7th
Annual Report
2020-2021

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**

Smt. Harita Vasireddi
Director

Shri. Satya Sreenivas Neerukonda
Director

Shri. S Suresh Kumar
Director

Smt. Sujani Vasireddi
Company Secretary

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

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

**Bankers**
State Bank of India

**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 2021.

## 1. FINANCIAL RESULTS

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

(Rs.in Millions)

| **Particulars** | **As on 31.03.2021** | **As on 31.03.2020** |
|---|---|---|
| Total Revenue | 16.64 | 12.44 |
| Total Expenses | 15.22 | 14.65 |
| **Profit or Loss before Exceptional and Extraordinary items and Tax** | 1.42 | (2.21) |
| Less: Exceptional Items | --- | -- |
| **Profit or Loss before Tax** | **1.42** | **(2.21)** |
| Less: Current Tax | -- | -- |
| Deferred Tax | (0.02) | 0.05 |
| **Profit or Loss After Tax** | **1.44** | **(2.26)** |
| Add: Balance as per last Balance Sheet | (29.28) | (27.02) |
| Less: Transfer to Reserves | --- | --- |
| **Balance Transferred to Balance Sheet** | **(27.84)** | **(29.28)** |

## 2. COMPANY'S PERFORMANCE

During the year under review your company achieved a turnover of Rs 16.64 million as compared to previous year turnover of Rs.12.44 million. Your board is confident of achieving profits from 2021-22 fiscal.

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 DURING THE FINANCIAL YEAR TO WHICH THESE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT**

No material changes and commitments affecting the financial position of the Company occurred during of the financial year to which these 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 DECLAIMERS 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 4 (Four) Board meetings i.e., on 12.06.2020; 08.08.2020; 12.10.2020 and 20.01.2021 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.

## 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 there were no cessation of Directors.

### b) Appointment of Directors

During the year under review no Directors were appointed.

## 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

Annual General Meeting held on 4th September 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 6th Annual General Meeting (AGM) until the conclusion of the 11th AGM of the Company to be held in the year 2025.

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, there were no changes in authorized capital and Company has not issued equity shares.

## 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 and 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.

**26. ACKNOWLEDGEMENTS**

Your Directors place on record their gratitude to shareholders and the customers and 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: 6th May 2021
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 31.03.2021**

## 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<br>IDA, NACHARAM<br>HYDERABAD: 500076<br><br>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/Subsidiary/Associate | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 1 | Vimta Labs Limited<br>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 01.04.2020 | | | No. of shares held at the end of the year 31.03.2021 | | | |
|---|---|---|---|---|---|---|---|---|
| | | 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 | % change in shareholding during the year |
| | Nil | | | | | | | |

| 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 01.04.2020 | | | | No. of shares held at the end of the year 31.03.2021 | | | | % 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 | 0 | 0 | 0 | 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 | **0** | **0** | **0** | 0 | **0** | **0** | **0** | 0 |
| 2 | **Foreign** | | | | | | | | | |
| (a) | Individuals (NRI/Foreign individuals) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (b) | Bodies Corporate | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (c) | Institutions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (d) | Any other (Specify) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | **Sub-Total (A)(2)** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | **Total shareholding of Promoter & Promoter Group (A) = (A)(1)+(A)(2)** | 0 | **0** | **0** | **0** | 0 | **0** | **0** | **0** | 0 |

| Sl. No. | Category of shareholders | No. of shares held at the beginning of the year 01.04.2020 | | | | No. of shares held at the end of the year 31.03.2021 | | | | % change during the year |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| **(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 | 3416500 | 3416500 | 100 | 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 |
| | **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 01.04.2020 | | Cumulative shareholding during the year 31.03.2021 | |
|---|---|---|---|---|---|
| | | No. of shares | % of total Shares of the Company | No. of shares | % of total Shares of the Company |
| Nil | | | | | |

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

| Particulars | Shareholding at the beginning of the year 01.04.2020 | | 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 01.04.2020 | | | | | | |
| Vimta Labs Limited | 3416500 | 100% | | | | |
| **At the end of the year 31.03.2021** | | | NA | NA | 3416500 | 100% |

### v) Shareholding of Directors and Key Management Personnel

| Sl. No. | Particulars | Shareholding at the beginning of the year 01.04.2020 | | Cumulative shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of shares | % of total Shares of the Company | No. of shares | % of total Shares of the Company |
| 1. | Harita Vasireddi | 0 | 0 | 0 | 0 |
| 2. | Satya Sreenivas Neerukonda | 0 | 0 | 0 | 0 |
| 3. | Suresh Kumar S | 0 | 0 | 0 | 0 |

## V. INDEBTEDNESS

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

(Rs.in Millions)

| Particulars | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|---|---|---|
| **Indebtedness at the beginning of the Fin. Year 01.04.2020**<br>i) Principal Amount<br>ii) Interest due but not paid<br>iii) Interest accrued but not due | - | 7.89<br>---<br>--- | - | 7.89<br>---<br>--- |
| **Total (i+ii+iii)** | --- | **7.89** | --- | **7.89** |
| **Change in Indebtedness during the Fin. year**<br>• Addition<br>• Reduction | - | 3.80<br>--- | - | 3.80<br>--- |
| **Net Change** | --- | **3.80** | --- | **3.80** |
| **Indebtedness at the end of the financial year 31.03.2021**<br>i) Principal Amount<br>ii) Interest due but not paid<br>iii) Interest accrued but not due | - | 11.69<br>--<br>0.03 | - | 11.69<br>--<br>0.03 |
| **Total (i+ii+iii)** | - | **11.72** | **-** | **11.72** |

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Rs.in Millions)

| Sl. No. | Particulars of Remuneration | Name of WTD | Total Amount |
|---|---|---|---|
| 1. | Gross salary<br>(a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961<br>(b) Value of perquisites u/s 17(2) Income-tax Act, 1961<br>(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | N I L | |
| 2. | Stock Option | | |
| 3. | Sweat Equity | | |
| 4. | Commission<br>-as % of profit<br>- 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<br>Fee for attending board / committee meetings<br>Commission<br>- Others, please specify | N I L |
| | **Total (1)** | |
| **2.** | Other Non-Executive Directors<br>Fee for attending board / committee meetings<br>Commission<br>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 | CS | Total |
| 1. | Gross salary<br>(a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961<br>(b) Value of perquisites u/s 17(2) Income-tax Act, 1961<br>(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | N I L | | |
| 2. | Stock Option | | | |
| 3. | Sweat Equity | | | |
| 4. | Commission<br>-as % of profit<br>- 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 | | | NIL | | |
| Compounding | | | | | |
| **C. OTHER OFFICERS IN DEFAULT** | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |

**GATTAMANENI & CO.**
**CHARTERED ACCOUNTANTS**

# 10, Master Sai Apartments,
Sangeet Nagar, Somajiguda,
Hyderabad - 500 082,
Mobile : 98497 68009
E-mail : gattamaneni_gs@yahoo.com

## 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, 2021, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and notes to the financial statements, including a summary of the Significant Accounting Policies and other explanatory information *("the 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, 2021, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of the 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.

GATTAMANENI & Co. ★ F.R.No: 9303S ★ CHARTERED ACCOUNTANTS

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 skepticism 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



GATTAMANENI & Co. ★ CHARTERED ACCOUNTANTS F.R.No: 9305S 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.



GATTAMANENI & Co.
F.R.No: 9303S
CHARTERED ACCOUNTANTS

(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.

(e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

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

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

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

Place: Hyderabad
Date: 06-05-2021

G.SRINIVASARAO
Partner
(ICAI Ms. No. 210535)
UDIN: 21210535AAAADV4926

## 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 from the public within the meaning of Sections 73 to 76 and other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the order is not applicable to the Company.

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.



GATTAMANENI & CO. F.R.No: 0303 CHARTERED ACCOUNTANTS

According to the information and explanations given to us, no undisputed amounts in respect of the above statutory dues are in arrears as at 31/03/2021 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 is in compliance with section 177 and 188 of the Act and where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

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 and hence reporting under clause (xiv) of the order is not applicable to the Company.

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.

GATTAMANENI & Co. F.R. ...039 CHARTERED ACCOUNTANTS

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

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

Place. Hyderabad
Date: 06-05-2021

G.SRINIVASARAO
Partner
(ICAI Ms. No. 210535)
UDIN: 21210535AAAADV4926

**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 with reference to Financial Statements 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 with reference to financial statements of EMTAC Laboratories Private Limited ("the Company") as of March 31, 2021 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 controls with reference to financial statements criteria established by the Company considering the essential components of internal controls 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 with reference to financial statements of the company based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013 and the Guidance Note to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.



GATTAMANENI & Co. CHARTERED ACCOUNTANTS F.R.No: 9303S

**Meaning of Internal Financial Controls with reference to Financial Statements**

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls with reference to Financial Statements**

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

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at March 31, 2021, based on the internal controls with reference to financial statements criteria established by the company considering the essential components of Internal Financial Controls stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

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

GATTAMANENI & Co. F.R.No: 9303S CHARTERED ACCOUNTANTS

Place: Hyderabad
Date: 06-05-2021

G.SRINIVASARAO
Partner
(ICAI Ms. No. 210535)
UDIN: 21210535AAAADV4926

**EMTAC LABORATORIES PRIVATE LIMITED**
**Statement of Assets and Liabilities**

(Amount in INR millions, unless otherwise stated)

| Particulars | Note No. | As at 31 Mar 2021 | As at 31 Mar 2020 |
|---|---|---|---|
| **ASSETS** | | | |
| Non-current assets | | | |
| (a) Property, Plant and Equipment | 5 | 14.24 | 13.08 |
| (b) Capital works-in-progress | 5A | 1.76 | - |
| (c) Financial assets | | | |
| (i) Loans | 6 | 0.73 | 0.73 |
| (d) Other non-current assets | 7A | 0.82 | 1.98 |
| **Total Non-Current assets** | | **17.55** | **15.79** |
| Current assets | | | |
| (a) Financial assets | | | |
| (i) Trade receivables | 8 | 2.60 | 1.67 |
| (ii) Cash and cash equivalents | 9 | 1.83 | 0.23 |
| (b) Other current assets | 7B | 0.38 | 0.35 |
| **Total Current assets** | | **4.81** | **2.25** |
| **Total Assets** | | **22.36** | **18.04** |
| **EQUITY AND LIABILITIES** | | | |
| Equity | | | |
| (a) Equity share capital | 10 | 34.17 | 34.17 |
| (b) Other equity | 11 | (27.84) | (29.28) |
| **Total equity** | | **6.33** | **4.89** |
| Liabilities | | | |
| Non-Current Liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 12A | - | 7.89 |
| (b) Deferred tax liabilities (Net) | 13 | 0.70 | **0.72** |
| **Total Non Current Liabilities** | | **0.70** | **8.61** |
| Current Liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 12B | 11.69 | - |
| (ii) Trade payables | | | |
| - Outstanding dues of micro enterprises and small enterprises | 14 | - | - |
| - Outstanding dues of creditors other than micro enterprises and small enterprises | | 2.31 | 3.02 |
| (iii) Other financial liabilities | 15 | 1.06 | 0.96 |
| (b) Other current liabilities | 16 | 0.27 | 0.56 |
| **Total Current Liabilities** | | **15.33** | **4.54** |
| **Total Equity and Liabilities** | | **22.36** | **18.04** |

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

**Per our report of even date attached.**
**For Gattamaneni & Co.**
**Chartered Accountants**
**Firm Registration No. 009303S**

**G. Srinivasa Rao**
**Partner**
**Membership No. 210535**

**Place : Hyderabad**
**Date : 06-05-2021**

**For and on behalf of the Board of Directors**

**Harita Vasireddi**
**Director**
**DIN:00242512**

**Neerukonda Satya Sreenivas**
**Director**
**DIN:00269814**

**Place : Hyderabad**
**Date : 06-05-2021**

**EMTAC LABORATORIES PRIVATE LIMITED**
**Statement of Profit and Loss for the year ended March 31, 2021**

(Amount in INR millions, unless otherwise stated)

| | Particulars | Note No | For the year Ended 31 Mar 2021 | 31 Mar 2020 |
|---|---|---|---|---|
| I. | **Income** | | | |
| | Revenue from Operations | 17 | 16.28 | 11.90 |
| | Other Income | 18 | 0.36 | 0.54 |
| | **Total Income** | | **16.64** | **12.44** |
| II. | **Expenses** | | | |
| | Testing expenditure | 19 | 2.73 | 2.20 |
| | Employee benefits expense | 20 | 5.24 | 5.60 |
| | Finance costs | 21 | 0.17 | - |
| | Depreciation expense | 5 | 1.41 | 1.38 |
| | Other expenses | 22 | 5.67 | 5.47 |
| | **Total Expenses** | | **15.22** | **14.65** |
| | Profit/ (Loss) before exceptional items and tax | | 1.42 | (2.21) |
| | Exceptional items | | - | - |
| III. | **Profit/(Loss) before tax [I-II]** | | **1.42** | **(2.21)** |
| IV. | Tax expense | 23 | | |
| | (a) Current Tax | | - | - |
| | (b) Deferred tax (benefit)/expense | | (0.02) | 0.05 |
| | **Total Tax Expense** | | **(0.02)** | **0.05** |
| V. | **Profit/(Loss) for the year [III-IV]** | | 1.44 | (2.26) |
| 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]** | | **1.44** | **(2.26)** |
| VIII. | **Earnings per share** | 24 | | |
| | Basic (INR) | | 0.42 | (0.66) |
| | Diluted (INR) | | 0.42 | (0.66) |

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

**Per our report of even date attached.**
**For Gattamaneni & Co.**
**Chartered Accountants**
**Firm Registration No 009303S**

**G. Srinivasa Rao**
**Partner**
**Membership No. 210535**

**Place : Hyderabad**
**Date : 06-05-2021**

**For and on behalf of the Board of Directors**

**Harita Vasireddi**
**Director**
**DIN:00242512**

**Neerukonda Satya Sreenivas**
**Director**
**DIN:00269814**

**Place : Hyderabad**
**Date : 06-05-2021**

**EMTAC LABORATORIES PRIVATE LIMITED**

**Statement of Cash Flows for the year ended March 31, 2021**

(Amount in INR millions, unless otherwise stated)

| Particulars | Year Ended March 31, 2021 | Year Ended March 31, 2020 |
|---|---|---|
| **A. Cash Flow From Operating Activities :** | | |
| **Profit/(Loss) before tax** | 1.42 | (2.21) |
| Add: Adjustments for | | |
| Interest Cost paid | 0.17 | - |
| Depreciation | 1.41 | 1.38 |
| **Operating profit before working capital changes** | 3.00 | (0.83) |
| **Adjustments for changes in working capital:** | | |
| - (Increase)/decrease in loans | - | 0.03 |
| - (Increase)/decrease in other assets | 1.13 | 0.39 |
| - (Increase)/decrease in trade receivables | (0.92) | (0.60) |
| - Increase/(decrease) in trade payables | (0.71) | 1.63 |
| - Increase/(decrease) in other financial liabilities | 0.07 | (0.38) |
| - Increase/(decrease) in other current liabilities | (0.30) | (0.80) |
| **Cash generated from/(used in) operations** | 2.27 | (0.56) |
| Income tax paid | - | - |
| Net cash flows generated from/(used in) operating activities (A) | **2.27** | **(0.56)** |
| **B. Cash Flow From Investing Activities :** | | |
| Payment for property, plant and equipment and capital work-in-progress | (4.33) | (0.31) |
| Net cash flow generated from/(used in) investing activities (B) | **(4.33)** | **(0.31)** |
| **C. Cash Flow From Financing Activities :** | | |
| Acceptance of Short term borrowings | 3.80 | - |
| Net change in Long term borrowings | - | 0.25 |
| Interest Cost paid | (0.14) | - |
| Net cash flow generated from/(used in) financing activities (C) | **3.66** | **0.25** |
| Net Increase/(Decrease) in cash and cash equivalents (A+B+C) | 1.60 | (0.62) |
| Cash and cash equivalents at the beginning of the year | 0.23 | 0.85 |
| **Cash and cash equivalents at the end of the year** | **1.83** | **0.23** |
| **Cash and cash equivalents comprise of the following:** | | |
| Balances with banks | 1.79 | 0.22 |
| Cash on hand | 0.04 | 0.01 |
| **Total cash and bank balances at end of the year** | **1.83** | **0.23** |

**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 on Statement of Cash Flow as notified under Companies (Accounts) Rules, 2015.

2. Amendment to Ind AS 7 :

**Change in Liability arising from financing activities**

| | March 31, 2020 | Cash Flow | 31-Mar-21 |
|---|---|---|---|
| Borrowings -Non Current | - | - | - |
| Borrowings - Current | 7.89 | 3.80 | 11.69 |
| | **7.89** | **3.80** | **11.69** |

**Per our report of even date attached.**
**For Gattamaneni & Co.**
**Chartered Accountants**
**Firm Registration No. 009303S**

G. Srinivasa Rao
Partner
Membership No. 210535
Place : Hyderabad
Date : 06-05-2021

**For and on behalf of the Board of Directors**

Harita Vasireddi
Director
DIN:00242512

Neerukonda Satya Sreenivas
Director
DIN:00269814
Place : Hyderabad
Date : 06-05-2021

**EMTAC LABORATORIES PRIVATE LIMITED**
Statement of Changes in Equity for the year ended March 31, 2021
(Amount in INR millions, unless otherwise stated)

**(A) Equity share capital**

| Particulars | No. of Shares | Amount |
|---|---|---|
| Equity shares of Rs. 10/- each issued, subscribed and fully paid | | |
| Balance as at April 1, 2019 | 3416500 | 34.17 |
| Add/Less: Changes in equity share capital during the year | - | - |
| Balance as at March 31, 2020 | 3416500 | 34.17 |
| Add/Less: Changes in equity share capital during the year | - | - |
| **Balance as at March 31, 2021** | **3416500** | **34.17** |

**(B) Other Equity**

| Particulars | Reserves and Surplus | | | Item of Other comprehensive Income | Total |
|---|---|---|---|---|---|
| | Securities Premium Account | General Reserve | Retained Earnings | Re-Measurement of defined benefit plans | |
| **Balance at April 1, 2019** | - | - | (27.02) | - | **(27.02)** |
| Profit/(Loss) for the year | - | - | (2.26) | - | **(2.26)** |
| Adjustment during the year | - | - | - | - | - |
| Other Comprehensive income | - | - | - | - | - |
| **Balance at March 31, 2020** | - | - | **(29.28)** | - | **(29.28)** |
| Profit/(Loss) for the year | - | - | **1.44** | - | **1.44** |
| Adjustment during the year | - | - | - | - | |
| Other Comprehensive income | - | - | - | - | |
| **Balance at March 31, 2021** | - | - | **(27.84)** | - | **(27.84)** |

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

**Per our report of even date attached.**
**For Gattamaneni & Co.**
**Chartered Accountants**
**Firm Registration No. 009303S**

**G. Srinivasa Rao**
**Partner**
**Membership No. 210535**

**Place : Hyderabad**
**Date : 06-05-2021**

**For and on behalf of the Board of Directors**

**Harita Vasireddi**
**Director**
**DIN:00242512**

**Neerukonda Satya Sreenivas**
**Director**
**DIN:00269814**

**Place : Hyderabad**
**Date : 06-05-2021**

**EMTAC LABORATORIES PRIVATE LIMITED**
Notes forming part of the financial statements for the year ended March 31, 2021

## 1 General Information

Emtac Laboratories private Limited (the "Company") is a private limited company 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 Electronic, Electrical and Mechanical Testing Services testing services provider in India.
The financial statements are approved for issue by the Board of Directors at its meeting held on 6th May 2021.

## 2 Significant accounting policies

### 2.1 Basis of Preparation of Financial Statements

#### (a) Statement of Compliance with Ind AS

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016, as amended from time to time and other relevant provisions of the Act.
Accounting policies have been consistently applied to all the years presented except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.
The financial statements have been prepared for the Company as a going concern on the basis of relevant Ind AS that are effective at the Company's annual reporting date.

#### (b) Basis of measurement

The financial statements have been prepared on historical cost convention and on accrual basis, except for the following items in the balance sheet:
i) Certain financial assets and liabilities measured either at fair value or amortised cost depending on the classification;
ii) Defined employee benefit liabilities are recognised at the present value of defined benefit obligation adjusted for fair value of plan assets;

#### (c) Current and non-current classification

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

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

An asset is classified as current when it is:
• Expected to be realised or intended to be sold or consumed in normal operating cycle
• Held primarily for the purpose of trading
• Expected to be realised within twelve months after the reporting period, or
• Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

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

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

#### (d) Use of estimates

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

#### (e) Fair value measurement

The Company's accounting policies and disclosures require the measurement of fair values, for certain financial and non-financial assets and liabilities based on their classification.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
In estimating the fair value of an asset or liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:
• Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
• Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
• Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.
The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.
For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

**2.2 Property, plant and equipment**

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

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

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

**Depreciation methods, estimated useful lives**

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

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

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

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

**Assets held for sale**

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

**2.3 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.

**2.4 Financial instruments**

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

**(a) Financial assets**

**Initial recognition and measurement**

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

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

**Subsequent measurement**

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

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

**Debt instruments at amortised cost**

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

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

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

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

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

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

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

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

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

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

**Equity instruments measured at FVTOCI**

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

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

**De-recognition**

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset.
When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.
Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

**Impairment of financial assets**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss for the following financial assets and credit risk exposures:
a) Financial assets that are debt instruments and are measured at amortised cost e.g., loans, deposits and bank balance
b) Trade Receivables that result from transactions that are within the scope of Ind AS 115.
The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. It recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

As a practical expedient, the company uses a provision matrix to determine impairment loss allowance on portfolio of its receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analysed.
For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 quarter ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12 quarter ECL.
Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 quarter ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date. ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive.

When estimating the cash flows, the Company is required to consider:
• All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
• Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

**(b) Financial Liabilities**

**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss.
All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.
The Company's financial liabilities include trade and other payables, loans and borrowings.

**Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.
Gains or losses on liabilities held for trading are recognised in the profit or loss.

**Loans and borrowings**

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

**Trade and other payables**

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

**De-recognition**

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

**Offsetting of financial instruments**

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

**2.5 Taxes**

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

**(a) Current tax**

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

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

**(b) Deferred tax**

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

**2.6 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.

**2.7 Revenue Recognition**

**Rendering of services**

The Company primarily earns revenue from testing services.

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

Revenue from providing services is recognised in the accounting period in which such services are rendered.
At contract inception, the Company assesses its promise to transfer services to a customer to identify separate performance obligations. The Company applies judgment to determine whether each service promised to a customer is capable of being distinct, and are distinct in the context of the contract, if not, the promised services are combined and accounted as a single performance obligation. The company allocates the arrangement consideration to separately identifiable performance obligation based on their relative stand-alone selling price or residual method.
In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the company exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.
Revenues in excess/short of invoicing are classified as assets/liabilities, as the case may be.

**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.

**2.8 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.

**2.9 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.

**2.10 Leases (as a lessee)**

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

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

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

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

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

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

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

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

**2.11 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.

**2.12 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.

**2.13 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.

**2.14 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.

**2.15 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 " Electronic, Electrical and Mechanical Testing Services".

**2.16 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.A 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) Research and Developments Costs

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

(g) 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.

**4 Standards (including amendments) issued but not yet effective**

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

**Balance Sheet:**

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

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

• Specified format for disclosure of shareholding of promoters.

• Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.

• If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.

• Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

**Statement of profit and loss:**

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

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

EMTAC LABORATORIES PRIVATE LIMITED

**Notes forming part of the financial statements for the year ended March 31, 2021**

**5. Property Plant and Equipment**

(Amount in INR millions, unless otherw se stated)

| Sl. No. | Particulars | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|
| | | As at 01.04.2020 | Additions/ Adjustments | Total as at 31.03.2021 | Upto 01.04.2020 | Charge for the year | Upto 31.03.2021 | As at 31.03.2021 | As at 31.03.2020 |
| | | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| i) | Plant & equipments | 13.21 | 2.51 | 15.72 | 1.94 | 1.05 | 2.99 | 12.73 | 11.27 |
| ii) | Computers | 0.03 | 0.06 | 0.09 | 0.01 | 0.02 | 0.03 | 0.06 | 0.02 |
| iii) | Furniture and Fixtures | 2.44 | - | 2.44 | 0.66 | 0.33 | 0.99 | 1.45 | 1.78 |
| iv) | Office equipment | 0.09 | - | 0.09 | 0.08 | 0.01 | 0.09 | - | 0.01 |
| | **TOTAL** | **15.77** | **2.57** | **18.34** | **2.69** | **1.41** | **4.10** | **14.24** | **13.08** |
| | Previous Year | 15.46 | 0.31 | 15.77 | 1.31 | 1.38 | 2.69 | 13.08 | 14.15 |

**EMTAC LABORATORIES PRIVATE LIMITED**
Notes forming part of the financial statements for the year ended March 31, 2021
(Amount in INR millions, unless otherwise stated)

**5A.Capital work-in-progress**

| Particulars | As at 31 Mar 2021 | As at 31 Mar 2020 |
|---|---|---|
| Opening balance | - | |
| Add: Additions during the year | 1.76 | - |
| Less: Capitalised during the year | - | - |
| TOTAL | **1.76** | - |

**6. Loans**

| Particulars | As at 31 Mar 2021 | As at 31 Mar 2020 |
|---|---|---|
| **(A) Non-current** | | |
| Loans - considered good, unsecured | | |
| Security deposit - Others | 0.73 | 0.73 |
| TOTAL | **0.73** | **0.73** |

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-.

**7.Other Assets**

| Particulars | As at 31 Mar 2021 | As at 31 Mar 2020 |
|---|---|---|
| **(A) Other Non-Current assets (Unsecured, considered good)** | | |
| Income tax assets (Net) | 0.82 | 1.98 |
| TOTAL | **0.82** | **1.98** |
| **(B) Other Current Assets (Unsecured, Considered good)** | | |
| Prepaid expenses | 0.01 | - |
| Advances for services and supplies | 0.03 | 0.01 |
| Other Advances | - | - |
| Balance with government authorities | 0.34 | 0.34 |
| TOTAL | **0.38** | **0.35** |

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.

**EMTAC LABORATORIES PRIVATE LIMITED**
Notes forming part of the financial statements for the year ended March 31, 2021
(Amount in INR millions, unless otherwise stated)

**8.Trade Receivables**

| Particulars | | As at 31 Mar 2021 | As at 31 Mar 2020 |
|---|---|---|---|
| Unsecured, considered good | | 2.60 | 1.67 |
| Unsecured, considered doubtful | | 0.29 | - |
| | | **2.89** | **1.67** |
| Less: Impairment Loss on receivables | | 0.29 | - |
| | TOTAL | **2.60** | **1.67** |

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.

**9. Cash and Bank Balances**

| Particulars | As at 31 Mar 2021 | As at 31 Mar 2020 |
|---|---|---|
| **Cash and Cash equivalents:** | | |
| (i) Balance with Banks | | |
| - Current Accounts | 1.79 | 0.22 |
| (ii) Cash on hand | 0.04 | 0.01 |
| TOTAL | **1.83** | **0.23** |

EMTAC LABORATORIES PRIVATE LIMITED

Notes forming part of the financial statements for the year ended March 31, 2021

(Amount in INR millions, unless otherwise stated)

| Particulars | As at 31 Mar 2021 Rs. | As at 31 Mar 2020 Rs. |
|---|---|---|
| **10. Share Capital** | | |
| **(a) Authorised & Issued** | | |
| 49,99,950 Equity shares of Rs.10/- each | 50.00 | 50.00 |
| Previous year 2020: 49,99,950 Equity shares of Rs.10/- each | | |
| **(b) Subscriped and fully paid-up** | | |
| 34,16,500 equity shares of Rs 10/- each fully paid-up | 34.17 | 34.17 |
| Total | 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, 2021 | | As at 31st March, 2021 | |
|---|---|---|---|---|
| | 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 |
| Add: Addition during the year | - | - | - | - |
| Outstanding at the end of the year | **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) List of Shareholders holding more than 5% of shares :

| Name of the Shareholder | As at 31st March, 2021 | | As at 31st March, 2020 | |
|---|---|---|---|---|
| | 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 | 3416500 | 100.00 |

* Includes one equity share (Face value of Rs 10/-each) alloted 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, 2021

(Amount in INR millions, unless otherwise stated)

**11.Other equity**

| Particulars | As at 31 Mar 2021 | As at 31 Mar 2020 |
|---|---|---|
| **Retained Earnings** | | |
| Balance at the beginning of the year | (29.28) | (27.02) |
| Add: Profit/(Loss) for the year | 1.44 | (2.26) |
| Balance at the closing of the year | **(27.84)** | **(29.28)** |
| **Other Comprehensive Income** | | |
| Balance at the beginning of the year | - | - |
| Add: Other comprehensive income/(loss) for the year | - | - |
| Balance at the closing of the year | - | - |
| TOTAL | (27.84) | (29.28) |

**EMTAC LABORATORIES PRIVATE LIMITED**
Notes forming part of the financial statements for the year ended March 31, 2021
(Amount in INR millions, unless otherwise stated)

**12.Borrowings**

| Particulars | As at 31 Mar 2021 | As at 31 Mar 2020 |
|---|---|---|
| **(A) Non-current Borrowings** | | |
| **Unsecured** | | |
| Loans from Directors and relatives * | - | 7.89 |
| | **-** | **7.89** |
| Less : Current maturities | - | - |
| **TOTAL** | **-** | **7.89** |
| **(B) Current Borrowings** | | |
| **Secured, repayable on demand** | | |
| - Working capital loans from Holding Company** | 3.80 | - |
| - Loans from Directors and relatives * | 7.89 | - |
| **TOTAL** | **11.69** | **-** |

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

** The above unsecured loan from Holding company is repayble on demand and interest is payable on monthly @9%p.a. There were no defaults in repayment of above loans and interest thereon.

**13. Deferred tax liabilities (Net)**

| Particulars | As at 31 Mar 2021 | As at 31 Mar 2020 |
|---|---|---|
| Deferred tax liability on account of property, plant and equipment (A) | 0.77 | 0.72 |
| Deferred tax asset on account of (B) | | |
| - Provision for doubtful debts | 0.07 | - |
| | **0.07** | **-** |
| **Total Deferred Tax Liabilities/(Asset) (Net) [A-B]** | **0.70** | **0.72** |

**EMTAC LABORATORIES PRIVATE LIMITED**
Notes forming part of the financial statements for the year ended March 31, 2021
(Amount in INR millions, unless otherwise stated)

**14.Trade payables**

| Particulars | As at 31 Mar 2021 | As at 31 Mar 2020 |
|---|---|---|
| Outstanding dues of micro enterprises and small enterprises | - | - |
| Outstanding dues of creditors other than micro enterprises and small enterprises | 2.31 | 3.02 |
| TOTAL | **2.31** | **3.02** |

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

| Particulars | As at 31 Mar 2021 | As at 31 Mar 2020 |
|---|---|---|
| (a) Amount remaining unpaid to any supplier at the end of each accounting year: | | |
| 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.

**EMTAC LABORATORIES PRIVATE LIMITED**
Notes forming part of the financial statements for the year ended March 31, 2021
(Amount in INR millions, unless otherwise stated)

**15.Other current financial liabilities**

| Particulars | As at 31 Mar 2021 | As at 31 Mar 2020 |
|---|---|---|
| **Other Current Financial Liabilities** | | |
| Interest accrued | 0.03 | - |
| Others - Dues for revenue expenses | 1.03 | 0.96 |
| TOTAL | **1.06** | **0.96** |

**16.Other Current Liabilities**

| Particulars | As at 31 Mar 2021 | As at 31 Mar 2020 |
|---|---|---|
| Advances from customers | 0.22 | 0.52 |
| Others - Statutory Dues | 0.05 | 0.04 |
| TOTAL | **0.27** | **0.56** |

**EMTAC LABORATORIES PRIVATE LIMITED**
Notes forming part of the financial statements for the year ended March 31, 2021
(Amount in INR millions, unless otherwise stated)

**17. Revenue from Operations**

| Particulars | Year Ended 31 Mar 2021 | Year Ended 31 Mar 2020 |
|---|---|---|
| Sale of services - Testing and Analysis | 16.28 | 11.90 |
| TOTAL | 16.28 | 11.90 |

**18.Other Income**

| Particulars | Year Ended 31 Mar 2021 | Year Ended 31 Mar 2020 |
|---|---|---|
| i) Interest income on: | | |
| - Income tax refunds | 0.09 | 0.07 |
| ii) Others | | |
| - Liabilities no longer required written back | 0.27 | 0.47 |
| TOTAL | **0.36** | **0.54** |

**19.Testing expenditure**

| Particulars | Year Ended 31 Mar 2021 | Year Ended 31 Mar 2020 |
|---|---|---|
| Sample preparation, data generation, inspection & testing expenditure | 2.29 | 1.89 |
| Carriage Inwards | 0.01 | - |
| Power and fuel | 0.41 | 0.29 |
| Water Charges | 0.02 | 0.02 |
| TOTAL | **2.73** | **2.20** |

**20.Employee benefits expense**

| Particulars | Year Ended 31 Mar 2021 | Year Ended 31 Mar 2020 |
|---|---|---|
| Salaries and wages | 5.18 | 5.54 |
| Contribution to provident and other funds | 0.02 | 0.02 |
| Staff welfare expenses | 0.04 | 0.04 |
| TOTAL | **5.24** | **5.60** |

**21.Finance costs**

| Particulars | Year Ended 31 Mar 2021 | Year Ended 31 Mar 2020 |
|---|---|---|
| Interest on Unsecured Loan | 0.17 | - |
| Bank charges | - | - |
| TOTAL | **0.17** | **-** |

**EMTAC LABORATORIES PRIVATE LIMITED**
Notes forming part of the financial statements for the year ended March 31, 2021
(Amount in INR millions, unless otherwise stated)

**22.Other expenses**

| Particulars | Year Ended 31 Mar 2021 | Year Ended 31 Mar 2020 |
|---|---|---|
| Rent | 3.83 | 3.84 |
| Rates, taxes, duties and levies | 0.21 | 0.08 |
| Insurance | 0.01 | 0.01 |
| Repairs and maintenance : | | |
| - Plant and Machinery | 0.41 | 0.20 |
| Advertisement and sales promotion | 0.23 | 0.03 |
| Travelling and conveyance | 0.08 | 0.33 |
| Communication expenses | 0.10 | 0.12 |
| Printing and Stationery | 0.06 | 0.06 |
| Professional and consultancy services | 0.33 | 0.73 |
| House Keeping and premises maintenance | 0.04 | - |
| Impairment loss on receivables | 0.29 | - |
| Payments to auditors : | | |
| - for statutory audit | 0.05 | 0.05 |
| - for taxation matters | 0.03 | 0.01 |
| Miscellaneous expenses | - | 0.01 |
| **TOTAL** | **5.67** | **5.47** |

**23.Tax expense**

| Particulars | Year Ended 31 Mar 2021 | Year Ended 31 Mar 2020 |
|---|---|---|
| Current taxes | - | - |
| Deferred taxes | (0.02) | 0.05 |
| **TOTAL** | **(0.02)** | **0.05** |

EMTAC LABORATORIES PRIVATE LIMITED

**Notes forming part of the financial statements for the year ended March 31, 2021**

(Amount in INR millions, unless otherwise stated)

**24 Earnings per share**

Basic earnings per share amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

The following are the income and share data used in the basic and diluted EPS computations:

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| Profit attributable to equity holders (in INR Million) | 1.44 | (2.26) |
| Profit attributable to equity holders adjusted for the effect of dilution (in INR Million) | 1.44 | (2.26) |
| Weighted average number of equity shares for basic EPS (in No's) | 3,416,500 | 3,416,500 |
| Weighted average number of equity shares adjusted for the effect of dilution (in No's) | 3,416,500 | 3,416,500 |
| Nominal/Face Value per share (INR) | 10.00 | 10.00 |
| Basic Earnings per share (INR) | 0.42 | (0.66) |
| Diluted Earnings per share (INR) | 0.42 | (0.66) |

**25 Fair value measurements**

The following table shows the carrying amount and fair value of financial assets and financial liabilities:

| Particulars | Note No | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|---|
| **Financial Assets** | | | |
| Loans (current and non-current) | 6 | 0.73 | 0.73 |
| Trade receivables (net) | 8 | 2.60 | 1.67 |
| Cash and cash equivalents | 9 | 1.83 | 0.23 |
| | | **5.16** | **2.63** |
| **Financial Liabilities** | | | |
| Borrowings (current and non-current) | 12A & 12B | 11.69 | 7.89 |
| Trade Payables | 14 | 2.31 | 3.02 |
| Other financial liabilities | 15 | 1.06 | 0.96 |
| | | **15.06** | **11.87** |

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

The carrying amounts of trade receivables, trade payables and cash and bank balances are considered to be the same as their fair values, due to their short-term nature. The difference between carrying amounts and fair values of bank deposits, other financial assets, other financial liabilities and borrowings subsequently measured at amortised cost is not significant in each of the years presented. For all other amortised cost instruments, carrying value represents the best estimate of fair value. For financial assets measured at fair values, the carrying amounts are equal to the fair values.

**Financial risk management objectives and policies**

The Company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Company's primary risk management focus is to minimize potential adverse effects of market risk on its financial performance. The Company's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board of Directors and the Audit Committee is responsible for overseeing the Company's risk assessment and management policies and processes. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken.

EMTAC LABORATORIES PRIVATE LIMITED
**Notes forming part of the financial statements for the year ended March 31, 2021**
(Amount in INR millions, unless otherwise stated)

**(i) Market Risk**

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

**(a) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's fixed rate borrowings are carried at amortised cost and hence are not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates. Further, the Company's investments in deposits is with banks and electricity authorities and therefore do not expose the Company to significant interest rates risk. The company's main interest rate risk arises from borrowings with variable rates, which expose it to cash flow interest rate risk.

The Company's exposure to fixed rate and variable rate instruments at the end of the financial year, are as follows:

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| **Fixed rate instruments** | 0.73 | 0.73 |
| Financial assets | 11.69 | 7.89 |
| Financial liabilities | | |
| **Variable rate instruments** | - | - |
| Financial liabilities | | |

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| Interest rates increase by 100 basis points * | - | - |
| Interest rates decrease by 100 basis points * | - | - |

* Holding all other variables constant

**(b) Price risk**

The Company does not have any investments which are classified in the balance sheet either as fair value through OCI or at fair value through profit or loss. Hence, the Company is not exposed to any price risk.

**(ii) Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

**Trade and other receivables**

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. The credit quality of a customer is assessed based on an extensive credit rating scorecard, internal evaluation and individual credit limits. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over previous periods before the reporting date and the corresponding historical credit losses experienced at the end of each quarter. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The expected credit loss assessment from customers as at March 31, 2021 are as follows:

EMTAC LABORATORIES PRIVATE LIMITED
Notes forming part of the financial statements for the year ended March 31, 2021
(Amount in INR millions, unless otherwise stated)

| Particulars | Gross carrying amount | Expected credit losses | Carrying amount of trade receivables |
|---|---|---|---|
| **31 March 2021** | | | |
| Upto 180 days | 1.54 | - | 1.54 |
| Over 180 days | 1.35 | 0.29 | 1.06 |
| **Total** | **2.89** | **0.29** | **2.60** |
| **31 March 2020** | | | |
| Upto 180 days | 0.60 | | 0.60 |
| Over 180 days | 1.07 | - | 1.07 |
| **Total** | **1.67** | **-** | **1.67** |

**Financial assets that are neither past due nor impaired**

Other than trade receivables, the Company has no significant class of financial assets that is past due but not impaired.

Financial assets that are neither past due but not impaired

The Company's credit period for customers generally ranges from 0 - 180 days. The aging of trade receivables that are not due and past due but not impaired is given below:

| Period in days | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| Upto 180 days | 1.54 | 0.60 |
| Over 180 days | 1.06 | 1.07 |
| | **2.60** | **1.67** |

**(iii) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation.

Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected cash flows. This is generally carried out by the Company in accordance with practice and limits set by the management. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The Company had following working capital at the end of the reporting years :

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| Current assets | 4.81 | 2.25 |
| Current liabilities | 15.33 | 4.54 |
| **Working capital** | **(10.52)** | **(2.29)** |

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments at the reporting period:

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| Less than 1 year | | |
| - Borrowings | 11.69 | - |
| - Trade payables | 2.31 | 3.02 |
| - Other financial liabilities | 1.06 | 0.96 |
| 1 to 2 years | | |
| - Borrowings | - | 7.89 |

(Amount in INR millions, unless otherwise stated)

**(iv) Excessive risk concentration**

Concentrations arise when a number of counter parties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the Company to manage risk concentrations at both the relationship and industry levels.

**26 Contingent liabilities & Commitments ( to the extent not provided for)**

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| **A. Contingent liabilities** | | |
| Bank Guarantees excluding financial guarantees | - | - |
| **B. Commitments** | | |
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | - | - |

**C. Impact of pending Litigations:**

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

**27 Leases**

The Company's significant leasing arrangements are in respect of operating leases for premises. The leasing arrangements are generally cancellable leases which range between 1 years to 5 years and are usually renewable by mutual consent on agreed terms.

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| Total rental expense relating to operating lease | 3.83 | 3.84 |
| - Non-cancellable | - | - |
| - Cancellable | 3.83 | 3.84 |

**EMTAC LABORATORIES PRIVATE LIMITED**
**Notes forming part of the financial statements for the year ended March 31, 2021**
(Amount in INR millions, unless otherwise stated)

**28 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 | Director |
| Suresh Kumar S | Director |
| **(ii) Relatives of Key Management Personnel (KMP)** | |
| Praveena Vasireddi | Sister of Harita Vasireddi, Director |
| **(iii) Holding Company** | |
| Vimta Labs Limited | |

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

| Particulars | For the year ended 31 Mar 2021 | For the year ended 31 Mar 2020 |
|---|---|---|
| **Interest Expense on Unsecured Loans** | | |
| Vimta Labs Limited | 0.17 | - |
| **Unsecured Loan taken from Holding Company** | | |
| Vimta Labs Limited | 3.80 | - |

**(C) Balances payable/(receivable)**

| Particulars | As at31 Mar 2021 | As at31 Mar 2020 |
|---|---|---|
| (i) **Dues Payable to KMPs and their relatives:** | | |
| Harita Vasireddi | 5.48 | 5.48 |
| Praveena Vasireddi | 2.41 | 2.41 |
| (ii) **Payable to Holding Company.** | | |
| Vimta Labs Limited (Including interest accurued) | 3.83 | - |

**EMTAC LABORATORIES PRIVATE LIMITED**
**Notes forming part of the financial statements for the year ended March 31, 2021**
(Amount in INR millions, unless otherwise stated)

**29 Segment Reporting**

The Director of the company has been identified as the Chief Operating Decision Maker (CODM) as required by Ind AS 108 Operating Segments. The Company is in the business of providing testing services. The Director reviews the operations of the Company as one operating segment taking into account the nature of the business, the organization structure, internal reporting structure and risk and rewards. Hence no separate segment information has been furnished herewith.

**30 Capital management**

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors capital on the basis of the following gearing ratio i.e. Net debt (total borrowings net of cash and cash equivalents) divided by total equity (as shown in the balance sheet):

| Particulars | | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|---|
| Equity Share Capital | | 34.17 | 34.17 |
| Other Equity | | (27.84) | (29.28) |
| **Total Equity** | (i) | **6.33** | **4.89** |
| Long-term borrowings | | - | 7.89 |
| Short-term borrowings | | 11.69 | - |
| Less: Cash and Cash equivalents | | 1.83 | 0.23 |
| **Total Debt** | (ii) | **9.86** | **7.66** |
| Overall financing | (iii) = (i) + (ii) | 16.19 | 12.55 |
| **Gearing ratio** | (ii)/ (iii) | 61% | 61% |

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the lendor to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period. Further there were no changes were made in the objectives, policies or processes for managing capital for the years ended March 31, 2021.

**31** Estimation of uncertainty relating to COVID-19 global health pandemic

In assessing the recoverability of loans and receivables of the Company has considered internal and external sources of information, including credit reports, economic forecasts and industry reports up to the date of approval of these financial statements.

The Company has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the carrying amount of these assets represent the company's best estimate of the recoverable amounts. As a result of the uncertainties resulting from COVID-19, the impact of this pandemic may be different from those estimated as on the date of approval of these financial statements and the Company will continue to monitor any changes to the future economic conditions.

**32** Previous year figures have been regrouped/reclassified wherever necessary to correspond with current year classification and disclosure.

Per our report of even date attached.
**For Gattamaneni & Co.**
Chartered Accountants
Firm Registration No. 009303S

**G. Srinivasa Rao**
Partner
Membership No. 210535

Place : Hyderabad
Date : 06-05-2021

**For and on behalf of the Board of Directors**

**Harita Vasireddi**
Director
DIN:00242512

**Neerukonda Satya Sreenivas**
Director
DIN:00269814

Place : Hyderabad
Date : 06-05-2021