 |
| 09.09.2016 | | | | 7000 | 0.03 | 100000 | 0.45 |
| 17.02.2017 | | | | (100000) | (0.45) | 0 | 0.00 |
| At the end of the year | | | | | | 0 | 0.00 |
| 8. RANJEET SINGH SIBIA | | | | | | | |
| At the beginning of the year | 80000 | 0.36 | 0 | 0.00 | | 80000 | 0.36 |
| At the end of the year | | | | | | 80000 | 0.36 |
| 9. DOLLY KHANNA | | | | | | | |
| At the beginning of the year | 79574 | 0.36 | | | | | |
| 20.05.2016 | | | | (6544) | (0.03) | 73030 | 0.33 |
| 24.06.2016 | | | | (4200) | (0.02) | 68830 | 0.31 |
| 30.06.2016 | | | | (3500) | (0.02) | 65330 | 0.30 |
| 01.07.2016 | | | | (1000) | (0.00) | 64330 | 0.29 |
| 29.07.2016 | | | | 19103 | 0.09 | 83433 | 0.38 |
| 26.08.2016 | | | | (5935) | (0.03) | 77498 | 0.35 |
| 16.09.2016 | | | | 5000 | 0.02 | 82498 | 0.37 |
| 17.03.2017 | | | | 3400 | 0.02 | 85898 | 0.39 |
| At the end of the year | | | | | | 85898 | 0.39 |
| 10. THYAGARAJAN S | | | | | | | |
| At the beginning of the year | 65000 | 0.29 | 0 | 0.00 | | 65000 | 0.29 |
| At the end of the year | | | | | | 65000 | 0.29 |

v) Shareholding of Directors and Key Management Personnel

| Sl. No. | Particulars | Shareholding at the beginning of the year 01.04.2016 | | Cumulative shareholding during the year | |
|---------|------------------------------|--|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total shares of the Company | No. of Shares | % of total shares of the Company |
| 1 | Sivalinga Prasad Vasireddi | 3598525 | 16.28 | 3598525 | 16.28 |
| 2 | Vungal Harriman | 1777166 | 8.04 | 1777166 | 8.04 |
| 3 | Vasireddi Veerabhadra Prasad | 1463515 | 6.62 | 1463515 | 6.62 |
| 4 | Harita Vasireddi | 167964 | 0.76 | 167964 | 0.76 |
| 5 | T S Ajai | 0 | 0.00 | 0 | 0.00 |
| 6 | Dr Subba Rao Pavuluri | 0 | 0.00 | 0 | 0.00 |
| 7 | Prof D Balasubramanian | 0 | 0.00 | 0 | 0.00 |
| 8 | Rao P Potharlanka | 0 | 0.00 | 0 | 0.00 |
| 9 | A Venkata Ramana (CS) | 700 | 0.00 | 700 | 0.00 |
| 10 | M Murali Mohana Rao (CFO) | 0 | 0.00 | 0 | 0.00 |

V. INDEBTEDNESS

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

(in ₹)

| Particulars | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|----------------------------------|-----------------|------------|--------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 159,399,624 | NIL | NIL | 159,399,624 |
| ii) Interest due but not paid | NIL | NIL | NIL | NIL |
| Total (i+ii+iii) | 159,399,624 | NIL | NIL | 159,399,624 |
| Change in Indebtedness during the financial year | | | | |
| i) Addition | 111,579,126 | NIL | NIL | 111,579,126 |
| ii) Reduction | 30,111,110 | NIL | NIL | 30,111,110 |
| Net Change | 81,468,016 | NIL | NIL | 81,468,016 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 240,867,640 | NIL | NIL | 240,867,640 |
| ii) Interest due but not paid | NIL | NIL | NIL | NIL |
| iii) Interest accrued but not due | NIL | NIL | NIL | NIL |
| Total (i+ii+iii) | 240,867,640 | NIL | NIL | 240,867,640 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(in ₹)

| Sl. No. | Particulars of Remuneration | Name of MD / WTD / Manager | | | | Total Amount |
|---------|--|----------------------------|------------------|-----------------|-------------|--------------|
| | | Dr S P Vasireddi | Harita Vasireddi | Harriman Vungal | V V Prasad | |
| 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 | 9,520,000 | 7,453,419 | 7,453,419 | 7,453,419 | 31,880,256 |
| 2. | Stock Option | --- | --- | --- | --- | --- |
| 3. | Sweat Equity | --- | --- | --- | --- | --- |
| 4. | Commission -as % of profit | --- | --- | --- | --- | --- |
| 5. | Others, please specify | --- | --- | --- | --- | --- |
| | Total (A) | 9,520,000 | 7,453,419 | 7,453,419 | 7,453,419 | 31,880,256 |
| | Ceiling as per the Act as per Schedule V Part-II Section-II | 12,000,000* | 12,000,000* | 12,000,000* | 12,000,000* | --- |

* Plus contribution to Provident Fund

B. Remuneration to other Directors

(in ₹)

| Sl. No. | Particulars of Remuneration | Name of Director | | | | Total Amount |
|---------|--|------------------|-----------------------|-------------------------|-------------------|--------------|
| | | T S Ajai | Dr Subba Rao Pavuluri | Prof D Bala-subramanian | Rao P Potharlanka | |
| 1. | Independent Directors Fee for attending board / committee meetings - Commission - Others (Scientific Advisory Committee Fee) | --- | --- | 50,000 | --- | 50,000 |
| | Total (1) | --- | --- | 75,000* | --- | 75,000* |
| 2. | Other Non Executive Director Fee for attending board / committee meetings - Commission - Others, please specify | --- | --- | --- | --- | --- |
| | Total (2) | --- | --- | --- | --- | --- |
| | Total (B) = (1+2) | --- | --- | 75,000* | --- | 75,000* |
| | Overall ceiling as per the Act | NA | NA | NA | NA | --- |

* Excluding Service Tax

C. Remuneration paid to Key Managerial Personnel other than MD, Whole time Directors

(in ₹)

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | | Total Amount |
|---------|---|--------------------------|-------------------|------------------|------------------|
| | | CEO | Company Secretary | CFO | |
| 1. | Gross salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | --- | 1,424,730 | 2,842,200 | 4,266,930 |
| | (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. | Stock Option | --- | --- | --- | --- |
| 3. | Sweat Equity | --- | --- | --- | --- |
| 4. | Commission | | | | |
| | -as % of profit | --- | --- | --- | --- |
| | - Others, specify | --- | --- | --- | --- |
| 5. | Others, please specify | --- | --- | --- | --- |
| | Total | --- | 1,424,730 | 2,842,200 | 4,266,930 |

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) |
|---|------------------------------|-------------------|---|-------------------------------|------------------------------------|
| Penalty Punishment Compounding | | | Nil | | |
| C. OTHER OFFICERS IN DEFAULT Penalty Punishment Compounding | | | Nil | | |

Report on Corporate Social Responsibility as per Rule 8 of Companies (Corporate Social Responsibility Policy) Rules, 2014**Brief outline of the Company's Corporate Social Responsibility (CSR) policy:**

Vimta believes that the CSR plays an important role in an organization's existence, sustained growth and for overall development of all stakeholders & the society at large. 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 CSR activities of Vimta are:

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

Composition of CSR Committee

| Sl.No. | Name of the Member | Designation |
|--------|------------------------------|-------------------------------|
| 1 | Harita Vasireddi | Chairperson |
| 2 | Vungal Harriman | Member |
| 3 | V V Prasad | Member |
| 4 | Rao Purnachandra Potharlanka | Member (Independent Director) |

Details of CSR expenditure to be spent during Financial Year 2016-17**Average Net Profits for last three Financial Years:**

(in ₹)

| Particulars | For the Financial Years ended March 31 | | |
|--|--|------------|-------------|
| | 2016 | 2015 | 2014 |
| Net Profit | 82,694,475 | 66,399,621 | 178,526,146 |
| Average Net Profit for the preceding three Financial Years | 109,206,747/- | | |

| | |
|--|-----------------|
| Minimum CSR expenditure as prescribed i.e. 2% of average net profits | : ₹ 2,184,135/- |
| Balance amount to be spent for financial year 2015-16 | : ₹ Nil |
| Total amount to be spent | : ₹ 2,184,135/- |
| Amount spent during the financial year 2016-17 | : ₹ 1,632,838/- |
| Amount unspent during the financial year | : ₹ 551,297/- |

Details of the manner in which the amount spent during the financial year

| CSR project or activity identified | Sector in which the project is covered | Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken | Amount outlay (budget) project or programs wise | Amount spent on the projects or programs | Cumulative expenditure up to the reporting period | Amount spent Direct or through implementing agency |
|---|--|---|---|--|---|---|
| Medical aid to the weaker sections of the society | Promoting health care including preventive health care | The Company spent amount for providing medical aid to the people on charitable basis who belongs to economically weaker sections of the society in Hyderabad district, State of Telangana | ₹ 2,184,135/- is budgeted for the program | ₹ 1,632,838/- | ₹ 1,632,838/- | The company has paid an amount of ₹. 1,000,000/- to M/s Public Health Foundation of India and an amount of ₹. 632838/- to Narsingh Swain Memorial Trust for providing medical aid on charitable basis who belongs to economically weaker sections of the society. |

Responsibility Statement

We, the members of CSR Committee hereby confirm that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company.

For and on behalf of CSR Committee

Place : Hyderabad
Date : 22.04.2017

Harita Vasireddi
Chairperson

Declaration by Managing Director

I, Harita Vasireddi, Managing Director of Vimta Labs Limited hereby declare that the members of Board, Key Managerial Personnel and other senior level employees of the Company are adhering to the code of conduct adopted by the Board which is posted on the website of the Company.

Place : Hyderabad
Date : 22.04.2017

Harita Vasireddi
Managing Director

Annexure - VIII to Board's Report

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, 2017)

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 equipments are microprocessor based and draw only requisite power. Power is drawn by different equipments from a common source in the Lab. Besides this, generator and UPS are used as back-up sources.

a) Energy Conservation Measures Taken:

- i) Designed and installed an efficient power distribution system to utilize the power at optimum level of requirement.
 - ii) The Laboratory buildings are designed in such a way that during day time no artificial lighting is needed in most areas in the lab.
- 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 reducing 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 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 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. Technology is absorbed to the extent permitted by the suppliers.

C. Foreign exchange earnings and outgo

During the financial year, the Company has earned foreign exchange of ₹ 4969.71 lakhs (previous year ₹ 3768.57 lakhs). The Company's foreign exchange outgo was of ₹ 3091.49 lakhs (previous year ₹ 2459.61 lakhs) on import of capital goods, software, chemicals, consumables & reference standards, travel expenditure, professional charges etc.

To
The Members of Vimta Labs Limited

Report on the Financial Statements

We have audited the accompanying financial statements of VIMTA LABS LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its profit and its cash flows for the year ended on that date

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Sub-section (11) of Section-143 of the Act, we give in the Annexure - A a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, 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 Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
 - (g) 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, in our opinion and to the best of our information and according to the explanations given to us:
 - i) The Company has no any pending litigations which would impact its financial position, except the matters given in the notes to accounts (Refer to Note No. 26.7 to the audited Financial Statements).
 - ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii) There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv) The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management (Refer to Note No. 26.8 to the audited Financial Statements)

for J V S L & Associates
CHARTERED ACCOUNTANTS
(Firm Regn. No. 15002S)

J Venkateswarlu
Partner
ICAI Ms.No.022481

Place : Hyderabad
Date : 22.04.2017

**Annexure - A to Independent Auditors' Report dated 22.04.2017 issued 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**

- i. (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. No material discrepancies were noticed on such verification.
 (c) The title deeds of immovable properties of the Company are held in the name of the company.
- (ii) The inventory has been physically verified by the management at reasonable intervals and in our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on physical verification between the physical stocks and the book stocks.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained U/s.189 of the Companies Act, 2013. Hence, our comments on sub-clauses (a),(b) and (c) of clause (iii) of paragraph 3 of the order are Nil.
- (iv) The Company has not given any loans; made investments; given guarantees to any Company to which the provisions of Section 185 and 186 of the Companies Act, 2013 are applicable.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits and hence compliance with the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 and other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder is not applicable. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal against this company in any matter relating to the deposits.
- (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) (a) The company is regular in depositing undisputed statutory dues including Provident Fund, employees' state insurance, income tax, Sales-Tax, Service Tax, Duty of Customs, Duty of Excise, Value added tax, Cess and other material statutory dues as applicable to it to the appropriate authorities.
 According to the information and explanations given to us, no undisputed amounts in respect of the above statutory dues are in arrears as at 31/03/2017 for a period of more than six months from the date they became payable.
 (b) According to the information and explanations given to us, there are no material dues of Sales Tax, Duty of Customs, Duty of Excise, Value Added tax and Cess which have not been deposited on account of any dispute. Dues of Income-tax and Service -tax demands, which have not been deposited on account of disputes are as under :

| Name of the Statute | Nature of the dues | Amount ₹ | Period to which the amount relates | Forum where dispute is pending | Remarks |
|---------------------|--------------------|-------------------------|------------------------------------|--------------------------------|--|
| Income Tax Act 1961 | Income Tax | 47,35,520/- | Asst. Year 2012-13 & 2013-14 | ITAT | Demand gets adjusted when credit for the MAT is allowed in future years. |
| Income Tax Act 1961 | Income Tax | 33,89,600/- | Asst. Year 2014-15 | Commissioner (Appeals) | |
| Finance Act, 1994 | Service Tax | 7,45,399/- plus penalty | 2011-12 to 2014-15 | Commissioner (Appeals) | Appeal will be filed on or before the due date. |

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to 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 were applied for the purposes for which those are raised.
- (x) During the year under review, no fraud by the company or on the Company by its officers or employees has been noticed or reported.
- (xi) As per the information and explanations given to us, managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Companies Act.
- (xii) The Company is not a Nidhi Company and hence our comments on clause (xii) of para 3 of the order are nil.
- (xiii) As per the information and explanations given to us and based on our audit, in our opinion, all transactions with the related parties are in compliance with Section 177 and 188 of the Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standard.
- (xiv) During the year under review, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Hence, compliance with the provisions of Section 42 of the Companies Act, 2013 is not applicable.
- (xv) As per the information and explanations given to us and based on our audit, the company has not entered into any non-cash transactions with directors or persons connected with him. Hence, compliance with provisions of Section 192 of Companies Act, 2013 is not applicable.
- (xvi) As per the information and explanations given to us and based on our audit, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

for J V S L & Associates
 CHARTERED ACCOUNTANTS
 (Firm Regn. No. 15002S)

Place : Hyderabad
 Date : 22.04.2017

J Venkateswarlu
 Partner
 ICAI Ms.No.022481

**Annexure - B to Independent Auditors' Report dated 22.04.2017 issued to the Members of Vimta Labs Limited
Report on the Internal Financial Controls over Financial Reporting in terms of Clause
(I) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act").**

We have audited the Internal Financial Controls over financial reporting of VIMTA LABS LIMITED ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

1. Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining Internal Financial Controls based on "the internal control over financial reporting 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". 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 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.

2. Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting was 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 over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 over financial reporting.

3. Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting 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 control over financial reporting 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.

4. Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 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.

5. Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of Internal Financial Control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for J V S L & Associates
CHARTERED ACCOUNTANTS
(Firm Regn. No. 15002S)

J Venkateswarlu
Partner
ICAI Ms.No.022481

Place : Hyderabad
Date : 22.04.2017

| | Note No | As at 31.03.2017 ₹ | As at 31.03.2016 ₹ |
|--|----------|-----------------------------|-----------------------------|
| I. EQUITY AND LIABILITIES | | | |
| 1) Shareholders' funds | | | |
| a) Share Capital | 1 | 44,215,620 | 44,215,620 |
| b) Reserves and surplus | 2 | <u>1,317,260,552</u> | <u>1,216,816,792</u> |
| | | 1,361,476,172 | 1,261,032,412 |
| 2) Non-current liabilities | | | |
| a) Long-term borrowing | 3 | 180,812,797 | 160,200,206 |
| b) Deferred tax liabilities (net) | 4 | 11,882,303 | 15,276,600 |
| c) Other long-term liabilities | 5 | 6,000,000 | 6,000,000 |
| d) Long-term provisions | 6 | <u>55,220,475</u> | <u>21,930,932</u> |
| | | 253,915,575 | 203,407,738 |
| 3) Current liabilities | | | |
| a) Short-term borrowings | 7 | 194,046,220 | 99,533,909 |
| b) Trade payables | 8 | 152,740,722 | 57,964,978 |
| c) Other current liabilities | 9 | 274,169,479 | 102,800,661 |
| d) Short-term provisions | 10 | <u>815,933</u> | <u>31,248,587</u> |
| | | 594,772,354 | 291,548,135 |
| TOTAL | | <u>2,210,164,101</u> | <u>1,755,988,285</u> |
| II. ASSETS | | | |
| 1) Non-current assets | | | |
| a) Fixed Assets | 11 | | |
| i) Tangible assets | | 883,364,771 | 877,021,531 |
| ii) Capital Work-in-Progress | 11 A | 522,146,961 | 58,752,944 |
| Long-term loans and advances | 12 | <u>30,334,415</u> | <u>118,139,596</u> |
| | | 1,435,846,147 | 1,053,914,071 |
| 2) Current assets | | | |
| a) Inventories | 13 | 206,134,262 | 160,876,878 |
| b) Trade receivables | 14 | 424,227,374 | 376,331,435 |
| c) Cash and Bank balances | 15 | 12,560,766 | 34,708,233 |
| d) Short-term loans and advances | 16 | 130,538,596 | 129,386,407 |
| e) Other current assets | 17 | <u>856,956</u> | <u>771,261</u> |
| | | 774,317,954 | 702,074,214 |
| TOTAL | | <u>2,210,164,101</u> | <u>1,755,988,285</u> |
| Significant Accounting Policies & Notes to the Financial Statements | 25 to 30 | | |

Per our report of even date

for J V S L & Associates
CHARTERED ACCOUNTANTS
(Firm Regn. No. 15002S)J Venkateswarlu
Partner
ICAI Ms.No.022481Place: Hyderabad
Date: 22.04.2017

For and on behalf of the Board

Dr S P Vasireddi
Harita Vasireddi
V Harriman
T S Ajai
Executive Chairman
Managing Director
Executive Director - Operations
DirectorM Murali Mohana Rao
A Venkata Ramana
Chief Financial Officer
Company SecretaryPlace: Hyderabad
Date: 22.04.2017

| | Note No | Year ended 31.03.2017 ₹ | Year ended 31.03.2016 ₹ |
|--|----------|-------------------------------|-------------------------------|
| I. INCOME | | | |
| Revenue from operations | 18 | 1,533,646,615 | 1,247,089,219 |
| Other Income | 19 | 9,410,979 | 10,435,037 |
| Total revenue (I) | | <u>1,543,057,594</u> | <u>1,257,524,256</u> |
| II. EXPENSES | | | |
| Cost of materials consumed & other exp .on testing and analysis | 20 | 506,954,121 | 457,865,330 |
| Changes in inventories: Work-in-Progress | 21 | (4,835,504) | 1,461,531 |
| Employee benefits expense | 22 | 417,732,587 | 353,350,540 |
| Other expenses | 23 | 295,063,505 | 245,732,448 |
| Total (II) | | <u>1,268,914,709</u> | <u>1,058,409,849</u> |
| III. Earnings before interest, tax, depreciation and amortization (EBITDA) (I) - (II) | | 274,142,885 | 199,114,407 |
| Depreciation and amortization expense | 11 | 96,299,432 | 102,564,001 |
| Finance costs | 24 | 20,870,882 | 13,038,370 |
| | | <u>117,170,314</u> | <u>115,602,371</u> |
| Profit before exceptional and extraordinary items & tax | | 156,972,571 | 83,512,036 |
| Tax expense | | | |
| Current tax | | 61,389,000 | 17,100,000 |
| Prior year tax adjustments | | (1,465,892) | (621,326) |
| Deferred tax | | (3,394,297) | 2,695,054 |
| Total tax expense | | <u>56,528,811</u> | <u>19,173,728</u> |
| Profit for the year | | <u>100,443,760</u> | <u>64,338,308</u> |
| Basic and diluted earnings per share | | 4.54 | 2.91 |
| Nominal value of shares (fully paid up) | | 2 | 2 |
| Significant Accounting Policies & Notes to the Financial Statements | 25 to 30 | | |

Per our report of even date

for J V S L & Associates
CHARTERED ACCOUNTANTS
(Firm Regn. No. 15002S)J Venkateswarlu
Partner
ICAI Ms.No.022481Place: Hyderabad
Date: 22.04.2017

For and on behalf of the Board

Dr S P Vasireddi
Harita Vasireddi
V Harriman
T S AjaiM Murali Mohana Rao
A Venkata RamanaExecutive Chairman
Managing Director
Executive Director - Operations
DirectorChief Financial Officer
Company SecretaryPlace: Hyderabad
Date: 22.04.2017

| Particulars | Financial Year 2016-17 (₹) | Financial Year 2015-16 (₹) |
|---|-------------------------------|-------------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before tax | 156,972,571 | 83,512,036 |
| - Adjustments for : | | |
| Depreciation and amortization expense | 96,299,432 | 102,564,001 |
| Profit on sale of assets | 1,165,910 | (817,561) |
| Interest debited to statement of P&L | 16,735,660 | 8,453,844 |
| Operating profit before working capital changes | 271,173,573 | 193,712,320 |
| Adjustments for | | |
| (Increase) / decrease in Inventories | (45,257,384) | (5,109,220) |
| (Increase) / decrease in Trade receivables | (47,895,939) | (114,210,187) |
| (Increase) / decrease in Short term advances | (1,152,189) | 8,731,647 |
| (increase) / decrease in Other current assets | (500,984) | (435,652) |
| (Increase) / decrease in Long term advances | 87,805,181 | (103,743,670) |
| Increase / (decrease) in Trade payables | 94,775,744 | (7,374,873) |
| Increase / (decrease) in Other current liabilities | 144,368,818 | 26,444,440 |
| Increase / (decrease) in Long-term provisions | 33,289,543 | 8,166,431 |
| Increase / (decrease) in Short-term provisions | (3,824,214) | 119,459 |
| Cash generated from operations | 532,782,149 | 6,300,695 |
| Income tax paid | (61,389,000) | (17,100,000) |
| Prior year tax adjustments | 1,465,892 | 621,326 |
| Net cash from operating activities | 472,859,041 | (10,177,979) |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of fixed assets | (574,397,025) | (156,839,305) |
| Grant from MOFPI for fixed assets | 6,644,426 | - |
| Sale of fixed assets | 550,000 | 1,380,000 |
| Net cash used in investing activities | (567,202,599) | (155,459,305) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Interest paid | (16,735,660) | (8,453,844) |
| Dividend & Dividend tax paid | (26,608,440) | (26,528,072) |
| Proceeds from long-term borrowings | 51,356,906 | 160,336,991 |
| Repayment of long-term borrowings | (30,744,315) | (136,785) |
| Increase / (decrease) in borrowings (net) | 94,512,311 | 64,471,430 |
| Net cash from financing activities | 71,780,802 | 189,689,720 |
| Net increase/(decrease) in cash and cash equivalents | (22,562,756) | 24,052,436 |
| Cash and cash equivalents at the beginning of the year | 28,811,936 | 4,759,500 |
| Cash and cash equivalents as at the end of the year | 6,249,180 | 28,811,936 |

Notes:

- The above statement has been prepared under the "indirect method" as set out in Accounting Standard (AS) 3, Cash flow statements.
- Previous year's figures have been regrouped / reclassified wherever considered necessary to conform to the current year classification.

Per our report of even date

for J V S L & Associates
CHARTERED ACCOUNTANTS
(Firm Regn. No. 15002S)

J Venkateswarlu
Partner
ICAI Ms.No.022481

For and on behalf of the Board

Dr S P Vasireddi
Harita Vasireddi
V Harriman
T S Ajai

Executive Chairman
Managing Director
Executive Director - Operations
Director

M Murali Mohana Rao
A Venkata Ramana

Chief Financial Officer
Company Secretary

Place: Hyderabad
Date: 22.04.2017

Place: Hyderabad
Date: 22.04.2017

| | As at 31.03.2017 ₹ | As at 31.03.2016 ₹ |
|---|--------------------------|--------------------------|
| 1. SHARE CAPITAL | | |
| a) Authorised 35000000 Equity shares of ₹ 2/- each (Previous year : 35000000 Equity shares of ₹ 2/- each) | <u>70,000,000</u> | <u>70,000,000</u> |
| b) Issued, subscribed and fully paid-up 22107810 equity shares of ₹ 2/- each fully paid-up (Previous year : 22107810 equity shares of ₹ 2/- each fully paid-up) | 44,215,620 | 44,215,620 |
| Total | <u>44,215,620</u> | <u>44,215,620</u> |

c) Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period :

| Particulars | As at 31st March, 2017 | | As at 31st March, 2016 | |
|--|------------------------|-------------|------------------------|-------------|
| | No. of Shares* | Amount in ₹ | No. of Shares* | Amount in ₹ |
| Outstanding at the beginning of the year | 22,107,810 | 44,215,620 | 22,107,810 | 44,215,620 |
| Add/(Less) : Addition / (reduction) | - | - | - | - |
| Outstanding at the end of the year | 22,107,810 | 44,215,620 | 22,107,810 | 44,215,620 |

d) The Company has only one class of shares i.e. equity shares with equal rights for dividend and repayment. Each holder of the shares is entitled to one vote per share. Dividend if any on equity shares proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting.

e) List of Shareholders holding more than 5% shares :

| Name of the Shareholder | As at 31st March, 2017 | | As at 31st March, 2016 | |
|---|------------------------|----------------------|------------------------|----------------------|
| | No. of Shares* | % to paid-up capital | No. of Shares* | % to paid-up capital |
| i) Sivalinga Prasad Vasireddi | 3,598,525 | 16.28 | 3,598,525 | 16.28 |
| ii) Eurofins Analytical Services India Pvt. Ltd | 3,335,920 | 15.09 | 3,335,920 | 15.09 |
| iii) LCGC Chromatography Solutions Pvt. Ltd | 2,083,175 | 9.42 | 2,056,225 | 9.30 |
| iv) Vungal Harriman | 1,777,166 | 8.04 | 1,777,166 | 8.04 |
| v) Vasireddi Veerbhadra Prasad | 1,463,515 | 6.62 | 1,463,515 | 6.62 |

* face value ₹ 2/- each (fully paid-up)

| | As at 31.03.2017 ₹ | As at 31.03.2016 ₹ |
|--|-----------------------------|-----------------------------|
| 2) RESERVES AND SURPLUS | | |
| i) Securities premium reserve - as in last year | <u>773,728,390</u> | <u>773,728,390</u> |
| ii) General Reserve | | |
| Opening Balance | 86,400,000 | 79,900,000 |
| Add : Transfer from Statement of Profit & Loss | -- | <u>6,500,000</u> |
| Closing balance | <u>86,400,000</u> | <u>86,400,000</u> |
| iii) Surplus in statement of Profit & Loss: | | |
| Opening balance | 356,688,402 | 325,458,534 |
| Less : Depreciation on expired useful life assets (net off Deferred Tax) | -- | -- |
| Add : Net Profit for the current period | <u>100,443,760</u> | <u>64,338,308</u> |
| Amount available for appropriation | <u>457,132,162</u> | <u>389,796,842</u> |
| Appropriations : | | |
| Proposed dividend on equity shares | -- | 22,107,810 |
| Tax on proposed dividend | -- | 4,500,630 |
| Transferred to General Reserve | -- | <u>6,500,000</u> |
| Closing balance | <u>457,132,162</u> | <u>356,688,402</u> |
| Total [(i)+(ii)+(iii)] | <u>1,317,260,552</u> | <u>1,216,816,792</u> |

| | As at 31.03.2017 ₹ | As at 31.03.2016 ₹ |
|--|--------------------------|--------------------------|
| 3) LONG-TERM BORROWINGS | | |
| Term Loans from Banks - Secured | 180,645,420 | 159,399,624 |
| Long-term maturities of finance lease obligations | 167,377 | 800,582 |
| | <u>180,812,797</u> | <u>160,200,206</u> |
| Note: | | |
| i) Term loan borrowed from SBI (State Bank of Hyderabad) (Limit ₹ 27,10,00,000/- (previous year ₹ 27,10,00,000/-) for setting up branch food labs carries interest @ 12.20% (i.e., 2.50% above base rate), secured by pari-passu first charge on all the fixed assets of the Company (Present & Future) and second charge on all chargeable current assets of the Company (Present & Future). The loan is repayable in 18 quarterly installments of ₹ 1,50,55,555/- each starting from December, 2016. | | |
| ii) Borrowings from Cisco Systems Capital (India) Pvt. Ltd for assets purchased under lease and financing agreement carries interest @ 8.21%. The loan is repayable in 12 quarterly installments of ₹ 1,71,172/- each (Including interest). The loan is secured by hypothecation of equipment acquired with the loan. | | |
| iii) There are no defaults as on the Balance Sheet date in repayment of the above loans and interest thereon. | | |
| 4) DEFERRED TAX LIABILITIES (NET) | | |
| (i) Deferred tax liability | | |
| - Depreciation on Fixed Assets | 31,275,383 | 24,061,795 |
| Liability (i) | <u>31,275,383</u> | <u>24,061,795</u> |
| (ii) Deferred tax asset | | |
| - Gratuity | 11,638,189 | 6,705,344 |
| - Leave Encashment | 7,754,891 | 2,079,851 |
| Asset (ii) | <u>19,393,080</u> | <u>8,785,195</u> |
| Net deferred tax liability | <u>11,882,303</u> | <u>15,276,600</u> |
| 5) OTHER LONG-TERM LIABILITIES | | |
| Security deposit from customers | 6,000,000 | 6,000,000 |
| Total | <u>6,000,000</u> | <u>6,000,000</u> |
| 6) LONG-TERM PROVISIONS | | |
| a) Provision for employee benefits : | | |
| (i) Gratuity (refer Note 26.2 for details) | 33,020,841 | 19,793,360 |
| (ii) Leave encashment (refer Note 26.2 for details) | 22,199,634 | 2,137,572 |
| Total | <u>55,220,475</u> | <u>21,930,932</u> |
| 7) SHORT TERM BORROWINGS | | |
| a) Loan repayable on demand from banks - Secured | | |
| - Rupee loan (refer sub-note (i) below) | 194,046,220 | 99,533,909 |
| Total | <u>194,046,220</u> | <u>99,533,909</u> |

Note:

- i) Cash credit facility from State Bank of India of ₹ 20.00 Crores, including ₹ 2.40 Crores of stand by limit and adhoc limit of ₹ 4.00 Crores (previous year ₹ 11.40 Crores) carries interest @ 11.05% for CC (Hyp.), EPC, PCFC, EBR and FBD, secured by first charge on all chargeable current assets of the Company both present & future and pari-passu charge on all the fixed assets of the Company both present & future, alongwith EM of Company's land under Plot No. 141/2 & 142 admeasuring 1.66 Ac. situated at IDA, Phase-II, Cherlapally, Medchal Dist. and land under Plot No.5, MN Science & Technology Park (previously known as Alexandria Knowledge Park), Phase-I admeasuring 52620 sq. yards situated at Turkapally Village, Shameerpet Mandal, Medchal Dist.
- ii) There are no defaults as on the Balance Sheet date in repayment of the above loan and interest thereon.

| | As at 31.03.2017 ₹ | As at 31.03.2016 ₹ |
|---|---------------------------|---------------------------|
| 8) TRADE PAYABLES | | |
| a) Due to Micro, Small and Medium enterprises | - | - |
| b) Due to Others | <u>152,740,722</u> | <u>57,964,978</u> |
| TOTAL | <u>152,740,722</u> | <u>57,964,978</u> |
| Note :- Amounts due to Micro and Small Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company. The disclosures relating to dues payable to Micro, small and medium enterprises are as under :- | | |
| Principal amount due and remaining unpaid | - | - |
| Interest due on above and the unpaid interest | - | - |
| Interest paid | - | - |
| Payment made beyond the appointed day during the year | - | - |
| Interest due and payable for the period of delay | - | - |
| Interest accrued and remaining unpaid | - | - |
| Amount of further interest remaining due & payable in succeeding years | - | - |
| 9) OTHER CURRENT LIABILITIES : | | |
| a) Current maturities of finance lease obligations | 633,205 | 883,806 |
| b) Current maturities of long-term borrowings | 60,222,220 | - |
| c) Interest accrued & due on short term borrowings | 611,398 | - |
| d) Advances from customers | 13,830,702 | 27,811,962 |
| e) Unclaimed dividends (equal amount is lying in bank account) | 2,110,551 | 1,988,323 |
| f) Creditors for Capital expenditure | 92,386,036 | 9,073,663 |
| g) Other payables (dues for revenue expenses) | <u>77,375,367</u> | <u>63,042,907</u> |
| TOTAL | <u>247,169,479</u> | <u>102,800,661</u> |
| 10) SHORT-TERM PROVISIONS | | |
| a) Provision for employee benefits : | | |
| (i) Gratuity (refer Note 26.2 for details) | 607,767 | 487,148 |
| (ii) Leave encashment (refer Note 26.2 for details) | 208,166 | 4,152,999 |
| b) Others : | | |
| (i) Proposed dividend on equity shares | - | 22,107,810 |
| (ii) Tax on proposed dividend | - | 4,500,630 |
| TOTAL | <u>815,933</u> | <u>31,248,587</u> |

11. FIXED ASSETS - Tangible Assets

| Sl. No. | Description | Gross Block | | | Depreciation | | | Net Block | | | |
|----------------|--|------------------------|--------------------|------------------|------------------------|-----------------------|----------------------|---------------------|------------------------|------------------------|------------------------|
| | | As at 01.04.2016 | Additions | Sales/ Adjusts. | Total as at 31.03.2017 | Upto 31.03.2016 | For the year | on Sales / Adjusts. | Total upto 31.03.2017 | As at 31.03.2017 | As at 31.03.2016 |
| | | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ |
| a) | Freehold Land & Site Development | 21,877,668 | - | - | 21,877,668 | - | - | - | - | 21,877,668 | 21,877,668 |
| b) | Buildings Lab Buildings Staff Quarters | 660,887,244 944,264 | - - | - - | 660,887,244 944,264 | 96,207,294 356,286 | 12,440,030 15,891 | - - | 108,647,324 372,177 | 552,239,920 572,087 | 564,679,950 587,978 |
| c) | Plant & Equipment | 1,326,356,504 | 94,885,698 | - | 1,421,242,202 | 1,153,390,443 | 50,392,332 | - | 1,203,782,775 | 217,459,427 | 172,966,061 |
| d) | Furniture & Fixtures | 97,503,933 | 483,512 | - | 97,987,445 | 46,630,721 | 9,311,858 | - | 55,942,579 | 42,044,866 | 50,873,212 |
| e) | Vehicles | 35,292,464 | - | 2,807,357 | 32,485,107 | 14,430,369 | 3,054,184 | 1,091,447 | 16,393,106 | 16,092,001 | 20,862,095 |
| f) | Office Equipment | 20,711,489 | 541,720 | - | 21,253,209 | 10,714,473 | 2,767,025 | - | 13,481,498 | 7,771,711 | 9,997,016 |
| g) | Others | - | - | - | - | - | - | - | - | - | - |
| i) | Electrical Installation | 93,547,646 | - | - | 93,547,646 | 62,697,399 | 14,440,128 | - | 77,137,527 | 16,410,119 | 30,850,247 |
| ii) | Computers | 48,647,130 | 8,447,652 | - | 57,094,782 | 44,319,826 | 3,877,984 | - | 48,197,810 | 8,896,972 | 4,327,304 |
| Total : | | 2,305,768,342 | 104,358,582 | 2,807,357 | 2,407,319,567 | 1,428,746,811 | 96,299,432 | 1,091,447 | 1,523,954,796 | 883,364,771 | 877,021,531 |
| Previous year | | 2,218,798,502 | 98,086,361 | 11,116,521 | 2,305,768,342 | 1,336,736,892 | 102,564,001 | 10,554,082 | 1,428,746,811 | 877,021,531 | 882,061,610 |

**11 (A) CAPITAL WORKS -IN-PROGRESS
Tangible Assets**

| Sl. No. | Description | Gross Block | | | Depreciation | | | Net Block | | | |
|----------------|-------------|-------------------|--------------------|-----------------|------------------------|-----------------|--------------|---------------------|-----------------------|--------------------|-------------------|
| | | As at 01.04.2016 | Additions | Sales/ Adjusts. | Total as at 31.03.2017 | Upto 31.03.2016 | For the year | on Sales / Adjusts. | Total upto 31.03.2017 | As at 31.03.2017 | As at 31.03.2016 |
| | | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ |
| 1 | Capital WIP | 58,752,944 | 463,394,017 | - | 522,146,961 | - | - | - | - | 522,146,961 | 58,752,944 |
| Total : | | 58,752,944 | 463,394,017 | - | 522,146,961 | - | - | - | - | 522,146,961 | 58,752,944 |
| Previous year | | - | 58,752,944 | - | 58,752,944 | - | - | - | - | 58,752,944 | - |

Note : Additions to Capital Work-in progress is net of the Grant of ₹. 66,44,426/- received from MOFPI.

| | As at 31.03.2017 ₹ | As at 31.03.2016 ₹ |
|--|---------------------------|---------------------------|
| 12) LONG-TERM LOANS AND ADVANCES UNSECURED, CONSIDERED GOOD | | |
| a) Security Deposits | 28,292,731 | 23,882,112 |
| b) Advances paid for capital expenditure | 2,041,684 | 94,257,484 |
| 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 ₹ 210,000/- | | |
| TOTAL | <u>30,334,415</u> | <u>118,139,596</u> |
| 13) INVENTORIES (at lower of cost or net realisable value) | | |
| a) Chemicals & Consumable | 142,964,292 | 103,835,490 |
| b) Work-in-progress | 54,036,958 | 49,201,454 |
| c) Stores, spares and components | 9,133,012 | 7,839,934 |
| TOTAL | <u>206,134,262</u> | <u>160,876,878</u> |
| 14) TRADE RECEIVABLES | | |
| a) Debts outstanding for a period exceeding six months from the date they are due for payment : Unsecured, considered good | 81,931,363 | 88,729,307 |
| b) Other debts Unsecured, considered good | 342,296,011 | 287,602,128 |
| 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 - | | |
| TOTAL | <u>424,227,374</u> | <u>376,331,435</u> |
| 15) CASH & BANK BALANCES | | |
| a) Cash & cash equivalents | | |
| i) Cash on hand | 720,291 | 2,073,439 |
| ii) Balance with Scheduled Banks in India : - in Current Accounts | 5,259,613 | 25,466,796 |
| - in EEFC (Current) Accounts | 269,276 | 1,271,701 |
| SUB-TOTAL (A) | <u>6,249,180</u> | <u>28,811,936</u> |
| b) Other bank balances | | |
| i) In deposit accounts held as security against bank guarantees | 4,201,035 | 3,907,974 |
| ii) Unclaimed dividend accounts | 2,110,551 | 1,988,323 |
| SUB-TOTAL (B) | <u>6,311,586</u> | <u>5,896,297</u> |
| TOTAL | <u>12,560,766</u> | <u>34,708,233</u> |
| 16) SHORT-TERM LOANS & ADVANCES Unsecured, considered good | | |
| a) Prepaid expenses | 19,222,090 | 14,431,914 |
| b) Loans to employees (Including interest) | 1,771,979 | 2,008,409 |
| c) Advance for Services and Supplies | 17,007,329 | 24,139,777 |
| d) Advance Income-tax (net of provisions) (refund due) | 75,711,515 | 82,298,581 |
| e) Service tax / Cenvat receivable | 7,590,756 | 1,524,033 |
| f) Other advances | 9,234,927 | 4,983,693 |
| 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 - | | |
| TOTAL | <u>130,538,596</u> | <u>129,386,407</u> |
| 17) OTHER CURRENT ASSETS Interest accrued but not due on deposits with banks and others | 856,956 | 771,261 |
| TOTAL | <u>856,956</u> | <u>771,261</u> |

| | Year ended 31.03.2017 ₹ | Year ended 31.03.2016 ₹ |
|---|-------------------------------|-------------------------------|
| 18) REVENUE FROM OPERATIONS | | |
| Sale of services (Testing and analysis) | | |
| a) Domestic sales | 1,141,820,740 | 950,904,793 |
| b) Export sales | <u>571,225,022</u> | <u>429,297,715</u> |
| | 1,713,045,762 | 1,380,202,508 |
| Less : Service Tax | 179,399,147 | 133,113,289 |
| TOTAL | <u>1,533,646,615</u> | <u>1,247,089,219</u> |
| 19) OTHER INCOME | | |
| i) Interest income on | | |
| - Bank deposits | 293,061 | 289,365 |
| - Deposits with State Electricity Corporations | 856,956 | 856,957 |
| - Income-tax refunds | 3,311,459 | 4,510,312 |
| - Employees loans | 247,569 | 150,015 |
| ii) Other non-operating income | | |
| - Excess liabilities written-in | 1,696,136 | 777,998 |
| - Bad debts recovered | 333,434 | 258,862 |
| - Lease rentals received | 2,672,364 | 2,625,987 |
| - Gain on sale of assets | - | 817,561 |
| - Miscellaneous receipts | - | 147,980 |
| TOTAL | <u>9,410,979</u> | <u>10,435,037</u> |
| 20) COST OF MATERIALS CONSUMED AND OTHER EXPENDITURE ON TESTING & ANALYSIS | | |
| a) Cost of materials consumed : | | |
| Opening stock | 111,675,424 | 105,104,673 |
| Add : Purchases during the year | <u>344,362,279</u> | <u>280,124,185</u> |
| | 456,037,703 | 385,228,858 |
| Less : Closing stock | <u>152,097,304</u> | <u>111,675,424</u> |
| Cost of materials consumed | 303,940,399 | 273,553,434 |
| b) Other expenditure | | |
| Sample preparation, Data Generation, Inspection & testing expenses | 114,049,051 | 98,476,839 |
| Carriage inwards | 3,160,525 | 2,765,581 |
| Power & Fuel | 81,414,835 | 79,089,011 |
| Water charges | 4,389,311 | 3,980,465 |
| TOTAL | <u>506,954,121</u> | <u>457,865,330</u> |
| 21) CHANGES IN INVENTORIES: WORK-IN-PROGRESS | | |
| Opening Works-in-progress | 49,201,454 | 50,662,985 |
| Closing Works-in-progress | 54,036,958 | 49,201,454 |
| • Net (Increase) / Decrease | <u>(4,835,504)</u> | <u>1,461,531</u> |
| 22) EMPLOYEE BENEFIT EXPENSE | | |
| Salaries & wages | 368,824,554 | 294,691,689 |
| Managerial remuneration | 31,880,258 | 22,848,000 |
| Contribution to provident and other funds | 54,267,441 | 23,664,219 |
| Staff welfare expenses | 16,760,334 | 12,146,632 |
| TOTAL | <u>471,732,587</u> | <u>353,350,540</u> |
| 23) OTHER EXPENSES | | |
| Sitting fee to directors | 50,375 | 106,590 |
| Rent | 21,677,557 | 9,185,995 |
| Rates, taxes, duties and levies | 14,382,367 | 8,484,354 |
| Insurance | 4,084,036 | 5,822,348 |
| Repairs and maintenance: | | |
| - Plant & Machinery | 59,303,118 | 51,245,275 |
| - Buildings | 22,589,148 | 17,656,486 |

| | Year ended 31.03.2017 ₹ | Year ended 31.03.2016 ₹ |
|--|-------------------------------|-------------------------------|
| OTHER EXPENSES Contd... | | |
| Advertising and sales promotion | 4,611,932 | 7,138,866 |
| Commission | 10,618,925 | 9,266,252 |
| Traveling and conveyance | 45,755,910 | 39,912,261 |
| Communication expenses | 15,696,829 | 16,743,365 |
| Printing and stationery | 13,099,943 | 10,829,740 |
| Books and periodicals | 168,454 | 240,913 |
| Vehicle maintenance | 4,011,065 | 4,223,008 |
| Operating lease charges | 344,974 | 756,966 |
| Equipment hire charges | - | 645,243 |
| Professional and consultancy charges | 34,028,302 | 28,346,680 |
| Membership and subscriptions | 939,666 | 964,886 |
| House keeping and premises maintenance | 9,385,585 | 8,636,286 |
| Security charges | 5,968,171 | 5,695,905 |
| Recruitment & training expenses | 2,028,341 | 2,018,810 |
| Payment to auditors: | | |
| - As auditor | 1,000,000 | 1,141,250 |
| - for Taxation matters | 281,400 | 181,250 |
| - Out of pocket expenses | 39,600 | 24,700 |
| Software charges | 3,625,400 | 1,485,829 |
| Loss on exchange fluctuations | 3,740,956 | 519,001 |
| Loss on sale of asset | 1,165,910 | - |
| Bad debts written off | 13,047,188 | 10,867,252 |
| Corporate Social Responsibility expenses | 1,632,838 | 1,959,714 |
| Cash Discount | - | 19,611 |
| Miscellaneous expenses | 1,785,515 | 1,613,612 |
| TOTAL | <u>295,063,505</u> | <u>245,732,448</u> |
| 24) FINANCE COSTS | | |
| i) Interest to Banks on Working capital loans | 16,623,742 | 8,402,517 |
| ii) Interest on Unsecured Loans | 111,918 | 51,327 |
| iii) Bank Charges | 4,135,222 | 4,444,068 |
| iv) Foreign exchange fluctuation loss on working capital loans | - | 140,458 |
| TOTAL | <u>20,870,882</u> | <u>13,038,370</u> |
| Note : Interest on term loan not included in the above, but capitalized to capital work-in-progress | 29,710,041 | 2,849,668 |

25. CORPORATE INFORMATION

Vimta Labs Limited was incorporated on November 16, 1990 under the Companies Act, 1956. The Company is engaged in the business of Contract Research and Testing Services. The Company's equity shares are listed at BSE Limited and National Stock Exchange of India Limited in India.

26. MEASUREMENT AND DISCLOSURE AS PER ACCOUNTING STANDARDS**26.1 Significant Accounting Policies (AS-1):****A) Basis of preparation of Financial Statements:**

The financial statements have been prepared and presented under the historical cost convention in accordance with the Generally Accepted Accounting Principles in India (GAAP), applicable provisions of Companies Act, 2013 and as per Accounting Standards specified under Section 133 of the Companies Act, 2013 read with rule 7 of Companies (Accounts) Rules 2014. All incomes and expenditures, having a material bearing on the financial statements, are recognized on an accrual basis.

B) Use of Estimates:

The preparation of financial statements in conformity with the GAAP requires that the Management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Such estimates include, estimate of useful life of fixed assets, provision for doubtful debts etc. Actual results could differ from those estimates. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

C) Fixed Assets and Capital Works-in-Progress:

- i) **Tangible assets - Own:** Fixed Assets are stated at historical cost of acquisition / construction less accumulated depreciation and impairment loss, if any. All costs including financing costs and revenue expenditure incurred till commencement of commercial production / services, attributable to the fixed assets, are capitalized.
- ii) Grants/subsidies if any, received from Government and others towards cost / part of the cost of fixed assets are reduced from the cost of the respective assets and the net cost incurred by the Company is carried to the fixed assets block.
- iii) **Tangible Assets taken on Lease:** Lease payments made for assets taken on operating lease are recognized as an expense in the Statement of Profit & Loss. After completion of the operating lease arrangements, the assets transferred onto the company's name are recorded at the cost price paid to the lessor for transfer of such assets.
- iv) **Intangible assets:** Goodwill is recorded in the books only when some consideration in money or money's worth has been paid for it. Whenever a business is acquired for a price (payable in cash or in shares or otherwise) which is in excess of the value of the net assets of the business taken over, the excess is termed as 'goodwill'.
- v) **Capital Works-in-Progress:** Cost of assets not ready for use at the Balance Sheet date is shown as Capital Works-in-Progress, at cost.

D) Depreciation and Amortization:

- i) Depreciation on tangible fixed assets, other than Plant & Equipment, is provided under Straight Line Method (SLM) over the useful lives of assets estimated by the management in the manner prescribed in Schedule II to the Companies Act, 2013. Depreciation on Plant & Equipment is provided under Straight Line Method (SLM) over the useful life of 6.67 years as against the useful life of 10 years specified in Schedule II to the Companies Act, 2013.
- ii) The Management estimated the useful life of fixed assets as follows.

| Type of Asset | Estimated useful life in years |
|---|--------------------------------|
| Buildings | 60 |
| Buildings other than RCC frame structures | 30 |
| Plant and Equipment | 6.67 |
| Electrical installation | 10 |
| Office equipment | 5 |
| Computers | 3 |
| Furniture and Fixtures | 10 |
| Vehicles | 8 |

- iii) Depreciation on intangible assets i.e. Goodwill is amortized over a period of ten years in equal installments commencing from the year in which it was recognized.
- iv) Expenditure incurred on purchase / acquisition / development of Software is treated as revenue expenditure and charged to Statement of Profit & Loss.
- v) Depreciation on additions/deletions during the year is calculated pro rata from/to the date of addition or deletion, as the case may be.

E) Impairment of Assets: The Company assesses at each Balance Sheet date whether there is any indication that an asset including Goodwill may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the 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 charged to Statement of Profit and Loss. If at the Balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. In respect of Goodwill, the impairment loss will be reversed only when it was caused by specific external events and their effect has been reversed by subsequent external events.

F) Inventories: Inventories, comprising of chemicals, consumables, stores, spares & components and works-in-progress are valued at lower of cost or net realizable value. Cost is arrived by using first-in-first-out (FIFO) formula and includes all costs of purchase, cost of conversion and other costs incurred in bringing them to their respective present location and condition.

G) Revenue recognition: Revenue is recognized to the extent it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue from Testing and Analysis Services is recognized as the service is

performed in accordance with the methods prescribed in AS - 9, Revenue Recognition. Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

H) Research & Development: Revenue expenditure on research and development is charged off as and when incurred. Capital expenditure on research and development is capitalized under the respective Fixed Asset and depreciated in accordance with the depreciation policy of the Company.

I) Prior period expense/income: The company follows the practice of making adjustments through "expenses/income under/over provided" in previous years in respect of material transactions pertaining to that period prior to the current accounting year.

J) Employee Benefits: Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged to Statement of Profit & Loss of the year when contributions to the fund is due. There are no other obligations other than the contributions payable to the respective authority.

Gratuity and leave encashment liabilities are a defined benefit plan and are provided for on the basis of an actuarial valuation on projected unit credit method made at the end of the each financial year. The Gratuity and leave encashment schemes are maintained and administered by an insurer to which the Company make periodic contributions.

Short-term employee benefits such as wages, salaries and short-term compensated absences like bonus and other non-monetary benefits are provided for as per Company's Rules on best estimate basis.

K) Foreign Currency Transactions: Transactions in Foreign Currencies are recorded at the exchange rates prevailing on the date of the respective transactions. Foreign Currency monetary Assets and Liabilities are restated at year end exchange rates. Exchange difference arising on settlement or restatement of monetary items is recognized as income or expense in the year in which they arise.

L) Tax Expense: Tax expense comprises of current tax and deferred tax. Current Income tax is measured as per the provisions of Income Tax Act, 1961 and the rules made thereunder.

Deferred tax resulting from "Timing Differences" between book and taxable profit is accounted for using the tax rates and laws that are enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets on timing differences are recognized only if there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. However, when unabsorbed depreciation and losses carried forward exist, deferred tax is recognized only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

M) Borrowing Costs: Borrowing costs attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

N) Business / Geographical Segments: The Company is providing services of Testing and Contract Research in the fields of Clinical and Pre-Clinical Studies, Clinical Reference, Analytical Testing, Advanced Molecular Biology and Environmental studies. Since the inherent nature of all these services are inter related and governed by the same set of risks and returns and operating in the same economic environment, segment reporting is not applicable. Accordingly, for reporting purposes all these services are treated as a single Business and Geographical Segment. The said treatment is in accordance with Accounting Standard - 17, Segment Reporting.

O) Earnings per Share: The basic earnings per share is computed by dividing the net profit attributable to equity shareholders for the period by the weighted average number of equity shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduce earnings per share or increase loss per share are included.

P) Provisions, Contingent Liabilities and Contingent Assets: Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the balance sheet as a foot-note. Contingent Assets are neither recognized nor disclosed in the financial statements.

Q) General: Accounting policies not specifically referred to above are in consistent with the generally accepted accounting principles followed in India.

26.2 EMPLOYEE BENEFITS (AS-15)

i) Defined Contribution Plan

| Particulars | As on | As on |
|--------------------------------|------------|------------|
| | 31.03.2017 | 31.03.2016 |
| | ₹ | ₹ |
| Contribution to Provident Fund | 22,082,462 | 15,771,075 |

ii) Defined Benefit Plans

| Particulars | Gratuity | | Leave Encashment | |
|--|---------------------|---------------------|---------------------|---------------------|
| | As on 31.03.2017 | As on 31.03.2016 | As on 31.03.2017 | As on 31.03.2016 |
| A ASSUMPTIONS | | | | |
| Discount Rate | 8.00% | 8.00% | 8.00% | 8.00% |
| Salary Escalation | 4% | 4% | 4% | 4% |
| Rate of return on plan assets | 7.71% | 9.00% | 7.88% | 8.00% |
| Expected average remaining lives of the employees (years) | 27 | 20 | 27 | 20 |
| B Table showing the changes in present value of obligations | ₹ | ₹ | ₹ | ₹ |
| a) Present value of obligations at the beginning of the year | 32,347,162 | 27,070,319 | 10,408,906 | 9,373,626 |
| b) Interest Cost | 2,587,772 | 2,165,626 | 329,466 | 691,459 |
| c) Current service cost | 3,387,180 | 2,175,018 | 4,696,552 | 3,121,571 |
| d) Benefits paid Actuals | (2,724,277) | (2,204,898) | (3,565,268) | (1,460,765) |
| e) Expected liability at the year end | 35,597,837 | 29,206,065 | 11,869,566 | 11,725,891 |
| f) Present value of obligations at the end of the year | 43,873,225 | 32,347,162 | 26,169,148 | 10,408,906 |
| g) Actuarial Loss/(gain) on obligations | 8,275,388 | 3,141,097 | 14,299,492 | (1,316,985) |
| C Changes in fair value of Assets | | | | |
| a) Fair value of Assets at the beginning of the year | 12,066,654 | 12,970,885 | 4,118,335 | 5,187,871 |
| b) Expected return on plan assets | 861,045 | 1,126,132 | 208,867 | 415,030 |
| c) Contributions | 385,058 | 174,535 | 3,000,000 | Nil |
| d) Benefits paid- Actuals | (2,724,277) | (2,204,898) | (3,565,268) | (1,460,765) |
| e) Premium expenses | (343,863) | Nil | (586) | Nil |
| f) Actuarial gain / (loss) on plan assets | Nil | Nil | Nil | (23,801) |
| g) Fair value of assets at the end of the year | 10,244,617 | 12,066,654 | 3,761,348 | 4,118,335 |
| D Actuarial Loss or Gain recognized | | | | |
| a) (Gain)/Loss for the year - Obligation | 8,275,388 | 3,141,097 | 14,299,492 | (1,316,985) |
| b) (Gain)/Loss for the year - Plan assets | Nil | Nil | Nil | 23,801 |
| c) Total loss/(gain) for the year | 8,275,388 | 3,141,097 | 14,299,492 | (1,293,184) |
| d) Actuarial loss/(gain) recognized in the year | 8,275,388 | 3,141,097 | 14,299,492 | (1,293,184) |
| E Amounts to be recognized in the Balance sheet | | | | |
| a) Present value of obligations as at the end of the year | 43,873,225 | 32,347,162 | 26,169,148 | 10,408,906 |
| b) Fair value of assets at the end of the year | (10,244,617) | (12,066,654) | 3,761,348 | 4,118,335 |
| c) Funded Status [Surplus/(deficit)] | (33,628,608) | (20,280,508) | (22,407,800) | (6,290,571) |
| d) Net (Liability)/asset recognized in balance sheet | (33,628,608) | (20,280,508) | (22,407,800) | (6,290,571) |
| F Expenses recognized in statement of Profit and Loss | | | | |
| a) Current service cost | 3,387,180 | 2,175,018 | 4,696,552 | 3,121,571 |
| b) Interest Cost | 2,587,772 | 2,165,626 | 329,466 | 691,459 |
| c) Expected return on plan assets | (861,045) | (1,126,132) | (208,867) | (415,030) |
| d) Net actuarial (gain) / loss recognized in the year | 8,275,388 | 3,141,097 | 14,299,492 | (1,293,184) |
| e) Premium expenses | 343,863 | Nil | 586 | Nil |
| f) Expenses recognized in statement of Profit & Loss | 13,733,158 | 6,355,609 | 19,117,229 | 2,104,816 |

Note : Employees include Executive Chairman, Managing & Whole time Directors and other Managerial Personnel.

26.3 Related party disclosures (AS-18)

Names of the Key Management Personnel related parties, nature of relationships and particulars of transactions with the said related parties during the year are as follows :

i) Names of the related parties and description of relationship.

A) Key Management Personnel

| | |
|---------------------|-------------------------------------|
| Dr S P Vasireddi | Executive Chairman |
| Harita Vasireddi | Managing Director |
| V Harriman | Executive Director - Operations |
| V V Prasad | Executive Director - Administration |
| A Venkataramana | Company Secretary |
| M Murali Mohana Rao | Chief Financial Officer |

B) Relatives of Key Management Personnel

| | |
|----------------------------|-----------------------------------|
| Sireesh Chandra Vungal | Son of ED - Operations |
| Sudheshna Vungal | Daughter of ED - Operations |
| Satya Sreenivas Neerukonda | Son-in-Law of ED - Administration |
| Praveena Vasireddi | Daughter of Executive Chairman |
| Sujani Vasireddi | Daughter of ED - Administration |
| *Swarnalatha Vasireddi | Wife of Executive Chairman |
| *Rajeswari Vungal | Wife of ED - Operations |
| *Rajyalakshmi Vasireddi | Wife of ED - Administration |

*w.r.t. payment of Dividend only

C) Other related parties

| | |
|--|--------------------------|
| Bloomedha Info Solutions Limited | |
| (Companies in which some of the Directors or other relatives are interested) | L V Prasad Eye Institute |

Note : Information of related parties and the relationship is as identified by the Company on the basis of information available with them and relied upon by the auditors.

ii) Aggregate Related Party transactions for the year 2016-17

(in ₹)

| Particulars | Key Management Personnel | Relatives of Key Management Personnel | Other related parties in which directors interested | Total |
|--|----------------------------|---------------------------------------|---|----------------------------|
| Remuneration (Incl. PF Contribution) (Previous year) | 36,147,187 (26,926,698) | 9,011,843 (7,005,120) | Nil Nil | 45,159,030 (33,931,818) |
| Services availed (Previous year) | 1,069,200 (1,056,000) | Nil Nil | 5,100,000 (5,360,026) | 6,169,200 (6,416,026) |
| Security deposit / Advance (Previous year) | 210,000 (210,000) | Nil Nil | 152,995 (152,995) | 362,995 (362,995) |
| Accounts payable (Previous year) | 3,225,974 (903,705) | 502,490 (376,194) | 1,039,500 (344,850) | 4,767,964 (1,624,749) |
| Dividend paid for 2015-16 (Previous Year) | 7,007,170 (7,006,526) | 672,882 (702,873) | Nil Nil | 7,680,052 (7,709,399) |

Note : As the liability for Gratuity is provided on actuarial basis for all the employees of the company including whole-time directors as a whole, amount pertaining to the Key Management Personnel and their relatives is not ascertainable and therefore not included in the above.

26.4. Leases (AS-19) :

The Company has taken certain equipment under non cancelable operating lease agreements for a period of 36 months. The lease rental charge grouped under operating lease charges during the year ended March, 2017 is ₹ Nil - (Previous year ₹ 1,29,250/-) and maximum obligation on long-term non-cancelable operating lease payable as per the rentals stated in respective agreements are as follows :

| | Current Year | Previous Year |
|---|--------------|---|
| i) Obligation on Non-cancelable operating leases : | | |
| a) not later than one year | Nil | Nil |
| b) later than one year and not later than five years | Nil | Nil |
| c) later than five years | Nil | Nil |
| ii) Total of minimum sub-lease payments expected | Nil | Nil |
| iii) Lease payments recognized in the statement of Profit & Loss for the period | Nil | 129,250 |
| iv) Sub lease payments received or receivable recognized in P&L A/c during the period | Nil | Nil |
| v) General description of significant leasing arrangements | | |
| a) Description of the assets taken on operating lease | Nil | Cisco Servers, Hardware & Software |
| b) Basis on which contingent rent payments are determined | Nil | As per the terms of the lease agreement |
| c) Terms of renewal or purchase options and escalation clauses of lease arrangements | Nil | As per the terms of the lease agreement |
| d) Restrictions imposed by lease agreements, if any | Nil | Nil |

26.5 Earnings per Share (AS-20)

(in ₹)

| | Current Year | Previous Year |
|---|--------------|---------------|
| a) Net profit / (Loss) for the year | 100,443,760 | 64,338,308 |
| b) Weighted average no. of shares outstanding during the year | 22,107,810 | 22,107,810 |
| c) Basic and diluted earnings/ per share | 4.54/- | 2.91/- |
| d) Nominal value of shares (fully paid up) | 2/- | 2/- |

26.6. Impairment of Assets (AS-28)

(in ₹)

| Particulars | Current Year | Previous Year |
|---|--------------|---------------|
| i) Amount of impairment losses recognized in the P&L A/c. | Nil | Nil |
| ii) Amount of reversal of impairment losses recognized in the P&L A/c. | Nil | Nil |
| iii) Amount of impairment losses recognized directly against revaluation surplus | Nil | Nil |
| iv) Amount of reversals of impairment losses recognized directly in revaluation surplus | Nil | Nil |

26.7. Contingent Liabilities and commitments (AS-29) (to the extent not provided for) (in ₹)

| | Current Year | Previous Year |
|---|--------------|---------------|
| (i) Guarantees issued by bank, not provided for | 18,658,853 | 16,346,879 |
| (ii) Income-tax demands not provided for - in appeals : | | |
| (a) Asst. Year 2012-13 & 2013-14 (before the ITAT) | 4,735,520 | Nil |
| (b) Asst. Year 2014-15 (before the CIT (Appeals)) | 3,389,600 | Nil |
| (iii) Service Tax demand- not provided for - Appeal is being filed against the order | 745,399 | Nil |
| (iv) Employees Provident Fund - demand not provided for - in appeal before Tribunal | 8,697,288 | Nil |
| Note : In all the above cases of demands, the legal counsel confirmed that the company has fair chance of getting favourable orders in appeals. | | |
| (II) Commitments | Nil | Nil |
| Total | 36,226,660 | 16,346,879 |

26.8 Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 are provided as under :

| Particulars | SBNs | Other denomination notes | Total |
|---------------------------------------|---------|--------------------------|-----------|
| Closing cash in hand as on 08.11.2016 | 461,000 | 133,384 | 594,384 |
| (+) Permitted receipts | Nil | Nil | Nil |
| (-) Permitted payments | Nil | Nil | Nil |
| (-) Amount Deposited in Banks | 461,000 | 1,393,274 | 1,854,274 |
| Closing cash in hand as on 30.12.2016 | Nil | 614,684 | 614,684 |

27. Additional Information pursuant to the provisions of Part II of Schedule III to the Companies Act, 2013 to the extent applicable:

(in ₹)

| | Current Year | Previous Year |
|---|--------------|---------------|
| a) Value of Imports calculated on CIF Basis in respect of : | | |
| i) Chemicals & Consumables | 22,649,601 | 14,886,775 |
| ii) Components and spare parts | 3,923,603 | 5,740,471 |
| iii) Reference Standards | 1,367,898 | 1,045,963 |
| iv) Software | 4,741,975 | 430,893 |
| v) Capital Goods | 260,298,379 | 210,218,585 |
| b) Expenditure in Foreign Currency on account of : | | |
| i) Travelling | 6,206,861 | 4,129,806 |
| ii) Membership & Subscriptions | Nil | 101,882 |
| iii) Licences & Fees | 417,911 | 1,535,331 |
| iv) Commission | 7,456,417 | 5,749,654 |
| v) Interest on Foreign Currency Loan to Banks | Nil | 44,513 |
| vi) Seminars & Conferences | Nil | 464,590 |
| vii) Inspection Charges | 405,775 | Nil |
| viii) Repairs & Maintenance | Nil | 224,468 |
| ix) Professional charges | Nil | 255,952 |
| x) Business Promotion | 1,196,116 | 763,143 |
| xi) Freight & Forwarding | Nil | 369,075 |
| xii) Staff welfare | 484,549 | Nil |
| c) i) Amount remitted during the year in foreign currency on account of dividends | Nil | Nil |
| ii) Number of Non-Resident Shareholders | 141 | 95 |
| iii) Number of shares held by them | 207,556 | 107,360 |
| iv) Year to which the dividends related | 2015-16 | 2014-15 |
| v) Dividend paid in Indian Rupees | 207,556 | 107,360 |
| (The NRI shareholders were paid the dividend in Indian Rupees only. Hence, amount remitted in foreign currency is Nil) | | |
| d) Earnings in foreign exchange : | | |
| Export of testing services (on FOB basis) | 496,970,848 | 376,856,612 |

e) Value of all imported and indigenous raw materials, spare parts & components consumed during the year and the percentage of each to the total consumption.

(in ₹)

| | Current year | | Previous year | |
|----------------------------|--------------------|------------------------|--------------------|------------------------|
| | Consumption Value | % to total Consumption | Consumption Value | % to total Consumption |
| a) Chemicals & Consumables | | | | |
| - Indigenous | 267,623,635 | 96 | 262,053,583 | 96 |
| - Imported | 10,777,555 | 4 | 11,499,851 | 4 |
| Total | 278,401,190 | 100 | 273,553,434 | 100 |
| b) Spares & Components | | | | |
| - Indigenous | 18,628,744 | 73 | 12,494,977 | 66 |
| - Imported | 6,910,465 | 27 | 6,310,764 | 34 |
| Total | 25,539,209 | 100 | 18,805,741 | 100 |

28. Corporate Social Responsibility (CSR) : To comply with the Corporate Social Responsibility (CSR) requirements under the provisions of Section 135 (5) of the Companies Act, 2013 read with the Rules made thereunder, the Company has determined the eligible amount at ₹. 2,184,135/- being the 2% of the average net profits of the Company in the three immediately preceding years. Against this, an amount of ₹. 1,632,838/- was contributed during the year to various Charitable Trusts for carrying out the activities specified by the Board and the same was charged to statement of Profit and Loss.

29. In the opinion of the Board, all the assets other than fixed assets and non-current investments have a value on realization at least equal to the amount at which they are stated in the balance sheet.

30. Previous year's figures have been regrouped / recasted wherever considered necessary to conform to the layout of the accounts adopted in the current year. Paise have been rounded off to the nearest rupee.

Per our report of even date

for J V S L & Associates
CHARTERED ACCOUNTANTS
(Firm Regn. No. 150025)

J Venkateswarlu
Partner
ICAI Ms.No.022481

Place: Hyderabad
Date: 22.04.2017

For and on behalf of the Board

Dr S P Vasireddi Executive Chairman
Harita Vasireddi Managing Director
V Harriman Executive Director - Operations
T S Ajai Director

M Murali Mohana Rao Chief Financial Officer
A Venkata Ramana Company Secretary

Place: Hyderabad
Date: 22.04.2017

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