

6th
Annual Report
2019-2020

EMTAC LABORATORIES PRIVATE LIMITED
(A Wholly Owned Subsidiary of Vimta Labs Limited)
Regd. Office: Plot No.11/6, Road No.9, IDA, Nacharam, Hyderabad: 500076
CIN: U74200TG2014PTC096043

CORPORATE INFORMATION

Board of Directors

Shri. V V Prasad
Director
(up to 19th March 2020)

Smt. Harita Vasireddi
Director

Shri. Satya Sreenivas Neerukonda
Director
(w.e.f 19th March 2020)

Shri. S Suresh Kumar
Director
(w.e.f 19th March 2020)

Bankers

State Bank of India

Smt. Sujani Vasireddi
Company Secretary
(w.e.f 12th June 2020)

Holding Company

Vimta Labs Limited
(w.e.f 4th March 2020)
141/2 & 142, IDA, Phase-II,
Cherlapally
Telangana – 500051

Auditors

M/s J V S L Associates
(Firm Regn No.15002S)
Chartered Accountants
Plot No.443-A-22-III
Road No.86, Jubilee Hills
Hyderabad: 500033

Registered Office

Plot No.11/6, Road No.9, IDA,
Nacharam, Hyderabad : 500076

BOARD'S REPORT

To the Members,

Your Directors have pleasure in submitting the Annual Report of the Company together with the Audited Statements of Accounts for the year ended 31st March 2020.

1. FINANCIAL RESULTS

The Financial performance of your Company for the year ended 31st March 2020 is summarized below.

(Rs.in Millions)

Particulars	As on 31.03.2020	As on 31.03.2019
Total Revenue	12.44	12.30
Total Expenses	14.65	14.93
Profit or Loss before Exceptional and Extraordinary items and Tax	(2.21)	(2.63)
Less: Exceptional Items	--	--
Profit or Loss before Tax	(2.21)	(2.63)
Less: Current Tax	--	--
Deferred Tax	0.05	0.15
Profit or Loss After Tax	(2.26)	(2.78)
Add: Balance as per last Balance Sheet	(27.02)	(24.24)
Less: Transfer to Reserves	---	---
Balance Transferred to Balance Sheet	(29.28)	(27.02)

2. COMPANY'S PERFORMANCE

During the year under review your company achieved a turnover of Rs 12.44 million as compared to previous year turnover of Rs.12.30 million. Your board is confident of achieving profits from 2020-21 fiscal.

During the year under review Vimta Labs Limited acquired your Company and necessary Share Transfers and Share Purchase Agreement was completed on 4th March 2020. Thus your Company is now a Wholly Owned Subsidiary of Vimta Labs Limited.

Vimta's interest on expansion of its business by entering into, new but concentric, product testing research support services viz., Electricals and Electronics attracted your Company in merging in to them with a concentric diversification to accelerate growth and profitability for both the Companies.

The evolving E&E industry and regulatory environment in certification and registration of such products, including active medical devices, batteries etc., will help us to utilize the existing complementary resources such as financial, marketing, operational, accreditation credentials and management efforts.

3. DIVIDEND & TRANSFER OF PROFITS TO RESERVES

No Dividend was declared for the current financial year. Further, no amount was transferred to Reserves out of current year's profits.

4. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

The provisions of Section 125(2) of the Companies Act, 2013 does not apply as the Company is a Private Limited Company.

5. MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATED AND THE DATE OF THE REPORT

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate and the date of this report.

6. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The provisions of Section 134(m) of the Companies Act, 2013 do not apply to the Company. There was no foreign exchange inflow and outgo during the year under review.

7. STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY

The Company does not have any Risk Management Policy but the elements of risk threatening the Company's existence are reduced to the maximum extent possible.

8. DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The Company has not developed and implemented any Corporate Social Responsibility initiatives as the said provisions are not applicable.

9. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review.

10. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

There were no contract or arrangements made with related parties as defined under Section 188 of the Companies Act, 2013 during the year under review.

11. EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS

There are no qualifications, reservations or adverse remarks made by the Auditors in their report. The provisions relating to submission of Secretarial Audit Report is not applicable to the Company.

12. COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT AND PAYMENT OF REMUNERATION

The provisions of Section 178 of the Companies Act, 2013 are not applicable to the Company relating to constitution of Nomination and Remuneration Committee and formulation of a policy on Directors appointment and payment of remuneration.

13. ANNUAL RETURN

The extracts of Annual Return pursuant to the provisions of Section 92 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is furnished in **Annexure - A** and is attached to this Report.

14. NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW

The Company has conducted 5 (Five) Board meetings i.e., on 12.07.2019; 06.09.2019; 14.11.2019; 05.03.2020 and 19.03.2020 during the year under review.

15. DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 the Board of Directors hereby submit their Responsibility Statement:

(a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(b) Board has 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 of the company for that period;

(c) Board has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) Board has prepared the annual accounts on a going concern basis;

(e) Proper systems are devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operate effectively; and

Board has not laid down internal financial controls to be followed by the Company as it being an unlisted Company and as such the provisions of sub-clause (e) of Section 134(5) of the Companies Act, 2013 are not applicable to the Company.

16. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company does not have any Subsidiary, Joint venture or Associate Company during the year under review. It has a Holding Company Vimta Labs Limited purusnat to share transfer effected on 4th March 2020.

17. DEPOSITS

The Company has neither accepted nor renewed any deposits during the year under review.

18. DIRECTORS AND KEY MANGERIAL PERSONNEL

a) Cessation of Directors

During the year under review Shri. V V Prasad (DIN: 00242355) resigned as Director on 19th March 2020 due his personal occupations.

b) Appointment of Directors

During the year under review Shri. Neerukonda Satya Sreenivas (DIN: 00269814) and Shri. Suresh Kumar S (DIN: 08728684) were appointed as Additional Directors w.e.f 19th March 2020.

The regularization of Additional Directors is put up at the ensuing Annual General Meeting for the approval of the Shareholders.

The said Directors were nominated by Vimta Labs Limited and they hold position as Non-Executive Directors.

Though, Company is not mandatorily required to appoint any whole time Key Management Personnel (KMP), Board at its meeting held on 12th June 2020 appointed Smt. Sujani Vasireddi (ACS 36640) as a Company Secretary of the Company who is also the Company Secretary of holding Company, Vimta Labs Limited.

19. DECLARATION OF INDEPENDENT DIRECTORS

The provisions of Section 149 of the Companies Act, 2013 with respect to appointment of Independent Directors do not apply to the Company.

20. ADEQUACY OF INTERNAL FINANCIAL CONTROLS

Not Applicable to a Private Limited Company

21. AUDITORS

M/s JVSL & Associates, Chartered Accountants (Firm Reg. No: 15002S) were appointed as auditors by the members in their meeting held on 30.09.2015 for a period of 5 years i.e., up to conclusion of AGM to be scheduled in the year 2020.

Board at its meeting held on 12th June 2020, appointed M/s Gattamaneni & Co., Chartered Accountants (Firm Registration No. 9303S), as Statutory Auditors for the Company who are also the Statutory Auditors of Vimta Labs Limited, the holding company, to hold office for a period of five years i.e. from the conclusion of this 6th Annual General Meeting (AGM) until the

conclusion of the 11th AGM of the Company to be held in the year 2025 subject to approval of Shareholders at its ensuing Annual General Meeting.

Provisions of Section 138; 148 and 204 of Companies Act, 2013 are not applicable to the Company with respect to appointment of Internal; Cost and Secretarial Auditors.

22. DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE AND PROVIDING VIGIL MECHANISM

The provisions of Section 177 of the Companies Act, 2013 read with Rule 6 and 7 of the Companies (Meetings of the Board and its Powers) Rules, 2013 are not applicable to the Company.

23. DETAILS OF CHANGES IN SHARE CAPITAL

During the year under review, the Company has increased its authorized capital and has not issued equity shares.

During the year, Shareholders Shri. V V Prasad, Smt. Harita Vasireddi, Smt. Praveena Vasireddi, Smt. Sujani Vasireddi, Smt. Harita Vasireddi Joint with Chaarvi V Kankanala have sold their shares to Vimta Labs Limited for a total consideration of Rs. 6,14,97,000/- (Rupees six crores fourteen lakhs ninety-seven thousand) as per valuation report for a premium price of Rs. 18/- per share.

24. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS, COURTS AND TRIBUNALS

No significant and material order have been passed by the regulators, courts, tribunals impacting the going concern status and Company's operations in future.

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

In compliance to the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, there were no complaints received by the Company during the year, at work place of the Company under review.

26. ACKNOWLEDGEMENTS

Your Directors place on record their gratitude to shareholders and the customers, vendors, for their continued support to the Company. 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 OF DIRECTORS

Date: 12th June 2020
Place: Hyderabad

Harita Vasireddi
Director
(DIN:00242512)

Annexure A to Board's Report

MGT -9
EXTRACT OF THE ANNUAL RETURN
as on the financial year ended on 31.03.2020

I. REGISTRATION AND OTHER DETAILS:

- i) CIN : U74200TG2014PTC096043
- ii) Registration Date : 17.10.2014
- iii) Name of the Company : EMTAC LABORATORIES PRIVATE LIMITED
- iv) Category / Sub-Category of the Company : Service
- v) Address of the Registered office and contact details : PLOT NO. 11/6, ROAD NO.9
IDA, NACHARAM
HYDERABAD: 500076

haritav@emtac.in;
- vi) Whether listed company Yes / No : No
- vii) Name, Address and Contact details of Registrar and Transfer Agents, if any : N A

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Electronic, Electrical & Mechanical Testing and Certification.	Not Applicable	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No	Name address of the Company	CIN/GLN	Holding/S subsidiary/ Associate	% of shares held	Applicable Section
1	Vimta Labs Limited Plot No.142, IDA, Phase-II, Cherlapally, Hyderabad : 500051	L24110TG1990PLC011977	Holding	100%	2(46)

(ii) Shareholding of Promoters and promoters group

Sl. No.	Shareholder's Name	No. of shares held at the beginning of the year 01.04.2019			No. of shares held at the end of the year 31.03.2020			% 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.	Vasireddi Veerabhadra Prasad	242500	7.10	0	0	0	0	7.10
2.	Harita Vasireddi	1685500	49.33	0	1	0	0	49.33
3.	Praveena Vasireddi	1096000	32.08	0	0	0	0	32.08
4.	Sujani Vasireddi	80000	2.34	0	0	0	0	2.34
5.	Harita Vasireddi Joint1:Chaarvi V Kankanala	312500	9.15	0	0	0	0	9.15
	Total	3416500	100	0	0	0	0	100

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

i) Category wise shareholding										
Sl. No.	Category of shareholders	No. of shares held at the beginning of the year 01.04.2019				No. of shares held at the end of the year 31.03.2020				% 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	0	3416500	3416500	100	0	0	0	0	0
(b)	Central Govt./ State Govt.	0	0	0	0	0	0	0	0	0
(c)	Bodies Corporate / Govt. Corporate Bodies	0	0	0	0	0	0	0	0	0
(d)	Financial Institutions/Banks	0	0	0	0	0	0	0	0	0
(e)	Any other (Specify)	0	0	0	0	0	0	0	0	0
	Sub-Total (A)(1)	0	3416500	3416500	100	0	0	0	0	0
2	Foreign									

ANNEXURE A TO THE BOARD REPORT EMTAC LABORATORIES PVT LTD

IV. SHAREHOLDING PATTERN (Equity share capital Breakup as percentage of Total Equity)										
i) Category wise shareholding										
Sl. No.	Category of shareholders	No. of shares held at the beginning of the year 01.04.2019				No. of shares held at the end of the year 31.03.2020				% change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(a)	Individuals (NRI/Foreign individuals)	0	0	0	0	0	0	0	0	0
(b)	Bodies Corporate	0	0	0	0	0	0	0	0	0
(c)	Institutions	0	0	0	0	0	0	0	0	0
(d)	Any other (Specify)	0	0	0	0	0	0	0	0	0
	Sub-Total (A)(2)	0	0	0	0	0	0	0	0	0
	Total shareholding of Promoter & Promoter Group (A) = (A)(1)+(A)(2)	0	3416500	3416500	100	0	0	0	0	0

B)	Public shareholding									
(1)	Institutions									
(a)	Mutual Funds/UTI	0	0	0	0	0	0	0	0	0
(b)	Financial institutions/Banks	0	0	0	0	0	0	0	0	0
(c)	Central Govt./ State Govt.	0	0	0	0	0	0	0	0	0
(d)	Venture Capital Funds	0	0	0	0	0	0	0	0	0
(e)	Insurance Companies	0	0	0	0	0	0	0	0	0
(f)	Foreign Institutional Investors	0	0	0	0	0	0	0	0	0
(g)	Foreign Venture Capital Investors	0	0	0	0	0	0	0	0	0
(h)	Any other (Specify)	0	0	0	0	0	0	0	0	0
	Sub-Total (B)(1)	0	0	0	0	0	0	0	0	0
(2)	Non-Institutions									
(a)	Bodies corporate	0	0	0	0	0	3416500	3416500	100	0
(b)	Individuals									
	i) Individual shareholders holding nominal share capital up to Rs.1 lakh	0	0	0	0	0	0	0	0	0
	ii) Individual shareholders holding nominal share capital in excess Rs.1 lakh	0	0	0	0	0	0	0	0	0
(c)	Any other (Specify)	0	0	0	0	0	0	0	0	0
	Sub-Total (B)(2)	0	0	0	0	0	0	0	0	0
	Total Public shareholding Group (B) = (B)(1)+(B)(2)	0	0	0	0	0	0	0	0	0
	Total (A)+(B)	0	0	0	0	0	3416500	3416500	100	0
C)	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0	0	0	0	0	0
	GRAND TOTAL (A)+(B)+(C)	0	0	0	0	0	3416500	3416500	100	0

(iii) Change in Promoters' or Promoters group shareholding

Sl. No.	Particulars	Shareholding at the beginning of the year 01.04.2019		Cumulative shareholding during the year 31.03.2020	
		No. of shares	% of total Shares of the Company	No. of shares	% of total Shares of the Company
1	At the beginning of the year 01.04.2019				
	V V Prasad	242500	7.10		
	At the end of year 31.03.2020			0	0
2	At the beginning of the year 01.04.2019				
	Harita Vasireddi	1685500	49.33		
	At the end of year 31.03.2020			0	0
	At the beginning of the year 01.04.2019				
3	Praveena Vasireddi	1096000	32.08		
	At the end of year 31.03.2020			0	0
	At the beginning of the year 01.04.2019				
4	Sujani Vasireddi	80000	2.34		
	At the end of year 31.03.2020			0	0
	At the beginning of the year 01.04.2019				
5	Harita Vasireddi joint holder Charvi V Kankanala	312500	9.15		
	At the end of year 31.03.2020			0	0

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

Particulars	Shareholding at the beginning of the year 01.04.2019		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
At the beginning of the year 01.04.2019						
Vimta Labs Limited	0	0				
At the end of the year 31.03.2020			Purchase	100%	3416500	100%

v) Shareholding of Directors and Key Management Personnel

Sl. No.	Particulars	Shareholding at the beginning of the year 01.04.2019		Cumulative shareholding during the year	
		No. of shares	% of total Shares of the Company	No. of shares	% of total Shares of the Company
	For each of the Directors and KMP				
	At the beginning of the year 01.04.2019				

ANNEXURE A TO THE BOARD REPORT EMTAC LABORATORIES PVT LTD

Sl. No.	Particulars	Shareholding at the beginning of the year 01.04.2019		Cumulative shareholding during the year	
		No. of shares	% of total Shares of the Company	No. of shares	% of total Shares of the Company
	Veerabhadra Prasad Vasireddi	242500	7.10	0	0
	Harita Vasireddi	1998000	58.48	0	0
	Satya Sreenivas Neerukonda	0	0	0	0
	Suresh Kumar S	0	0	0	0

V. INDEBTEDNESS

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Fin. Year 01.04.2019				
i) Principal Amount				
ii) Interest due but not paid	-	7635000	-	7635000
iii) Interest accrued but not due				
Total (i+ii+iii)				
Change in Indebtedness during the Fin. year				
• Addition	-	250000	-	250000
• Reduction				
Net Change				
Indebtedness at the end of the financial year 31.03.2020				
i) Principal Amount	-	78,85,000	-	78,85,000
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	-	78,85,000	-	78,85,000

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(In Rs.)

Sl. No.	Particulars of Remuneration	Name of WTD	Total Amount
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		NIL
2.	Stock Option		
3.	Sweat Equity		
4.	Commission -as % of profit - Others, specify		
5.	Others, please specify		
	Total (A)		
	Ceiling as per the Act		

B. Remuneration to other Directors

Sl. No.	Particulars of Remuneration	Total Amount
1.	Independent Directors Fee for attending board / committee meetings Commission - Others, please specify	NIL
	Total (1)	
2.	Other Non-Executive Directors Fee for attending board / committee meetings Commission Others, please specify	
	Total (2)	
	Total (B) = (1+2)	
	Total Managerial Remuneration	
	Overall ceiling as per the Act	

C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	
		CEO	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	
2.	Stock Option		
3.	Sweat Equity		
4.	Commission -as % of profit - Others, specify		
5.	Others, please specify		
	Total		

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

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

INDEPENDENT AUDITOR'S REPORT

To the Members of **EMTAC LABORATORIES PRIVATE LIMITED**
Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **EMTAC Laboratories Private Limited** ("*the Company*"), which comprise the balance sheet as at March 31, 2020, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and notes to the financial statements, including a summary of the Significant Accounting Policies and other explanatory information ("*the financial statements*").

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 Companies Act, 2013 ("*the Act*") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("*Ind AS*") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.



If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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 in terms of Section 143(11) of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, based on our audit we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

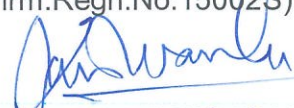


- (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the 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". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the company's internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended; we report that as the said section is not applicable to this company our comments on the same are nil for this company.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has no pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Place: Hyderabad
Date: 12-06-2020



For J V S L & ASSOCIATES
Chartered Accountants
(Firm.Regn.No:15002S)


J.VENKATESWARLU
Partner
(ICAI Ms. No. 022481)
UDIN:20022481AAAAAJ8407

Annexure 'A' to the Independent Auditor's Report

(Referred to in paragraph - 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date on the Financial Statements of EMTAC Laboratories Private Limited)

Statement on the matters specified in Paragraphs 3 and 4 of the Companies (Auditor's Report) Order, 2016("The Order")

- 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 Company has not held any immovable properties during the year under audit.
- ii. The company has not acquired / held any inventory during the period covered under audit. Hence, our comments on clause (ii) of paragraph 3 of the Order are nil.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained U/s.189 of the Act. 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 neither given any loans nor made investments nor given guarantees and security 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 any deposits. Hence, compliance with the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 and other relevant provisions of the Act 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. According to the information and explanations furnished to us, the Central Government has not prescribed maintenance of cost records U/s.148(1)(d) of the Companies Act, 2013 to this company.
- vii.
 - (a) The company is regular in depositing undisputed statutory dues including Provident Fund, employees' state insurance, income tax, Sales-Tax, Service Tax, Goods and Services Tax, Duty of Customs, Duty of Excise, Value added



tax, Cess and other material statutory dues applicable to it to the appropriate authorities though there has been a delay in few cases.

According to the information and explanations given to us, no undisputed amounts in respect of the above statutory dues are in arrears as at 31/03/2020 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 Income Tax, Sales Tax, Service Tax, Goods and Services Tax, Duty of Customs, Duty of Excise and Value Added tax which have not been deposited on account of any dispute.

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any 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). During the period covered under our audit, the company has not availed any term loans.
- 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 not been paid / provided during the period covered under audit. Hence, compliance with the provisions of section 197 read with schedule V to the Companies Act is not applicable to the company.
- 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, during the year under review, the company has not entered any transactions with the related parties. Hence, compliance with the provisions of Section 177 and 188 of the Companies Act, 2013 are not applicable to the company.
- 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 them. Hence, compliance with provisions of Section 192 of Companies Act, 2013 is not applicable.

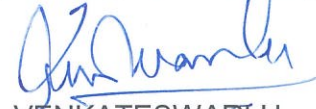


- xvi. As per the information and explanations given to us and based on our audit, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

Place: Hyderabad
Date: 12-06-2020



For J V S L & ASSOCIATES
Chartered Accountants
(Firm Regn No. 15002S)


J. VENKATESWARLU
Partner
ICAI Ms. No. 022481
UDIN:20022481AAAAAJ8407

Annexure 'B' to the Independent Auditor's Report

*(Referred to in paragraph 2(f) under "Report on other legal and Regulatory requirements"
Section of our report of even date on the financial statements of EMTAC Laboratories Private 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 EMTAC Laboratories Private Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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.

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.



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.

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.

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, 2020, 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.

Place: Hyderabad
Date: 12-06-2020



For J V S L & ASSOCIATES
Chartered Accountants
(Firm.Regn.No:15002S)



J.VENKATESWARLU
Partner
(ICAI Ms. No. 022481)
UDIN:20022481AAAAAJ8407

EMTAC LABORATORIES PRIVATE LIMITED
Balance Sheet as at March 31,2020

Amount in (₹ Millions)

Particulars	Note No.	As at		
		31 March 2020	31 March 2019	01 April 2018
ASSETS				
Non-current assets				
(a) Property, Plant and Equipment	5	13.08	14.15	13.58
(b) Financial assets				
(i) Loans	6	0.73	0.76	0.76
(c) Other non-current assets	7A	1.98	2.23	2.03
Total Non-Current assets		15.79	17.14	16.37
Current assets				
(a) Financial assets				
(i) Trade receivables	8	1.67	1.07	0.23
(ii) Cash and cash equivalents	9	0.23	0.86	0.38
(b) Other current assets	7B	0.35	0.49	0.53
Total Current assets		2.25	2.42	1.14
Total Assets		18.04	19.56	17.51
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	10	34.17	34.17	34.17
(b) Other equity	11	(29.28)	(27.02)	(24.24)
Total equity		4.89	7.15	9.93
Liabilities				
Non-Current Liabilities				
(a) Financial liabilities				
(i) Borrowings	12	7.89	7.64	3.81
(b) Deferred tax liabilities (Net)	13	0.72	0.67	0.52
Total Non Current Liabilities		8.61	8.31	4.33
Current Liabilities				
(a) Financial liabilities				
(i) Trade payables				
- Outstanding dues of micro enterprises and small enterprises	14	-	-	-
- Outstanding dues of creditors other than micro enterprises and small enterprises		3.02	1.40	1.26
(ii) Other financial liabilities	15	0.96	1.34	1.39
(b) Other current liabilities	16	0.56	1.36	0.60
Total Current Liabilities		4.54	4.10	3.25
Total Equity and Liabilities		18.04	19.56	17.51

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

Per our report of even date attached.

For J V S L & Associates
Chartered Accountants
Firm Registration No: 150025


J. Venkateswarlu
Partner
Membership no: 022481

Place : Hyderabad
Date : 12-06-2020

For and on behalf of the Board of Directors


Harita Vasireddi
Director
DIN:00242512


Neerukonda Satya Sreenivas
Director
DIN:00269814

Place : Hyderabad
Date : 12-06-2020

EMTAC LABORATORIES PRIVATE LIMITED

Statement of Profit and Loss for the year ended March 31, 2020

Particulars	Note No	Amount in (₹ Millions)	
		For the year ended 31 March 2020	For the year ended 31 March 2019
I. Income			
Revenue from Operations	17	11.90	12.25
Other Income	18	0.54	0.05
Total Income		12.44	12.30
II. Expenses			
Testing expenditure	19	2.20	3.13
Employee benefits expense	20	5.60	5.72
Finance costs	21	0.00	0.00
Depreciation expense	5	1.38	1.31
Other expenses	22	5.47	4.77
Total Expenses		14.65	14.93
Profit/ (Loss) before exceptional items and tax		(2.21)	(2.63)
Exceptional items		-	-
III. Profit/(Loss) before tax [I-II]		(2.21)	(2.63)
IV. Tax expense	23		
(a) Current Tax		-	-
(b) Deferred tax (benefit)/expense		0.05	0.15
Total Tax Expense		0.05	0.15
V. Profit/(Loss) for the year [III-IV]		(2.26)	(2.78)
VI. Other comprehensive Income			
Items that will not be reclassified to profit or loss		-	-
(a) Re-measurement of the net defined liability		-	-
(b) Income tax relating to the above item		-	-
Total other comprehensive income/(loss),net of tax		-	-
VII. Total Comprehensive income/(Loss) for the year [V-VI]		(2.26)	(2.78)
VIII. Earnings per share	24		
Basic (INR)		(0.66)	(0.81)
Diluted (INR)		(0.66)	(0.81)

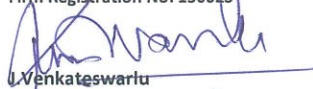
The accompanying significant accounting policies and notes are an integral part of the financial statements.

Per our report of even date attached.

For J V S L & Associates

Chartered Accountants

Firm Registration No: 150025



V Venkateswarlu

Partner

Membership no: 022481

Place : Hyderabad

Date : 12-06-2020

For and on behalf of the Board of Directors



Harita Harita Vasireddi

Direct Director

DIN:00242512



Neerukonda Satya Sreenivas

Director

DIN:00269814

Place : Hyderabad

Date : 12-06-2020

EMTAC LABORATORIES PRIVATE LIMITED
Statement of Cash Flows for the year ended March 31, 2020

Particulars	Amount in (₹ Millions)	
	Year Ended 31 March 2020	Year Ended 31 March 2019
A. Cash Flow From Operating Activities :		
Profit/(Loss) before tax	(2.21)	(2.63)
Add: Adjustments for		
Depreciation	1.38	1.31
Operating profit before working capital changes	(0.83)	(1.32)
Adjustments for changes in working capital:		
- (Increase)/decrease in loans	0.03	-
- (Increase)/decrease in other assets	0.39	(0.16)
- (Increase)/decrease in trade receivables	(0.60)	(0.84)
- Increase/(decrease) in trade payables	1.63	0.13
- Increase/(decrease) in other financial liabilities	(0.38)	(0.05)
- Increase/(decrease) in other current liabilities	(0.80)	0.76
Cash generated from/(used in) operations	(0.56)	(1.48)
Income tax paid	-	-
Net cash flows generated from/(used in) operating activities (A)	(0.56)	(1.48)
B. Cash Flow From Investing Activities :		
Purchase of Property, Plant and Equipments	(0.31)	(1.87)
Net cash flow generated from/(used in) investing activities (B)	(0.31)	(1.87)
C. Cash Flow From Financing Activities :		
Net change in Long term borrowings	0.25	3.83
Net cash flow generated from/(used in) financing activities (C)	0.25	3.83
Net Increase/Decrease in cash and cash equivalents (A+B+C)	(0.62)	0.48
Cash and cash equivalents at the beginning of the year	0.85	0.38
Cash and cash equivalents at the end of the year	0.23	0.86
Cash and cash equivalents comprise of the following:		
Balances with banks	0.22	0.85
Cash on hand	0.01	0.01
Total cash and cash equivalents at end of the year	0.23	0.86

Change in Liability arising from financing activities

	March 31, 2019	Cash Flow	March 31, 2020
Borrowings -Non Current (Refer Note 12)	7.64	0.25	7.89
Borrowings - Current	-	-	-
	7.64	0.25	7.89

Notes:

1. The above Statement of Cash Flow has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS)-7, Statement of Cash Flows.

2. The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note. (Refer note 30).

Per our report of even date attached.

For J V S L & Associates
Chartered Accountants
Firm Registration No: 150025


J. Venkateswarlu
Partner
Membership no: 022481

For and on behalf of the Board of Directors


Harita Vasireddi
Director
DIN:00242512


Neerukonda Satya Sreenivas
Director
DIN:00269814

Place : Hyderabad
Date : 12-06-2020

Place : Hyderabad
Date : 12-06-2020

EMTAC LABORATORIES PRIVATE LIMITED

Statement of Changes in Equity for the year ended March 31, 2020

A) Equity Share Capital

Amount in (₹ Millions)

Particulars	No. of Shares	Total Amount
Equity shares of Rs.10/- each subscribed and fully paid-up		
Balance as at April 1, 2018	3,416,500	34.17
Add/(Less): Changes during the year	-	-
Balance as at March 31, 2019	3,416,500	34.17
Add/(Less): Changes during the year	-	-
Balance as at March 31, 2020	3,416,500	34.17

B) Other Equity

Amount in (₹ Millions)

Particulars	Reserves and Surplus			Item of Other comprehensive Income	Total
	Securities Premium Account	General Reserve	Retained Earnings	Re-Measurement of defined benefit plans	
Balance as at April 1, 2018	-	-	(24.24)	-	(24.24)
Profit/(Loss) for the year	-	-	(2.78)	-	(2.78)
Adjustment during the year	-	-	-	-	-
Other Comprehensive Income	-	-	-	-	-
Balance as at March 31, 2019	-	-	(27.02)	-	(27.02)
Profit/(Loss) for the year	-	-	(2.26)	-	(2.26)
Adjustment during the year	-	-	-	-	-
Other Comprehensive income	-	-	-	-	-
Balance as at March 31, 2020	-	-	(29.28)	-	(29.28)

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

Per our report of even date attached.

For and on behalf of the Board of Directors

For J V S L & Associates

Chartered Accountants

Firm Registration No: 15002S



J. Venkateswarlu

Partner

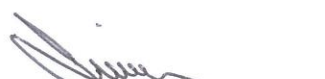
Membership no: 022481



Harita Vasireddi

Director

DIN:00242512



Neerukonda Satya Sreenivas

Director

DIN:00269814

Place : Hyderabad

Date : 12-06-2020

Place : Hyderabad

Date : 12-06-2020

EMTAC LABORATORIES PRIVATE LIMITED

Notes forming part of the financial statements for the year ended March 31, 2020

1 General Information

Emtac Laboratories Private Limited (the "Company") is domiciled in India and was incorporated on October 17, 2014 under the provisions of the Companies Act, 2013. The registered office of the Company is situated at Plot no.11/6, Road no.9, IDA Nacharam, Hyderabad - 500 076. The Company is providing Electronic, Electrical and Mechanical testing services in India.

The financial statement are approved for issue by the Board of Directors at its meeting held on June 12, 2020.

2 Significant accounting policies

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Ind AS

These financial statements have been prepared in accordance with the Indian Accounting Standards ("Ind AS") as prescribed by Ministry of Corporate affairs pursuant to Section 133 of the Companies Act, 2013(the Act), read with the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016, as amended from time to time and other relevant provisions of the Act.

The financial statements upto year ended 31 March,2019 were prepared in accordance with earlier Generally Accepted Accounting Principles (GAAP) in India, which includes the accounting standards prescribed under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014, to the extent applicable, and the presentation requirements of the Companies Act, 2013.

These financial statements for the year ended 31 March, 2020 are the first Ind AS financial statements with comparatives prepared under Ind AS. Accordingly, the transition to Ind AS has been carried out in accordance with Ind AS 101- 'First time adoption' of Indian Accounting Standards with date of transition being 1 April, 2018. An explanation of how the transition to Ind AS has affected the Company's equity and its net profit is provided in Note 30. Company's Ind-AS accounting policies used in the opening Balance Sheet differed from its Indian GAAP policies applied as at 31March, 2018 and accordingly the adjustments were made to restate the opening balances as at 1 April,2018 in accordance with Ind AS.

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

(b) Basis of measurement

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

* Certain financial assets and liabilities measured either at fair value or amortised cost depending on the classification.

(c) Current and non-current classification

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

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

An asset is classified as current when it is:

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

A liability is classified as current when:

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

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

(d) Use of estimates

The preparation of financial statements in conformity with Ind AS requires the management of the company to make judgments, estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of income and expenses during the reported period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

(e) **Fair value measurement**

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

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

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

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

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

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

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

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

2.2 Property, plant and equipment

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

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

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

Depreciation methods, estimated useful lives

Depreciable amount for assets is the cost of an asset or other amount substituted for cost, less its estimated residual value. Depreciation on property, plant and equipment is provided on the basis of straight-line method over their estimated useful lives and in the manner prescribed in Schedule II to the Companies Act, 2013.

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

Assets held for sale

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

2.3 Intangible Assets

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

2.4 Impairment of non-financial assets

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

2.5 Financial instruments

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

(a) Financial assets

Initial recognition and measurement

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

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

Subsequent measurement

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

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

Debt instruments at amortised cost

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

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

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

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

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

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified to the Statement of Profit and Loss. Interest earned while holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instruments and equity instruments at fair value through profit or loss (FVTPL)

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

Debt and Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Equity instruments measured at FVTOCI

All equity investments in the scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVTOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

De-recognition

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss for the following financial assets and credit risk exposures:

- a) Financial assets that are debt instruments and are measured at amortised cost e.g., loans, deposits and bank balance
- b) Trade Receivables that result from transactions that are within the scope of Ind AS 115.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. It recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

When estimating the cash flows, the Company is required to consider:

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

(b) Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

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

Trade and other payables

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

De-recognition

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

Offsetting of financial instruments

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

2.6 Taxes

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

(a) Current tax

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

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

(b) Deferred tax

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

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

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

(c) Minimum Alternate Tax (MAT)

Minimum Alternate Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. The Company reviews such assets at each reporting date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period. MAT paid in a year is charged to the statement of Profit and Loss as current tax.

(d) Dividend distribution tax (DDT)

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

2.7 Provisions and contingent liabilities

Provisions are recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the year end.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Contingent liabilities and assets are not recognised in financial statements. A disclosure of the contingent liability is made when there is a possible or a present obligation that may, but probably will not, require an outflow of resources.

2.8 Revenue Recognition

Rendering of services

The Company primarily earns revenue from Electronic, Electrical and Mechanical testing services.

Revenue is recognised upon transfer of control of promised services to customers in an amount that reflects the consideration the Company expect to receive in exchange for those services.

Revenue from providing services is recognised in the accounting period in which such services are rendered.

At contract inception, the Company assesses its promise to transfer services to a customer to identify separate performance obligations. The Company applies judgment to determine whether each service promised to a customer is capable of being distinct, and are distinct in the context of the contract, if not, the promised services are combined and accounted as a single performance obligation. The company allocates the arrangement consideration to separately identifiable performance obligation based on their relative stand alone selling price or residual method.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

Revenues in excess/short of invoicing are classified as assets/liabilities, as the case may be.

Export incentives

Export incentives are recognised when the right to receive the credit is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds and utilization of export incentives within its validity period.

Interest

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's gross carrying amount on initial recognition. Interest income is included in other income in the Statement of Profit and Loss.

2.9 Government grants

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

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

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

2.10 Foreign Currency Transactions

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

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

2.11 Retirement and other Employee Benefits

(a) Short-term obligations

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

(b) Other long-term employee benefit obligations

(i) Defined contribution plan

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

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

2.12 Leases (as a lessee)

The company has applied Ind AS 116 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under Ind AS 17.

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

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

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

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

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the company is reasonably certain to exercise, lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early

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

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

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

Short-term leases and leases of low-value assets

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

2.13 Borrowing Costs

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

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

2.14 Earnings Per Share

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

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

2.15 Dividend Distributions

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

2.16 Cash Flows

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

2.17 Segment Reporting

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

2.18 Cash and cash equivalents

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

3 Significant accounting judgments, estimates and assumptions

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

3.1 Estimates and assumptions

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

(a) Leases

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

(b) Deferred Taxes

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

(c) Fair value of financial instruments

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

(d) Impairment of financial assets

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

(e) Impairment of non-financial assets

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

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

(f) Property, Plant and Equipment

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

(h) Current income taxes

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

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

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

3.B New and amended IND Accounting Standards are effective from current year

- a) Ind AS 116 supersedes Ind AS 17 Leases including its appendices (Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease, Appendix A of Ind AS 17 Operating Leases-Incentives and Appendix B of Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of a Lease). The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet. Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 does not have an impact for leases where the Company is the lessor. The Company adopted Ind AS 116 using the modified retrospective method of adoption, with the date of initial application being April 01, 2019. The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at April 01, 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying Ind AS 17 and Appendix C of Ind AS 17 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

Upon adoption of Ind AS 116, the Company applied a single recognition and measurement approach for all leases for which it is the lessee, except for short-term leases and leases of low value assets. The Company recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. In accordance with the modified retrospective method of adoption, the Company recorded the lease liability at the present value of the remaining lease payments discounted at the incremental borrowing rate as on the date of transition and has measured right of use asset an amount equal to lease liability. The adoption of the new standard did not have any impact on the financial statements of the Company.

4 Standards (including amendments) issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020. There are no standards that are issued but not yet effective on March 31, 2020.

EMTAC LABORATORIES PRIVATE LIMITED

Notes forming part of the financial statements for the year ended March 31, 2020

5. Property Plant and Equipment

Amount in (₹ Millions)

Sl. No.	Particulars	Gross Carrying Value			Accumulated Depreciation			Net Carrying Value	
		As at 01.04.2019	Additions/ Adjustments	Total as at 31.03.2020	Upto 01.04.2019	For the year	Upto 31.03.2020	As at 31.03.2020	As at 31.03.2019
i)	Plant & equipments	12.90	0.31	13.21	0.94	1.00	1.94	11.27	11.96
ii)	Computers	0.03	-	0.03	0.00	0.01	0.01	0.02	0.03
iii)	Furniture and Fixtures	2.44	-	2.44	0.33	0.33	0.66	1.78	2.11
iv)	Office equipment	0.09	-	0.09	0.04	0.04	0.08	0.01	0.05
	TOTAL	15.46	0.31	15.77	1.31	1.38	2.69	13.08	14.15
	Previous Year	13.59	1.87	15.46	-	1.31	1.31	14.15	13.59

Property Plant and Equipment as at March 31, 2019

Amount in (₹ Millions)

Sl. No.	Particulars	Gross Carrying Value			Accumulated Depreciation			Net Carrying Value	
		As at 01.04.2018	Additions/ Adjustments	Total as at 31.03.2019	Upto 01.04.2018	For the year	Upto 31.03.2019	As at 31.03.2019	As at 31.03.2018
i)	Plant & equipments	11.15	1.75	12.90		0.94	0.94	11.96	11.15
ii)	Computers	-	0.03	0.03		0.00	0.00	0.03	-
iii)	Furniture and Fixtures	2.35	0.09	2.44		0.33	0.33	2.11	2.35
iv)	Office equipment	0.09	-	0.09		0.04	0.04	0.05	0.09
	TOTAL	13.59	1.87	15.46	-	1.31	1.31	14.15	13.59

EMTAC LABORATORIES PRIVATE LIMITED

Notes forming part of the financial statements for the year ended March 31, 2020

(Amount in ₹ Millions, unless otherwise stated)

6. Loans

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
(A) Non-current			
<u>Loans - considered good, unsecured</u>			
Security deposit - Others	0.73	0.76	0.76
TOTAL	0.73	0.76	0.76

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. (Previous year: Nil)

7. Other Assets

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
(A) Other Non-Current assets (Unsecured, considered good)			
Income tax assets (Net)	1.98	2.23	2.03
TOTAL	1.98	2.23	2.03
(B) Other Current Assets (Unsecured, Considered good)			
Prepaid expenses	-	0.00	-
Advances for services and supplies	0.01	0.02	0.04
Balance with government authorities	0.34	0.47	0.49
TOTAL	0.35	0.49	0.53

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 (Previous year: Nil)

8. Trade Receivables

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Unsecured, considered good	1.67	1.07	0.23
Unsecured, considered doubtful	-	-	-
	1.67	1.07	0.23
Less: Impairment Loss on receivables	-	-	-
TOTAL	1.67	1.07	0.23

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 (Previous year: Nil)

9. Cash and cash equivalents

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
(i) Balance with Banks			
- Current Accounts	0.22	0.85	0.37
(ii) Cash on hand	0.01	0.01	0.01
TOTAL	0.23	0.86	0.38

EMTAC LABORATORIES PRIVATE LIMITED

Notes forming part of the financial statements for the year ended March 31, 2020
(Amount in ₹ Millions, unless otherwise stated)

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
10. Share Capital			
(a) Authorised & issued			
49,99,950 Equity shares of Rs.10/- each	50.00	50.00	35.00
Previous year 2019: 49,99,950 Equity shares of Rs.10/- each			
Previous year 2018: 35,00,000 Equity shares of Rs.10/- each			
(b) Subscribed and fully paid up			
34,16,500 equity shares of Rs.10/- each fully paid-up	34.17	34.17	34.17
Previous year 2019: 34,16,500 equity shares of Rs.10/- each fully paid-up			
Previous year 2018: 34,16,500 equity shares of Rs.10/- each fully paid-up			
Total	34.17	34.17	34.17

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

	As at 31st March, 2020		As at 31st March, 2019		As at 01st April, 2018	
	No. of shares of Rs.10/- each fully paid-up	Amount Rs.	No. of shares of Rs.10/- each fully paid-up	Amount Rs.	No. of shares of Rs.10/- each fully paid-up	Amount Rs.
Outstanding at the beginning of the year	3,416,500	34.17	3,416,500	34.17	3,416,500	34.17
Add: Addition during the year	-	-	-	-	-	-
Outstanding at the end of the year	3,416,500	34.17	3,416,500	34.17	3,416,500	34.17

(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.

(e) No class of shares have been issued as bonus shares or for consideration other than cash by the Company during the period of five years immediately preceding the current year end.

(f) No class of shares have been bought back by the Company during the period of five years immediately preceding the current year end.

(g) List of Shareholders holding more than 5% of shares :

Name of the Shareholder	As at 31st March, 2020		As at 31st March, 2019		As at 01st April, 2018	
	No. of shares of Rs.10/- each fully paid-up	% to paid-up capital	No. of shares of Rs.10/- each fully paid-up	% to paid-up capital	No. of shares of Rs.10/- each fully paid-up	% to paid-up capital
(i) Vimta Labs Ltd*	3416500	100.00				
(ii) Harita Vasireddi			1998000	58.48	1998000	58.48
(iii) Praveena Vasireddi			1096000	32.08	1096000	32.08
(iv) V V Prasad			242500	7.10	242500	7.10

* Includes one equity share (Face value of Rs 10/-each) allotted to Ms. Harita Vasireddi as Nominee Shareholder of Vimta Labs Ltd.

EMTAC LABORATORIES PRIVATE LIMITED

Notes forming part of the financial statements for the year ended March 31, 2020

(Amount in ₹ Millions, unless otherwise stated)

11. Other equity

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Retained Earnings			
Balance at the beginning of the year	(27.02)	(24.24)	(21.98)
Add: Profit/(Loss) for the year	(2.26)	(2.78)	(2.28)
Balance at the closing of the year	<u>(29.28)</u>	<u>(27.02)</u>	<u>(24.24)</u>
Other Comprehensive Income			
Balance at the beginning of the period	-	-	-
Add: Other comprehensive income/(loss) for the year	-	-	-
Balance at the closing of the year	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL	<u>(29.28)</u>	<u>(27.02)</u>	<u>(24.24)</u>

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EMTAC LABORATORIES PRIVATE LIMITED

Notes forming part of the financial statements for the year ended March 31, 2020

(Amount in ₹ Millions, unless otherwise stated)

12. Borrowings

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
(A) Non-current Borrowings			
Unsecured			
Loans from Directors and relatives *	7.89	7.64	3.81
	7.89	7.64	3.81
Less : Current maturities	-	-	-
TOTAL	7.89	7.64	3.81

* The above unsecured loans are interest free and there were no defaults in repayment of above loans.

13. Deferred tax liabilities (Net)

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Deferred tax liability on account of property, plant and equipment (A)	0.72	0.67	0.52
Deferred tax asset on account of employee benefit expense (B)	-	-	-
Total Deferred Tax Liabilities/(Asset) (Net) [A-B]	0.72	0.67	0.52

14. Trade payables

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Outstanding dues of micro enterprises and small enterprises (Refer note. 25)	-	-	-
Outstanding dues of creditors other than micro enterprises and small enterprises	3.02	1.40	1.26
TOTAL	3.02	1.40	1.26

15. Other current financial liabilities

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Others - Dues for revenue expenses	0.96	1.34	1.39
TOTAL	0.96	1.34	1.39

16. Other Current Liabilities

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Advances from customers	0.52	0.86	0.56
Others - Statutory Dues	0.04	0.50	0.04
TOTAL	0.56	1.36	0.60

EMTAC LABORATORIES PRIVATE LIMITED

Notes forming part of the financial statements for the year ended March 31, 2020
(Amount in ₹ Millions, unless otherwise stated)

17. Revenue from Operations

Particulars	Year Ended 31 March 2020	Year Ended 31 March 2019
Sale of services - Testing and Analysis	11.90	12.25
TOTAL	11.90	12.25

18. Other Income

Particulars	Year Ended 31 March 2020	Year Ended 31 March 2019
i) Interest income on: - Income tax refunds	0.07	0.05
ii) Others - Liabilities no longer required written back	0.47	-
TOTAL	0.54	0.05

19. Testing expenditure

Particulars	Year Ended 31 March 2020	Year Ended 31 March 2019
Sample preparation, data generation, inspection & testing expenditure	1.89	2.71
Carriage Inwards	-	0.07
Power and fuel	0.29	0.33
Water Charges	0.02	0.02
TOTAL	2.20	3.13

20. Employee benefits expense

Particulars	Year Ended 31 March 2020	Year Ended 31 March 2019
Salaries and wages	5.54	5.62
Contribution to provident and other funds	0.02	0.03
Staff welfare expenses	0.04	0.07
TOTAL	5.60	5.72

21. Finance costs

Particulars	Year Ended 31 March 2020	Year Ended 31 March 2019
Bank charges	0.00	0.00
TOTAL	0.00	0.00

EMTAC LABORATORIES PRIVATE LIMITED

Notes forming part of the financial statements for the year ended March 31, 2020

(Amount in ₹ Millions, unless otherwise stated)

22. Other expenses

Particulars	Year Ended 31 March 2020	Year Ended 31 March 2019
Rent	3.84	3.69
Rates, taxes, duties and levies	0.08	0.03
Insurance	0.01	0.01
Repairs and maintenance :		
- Plant and Machinery	0.20	0.22
Advertisement and sales promotion	0.03	0.05
Travelling and conveyance	0.33	0.30
Communication expenses	0.12	0.13
Printing and Stationery	0.06	0.08
Professional and consultancy services	0.73	-
Recruitment and training expenses	-	0.06
Payments to auditors :		
- for statutory audit	0.06	0.05
Miscellaneous expenses	0.01	0.15
TOTAL	5.47	4.77

23. Tax expense

Particulars	Year Ended 31 March 2020	Year Ended 31 March 2019
Current taxes	-	-
Deferred taxes	0.05	0.15
TOTAL	0.05	0.15

24. Earnings per Share

Particulars	Year Ended 31 March 2020	Year Ended 31 March 2019
Profit/ (Loss) for the year (₹ Millions)	(2.27)	(2.78)
Weighted average number of shares (Nos.)	3,416,500	3,416,500
Diluted average number of shares (Nos.)	3,416,500	3,416,500
Basic Earnings Per Share (In ₹)	(0.66)	(0.81)
Diluted Earnings Per Share (In ₹)	(0.66)	(0.81)
Nominal value of shares outstanding (In ₹)	10	10

EMTAC LABORATORIES PRIVATE LIMITED
Notes forming part of the financial statements for the year ended March 31, 2020
(Amount in ₹ Millions, unless otherwise stated)

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

Particulars	As at 31 March 2020	As at 31 March 2019
(a) Amount remaining unpaid to any supplier at the end of each		
Principal	-	-
Interest	-	-
Total	-	-
(b) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act.	-	-
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act.	-	-

Note: The Micro, Small and Medium enterprises have been identified by the Management on the basis of information available with the Company and have been relied upon by the auditors.

26) Related Party Disclosures

(A) Names of related parties and description of relationship

Name of the Related Parties	Nature of Relationship
(i) Key Management Personnel (KMP)	
Harita Vasireddi	Director
Satya Sreenivas Neerukonda	Additional Director (w.e.f 19th March 2020)
Suresh Kumar	Additional Director (w.e.f 19th March 2020)
V V Prasad	Director (up to 19th March 2020)
(ii) Relatives of Key Management Personnel (KMP)	
Praveena Vasireddi	Sister of Director
(iii) Holding Company	
Vimta Labs Ltd.	

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

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Balances payable		
Dues Payable to KMPs and their relatives:		
Harita Vasireddi	5.48	5.38
Praveena Vasireddi	2.41	2.26

27) Contingent liabilities and Commitments

Particulars	As at March 2020	As at March 2019
Claims against the Company not acknowledged as debts	Nil	Nil
Commitments	Nil	Nil

EMTAC LABORATORIES PRIVATE LIMITED

Notes forming part of the financial statements for the year ended March 31, 2020

(Amount in ₹ Millions, unless otherwise stated)

28) Financial instruments - fair values and risk management

Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as at 31 March 2020, including their levels in the fair value hierarchy.

Particulars	Carrying amount				Total carrying amount
	FVTPL	FVOCI	Other financial assets - amortised cost	Other financial liabilities - amortised cost	
Financial assets not measured at fair value					
Loans	-	-	0.73	-	0.73
Trade receivables	-	-	1.67	-	1.67
Cash and cash equivalents	-	-	0.23	-	0.23
	-	-	2.63	-	2.63
Financial liabilities not measured at fair value					
Borrowing	-	-	-	7.89	7.89
Trade payables	-	-	-	3.02	3.02
Other financial liabilities	-	-	-	0.96	0.96
	-	-	-	11.87	11.87

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as at 31 March 2019, including their levels in the fair value hierarchy.

Particulars	Carrying amount				Total carrying amount
	FVTPL	FVOCI	Other financial assets - amortised cost	Other financial liabilities - amortised cost	
Financial assets not measured at fair value					
Loans	-	-	0.76	-	0.76
Trade receivables	-	-	1.07	-	1.07
Cash and cash equivalents	-	-	0.86	-	0.86
	-	-	2.69	-	2.69
Financial liabilities not measured at fair value					
Borrowing	-	-	-	7.64	7.64
Trade payables	-	-	-	1.40	1.40
Other financial liabilities	-	-	-	1.34	1.34
	-	-	-	10.38	10.38

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as at 1 April 2018, including their levels in the fair value hierarchy.

Particulars	Carrying amount				Total carrying amount
	FVTPL	FVOCI	Other financial assets - amortised cost	Other financial liabilities - amortised cost	
Financial assets not measured at fair value					
Loans	-	-	0.76	-	0.76
Trade receivables	-	-	0.23	-	0.23
Cash and cash equivalents	-	-	0.38	-	0.38
	-	-	1.37	-	1.37
Financial liabilities not measured at fair value					
Borrowing	-	-	-	3.81	3.81
Trade payables	-	-	-	1.26	1.26
Other financial liabilities	-	-	-	1.39	1.39
	-	-	-	6.46	6.46

EMTAC LABORATORIES PRIVATE LIMITED

Notes forming part of the financial statements for the year ended March 31, 2020

(Amount in ₹ Millions, unless otherwise stated)

Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- (i) Credit risk
- (ii) Liquidity risk
- (iii) Market risk

Risk management framework

The Company's principal financial liabilities includes borrowings, trade payable and other financial liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade receivables, cash and cash equivalents and other financial assets that derive directly from its operations.

The Company's activities expose it to credit risk, liquidity risk and market risk. The Company's primary risk management focus is to minimise potential adverse effects of market risk on its financial performance. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers. The Company's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities.

(i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and loans given. Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to customers, including outstanding accounts receivables. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

Trade receivables and loans

As per simplified approach, the Company makes provision of expected credit losses on trade receivables using a provision matrix to mitigate the risk of default payments and makes appropriate provisions at each reporting date whenever is for longer period and involves higher risk. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the credit loss allowance for trade receivables.

The movement of Trade Receivables and Expected Credit Loss are as follows :

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Trade receivables (Gross)	1.67	1.07	0.23
Less: Expected Credit Loss	-	-	-
Trade receivables (Net)	1.67	1.07	0.23

(ii) Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of credit facilities to meet obligations when due. The Company's finance team is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's liquidity position through rolling forecasts on the basis of expected cash flows. Besides, it generally has certain undrawn credit facilities which can be accessed as and when required; such credit facilities are reviewed at regular intervals. Thus, no liquidity risk is perceived at present.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

EMTAC LABORATORIES PRIVATE LIMITED

Notes forming part of the financial statements for the year ended March 31, 2020

(Amount in ₹ Millions, unless otherwise stated)

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

31 March 2020	Carrying Amount	Contractual Cash Flows		
		Total	Less than One year	More than one year
Borrowings	7.89	7.89	-	7.89
Trade payables	3.02	3.02	3.02	-
Other financial liabilities	0.96	0.96	0.96	-
	11.87	11.87	3.98	7.89

31 March 2019	Carrying Amount	Contractual Cash Flows		
		Total	Less than One year	More than one year
Borrowings	7.64	7.64	-	7.64
Trade payables	1.40	1.40	1.40	-
Other financial liabilities	1.34	1.34	1.34	-
	10.38	10.38	2.74	7.64

1 April 2018	Carrying Amount	Contractual Cash Flows		
		Total	Less than One year	More than one year
Borrowings	3.81	3.81	-	3.81
Trade payables	1.26	1.26	1.26	-
Other financial liabilities	1.39	1.39	1.39	-
	6.46	6.46	2.65	3.81

(iii) Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates and interest rates - will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no exposure to the risk of changes in market interest rates relates to the Company's long term borrowing with nil interest rates.

29) Capital management

The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investors, creditors and market confidence and to sustain future development and growth of its business. In order to maintain the capital structure the Company monitors the return on capital, as well as the level of dividends to equity shareholders. The Company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to all its shareholders. For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders and debt includes borrowings.

The company monitors capital on the basis of the following Gearing ratio:

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Total Borrowings	7.89	7.64	3.81
Current maturities of long term debt	-	-	-
Less: Cash and Cash Equivalents	(0.23)	(0.86)	(0.38)
Less: Bank balance other than Cash and Cash Equivalents	-	-	-
Net debt	7.66	6.78	3.43
Total Equity	4.89	7.15	9.93
Gearing ratio	61.05%	48.66%	25.69%

EMTAC LABORATORIES PRIVATE LIMITED

Notes forming part of the financial statements for the year ended March 31, 2020

(Amount in ₹ Millions, unless otherwise stated)

30) First - time adoption of IND AS

These financial statements, for the year ended 31 March 2020, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2019, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2020, together with the comparative period data as at and for the year ended 31 March 2019, as described in the significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2018, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2018 and the financial statements as at and for the year ended 31 March 2019.

Exemptions and exceptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions

(i) Deemed cost for property, plant and equipment

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. Accordingly, the Company has elected to measure all of its property, plant and equipment at their previous GAAP carrying value.

(ii) Estimates

The estimates as at 1 April 2018 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies). The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at 1 April 2018 (transition date) and 31 March 2019.

(iii) De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions. The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

(iv) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

(v) Business combinations

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date. The Company elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated.

EMTAC LABORATORIES PRIVATE LIMITED

Notes forming part of the financial statements for the year ended March 31, 2020

(Amount in ₹ Millions, unless otherwise stated)

The following reconciliations provides the effect of transition to Ind AS from previous GAAP in accordance with Ind AS 101 - First-time adoption of Ind AS.

A) Reconciliation of equity

Particulars	As at March 31, 2019			As at April 1, 2018		
	Previous GAAP *	Effect of Transition to Ind AS	Ind AS	Previous GAAP *	Effect of Transition to Ind AS	Ind AS
ASSETS						
NON CURRENT ASSETS						
Property, Plant and Equipment	14.15	-	14.15	13.58	-	13.58
Financial Assets						
Loans	0.76	-	0.76	0.76	-	0.76
Other non-current assets	2.23	-	2.23	2.03	-	2.03
	<u>17.14</u>	-	<u>17.14</u>	<u>16.37</u>	-	<u>16.37</u>
CURRENT ASSETS						
Financial assets						
Trade receivables	1.07	-	1.07	0.23	-	0.23
Cash and Cash Equivalents	0.86	-	0.86	0.38	-	0.38
Other current assets	0.49	-	0.49	0.53	-	0.53
	<u>2.42</u>	-	<u>2.42</u>	<u>1.14</u>	-	<u>1.14</u>
TOTAL ASSETS	<u>19.56</u>	-	<u>19.56</u>	<u>17.51</u>	-	<u>17.51</u>
EQUITY AND LIABILITIES						
EQUITY						
Equity Share Capital	34.17	-	34.17	34.17	-	34.17
Other Equity	(27.02)	-	(27.02)	(24.24)	-	(24.24)
TOTAL EQUITY	<u>7.15</u>	-	<u>7.15</u>	<u>9.93</u>	-	<u>9.93</u>
LIABILITIES						
NON-CURRENT LIABILITIES						
Financial liabilities						
Borrowings	7.64	-	7.64	3.81	-	3.81
Deferred tax liabilities (Net)	0.67	-	0.67	0.52	-	0.52
	<u>8.31</u>	-	<u>8.31</u>	<u>4.33</u>	-	<u>4.33</u>
CURRENT LIABILITIES						
Financial liabilities						
Trade payables	1.40	-	1.40	1.26	-	1.26
Other financial liabilities	1.34	-	1.34	1.39	-	1.39
Other current liabilities	1.36	-	1.36	0.60	-	0.60
TOTAL LIABILITIES	<u>4.10</u>	-	<u>4.10</u>	<u>3.25</u>	-	<u>3.25</u>
TOTAL EQUITY AND LIABILITIES	<u>19.56</u>	-	<u>19.56</u>	<u>17.51</u>	-	<u>17.51</u>

* The Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

EMTAC LABORATORIES PRIVATE LIMITED

Notes forming part of the financial statements for the year ended March 31, 2020

(Amount in ₹ Millions, unless otherwise stated)

B) Reconciliation of TOTAL COMPREHENSIVE INCOME for the year ended 31 March 2019

Particulars	Year ended 31 March 2019		
	Previous GAAP *	Effect of Transition to Ind AS	Ind AS
I) INCOME			
Revenue from Operations	12.25	-	12.25
Other Income	0.05	-	0.05
TOTAL INCOME (I)	12.30	-	12.30
II) EXPENSES			
Testing expenditure	3.13	-	3.13
Employee benefits expense	5.72	-	5.72
Finance Costs	0.00	-	0.00
Depreciation and amortization expense	1.31	-	1.31
Other expenses	4.77	-	4.77
TOTAL EXPENSES (II)	14.93	-	14.93
III) PROFIT BEFORE TAX (I-II)	(2.63)	-	(2.63)
IV) TAX EXPENSES			
Current Tax	-	-	-
Deferred Tax	0.15	-	0.15
TOTAL TAX EXPENSES	0.15	-	0.15
V) PROFIT FOR THE YEAR (III-IV)	(2.78)	-	(2.78)
VI) OTHER COMPREHENSIVE INCOME (OCI)			
Items not to be reclassified to profit or loss :			
Remeasurement gains/(losses) on defined benefit plans	-	-	-
Income tax effect on above items	-	-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	-	-	-
VII) TOTAL COMPREHENSIVE INCOME FOR THE YEAR (V+VI)	(2.78)	-	(2.78)

* The Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

EMTAC LABORATORIES PRIVATE LIMITED

Notes forming part of the financial statements for the year ended March 31, 2020

(Amount in ₹ Millions, unless otherwise stated)

C) Effect of IND AS adoption on the Statement of Cash flows for the year ended 31st March, 2019

	Year ended 31 March 2019		
	Previous GAAP	Effect of Transition to Ind AS	Ind AS
Net Cash flow from Operating Activities	(1.48)	-	(1.48)
Net Cash flow from Investing Activities	(1.87)	-	(1.87)
Net Cash flow from Financing Activities	3.83	-	3.83
Net Increase in Cash and Cash Equivalents	0.48	-	0.48
Cash and Cash Equivalents at the beginning of the year	0.38	-	0.38
Cash and Cash Equivalents at the end of the year	0.86	-	0.86

There were no reconciliation items between cash flows prepared under previous GAAP and those prepared under Ind AS.

Notes to first-time adoption:

1 Deferred tax

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. However, on the date of transition to Ind AS, temporary differences identified as per previous GAAP is same as per Ind AS. On the date of transition, the net impact on deferred tax liabilities is ₹Nil (1 April 2018 : ₹Nil).

2 Trade receivables

As per Ind AS 109, the Company is required to apply expected credit loss model for recognising the allowance for doubtful debts. Under Indian GAAP, the Company has created provision for impairment of receivables consists only in respect of specific amount for incurred losses. As per the management's assessment, due to ECL model, there is no additional impact on the allowance for doubtful debts.

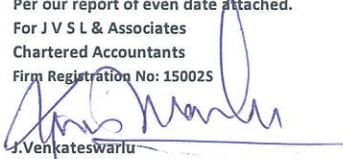
3 Borrowings

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs have to be recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method. Under Indian GAAP, these transaction costs incurred in connection with borrowings are amortised and charged to profit or loss thereon over the period of borrowings. The company has not incurred any transaction costs on borrowings and hence there is no impact on borrowings, total equity and profit for the year .

Note Nos. 1 to 30 above form an integral part of the Financial Statements

Per our report of even date attached.

For J V S L & Associates
Chartered Accountants
Firm Registration No: 150025


J. Venkateswarlu
Partner
Membership no: 022481

Place : Hyderabad
Date : 12-06-2020

For and on behalf of the Board of Directors


Harita Vasireddi
Director
DIN:00242512


Neerukonda Satya Sreenivas
Director
DIN:00269814

Place : Hyderabad
Date : 12-06-2020