



Vivimed

Date: 08.12.2020

To,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai 400 001
Scrip Code: **532660**

National Stock Exchange of India Limited
Exchange Plaza, Sandra Kurla Complex,
Bandra (E), Mumbai - 400 051
Symbol: **VIVIMEDLAB**

Dear Sir,

Sub: Notice of 32nd Annual General Meeting (AGM), Annual Report for the financial year 2019-20 and Book Closure for AGM.

This is to inform you that the 32nd Annual General Meeting (AGM) of the Company will be held on Wednesday, December 30, 2020 at 3.00 p.m. The Company is conducting meeting through VC / OAVM. For details please refer to the Notice of this AGM.

Pursuant to Regulation 34(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached a copy of Annual Report for the financial year 2019-20 along with notice of the AGM for your information and records which is being dispatched to the shareholders of the Company.

We also hereby inform you that pursuant to Section 91 of the Companies Act, 2013 and Regulation 42 of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Register of Members and Share Transfer books of the Company will be closed December 25, 2020 to December 30, 2020 (both days inclusive) for the purpose of AGM.

Please take the information on record.

Thanking you,

Yours faithfully,
For Vivimed Labs Limited

K.Yugandhar
Company Secretary



Encl: As above

Vivimed Labs Limited.

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Unlocking
Potential.
**Unleashing
Value.**

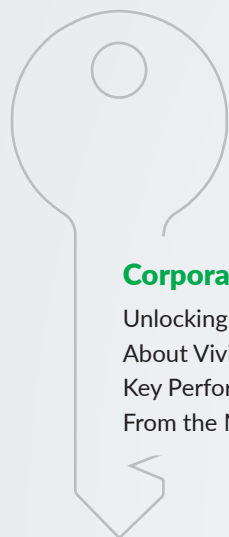


Vivimed

Vivimed Labs Limited

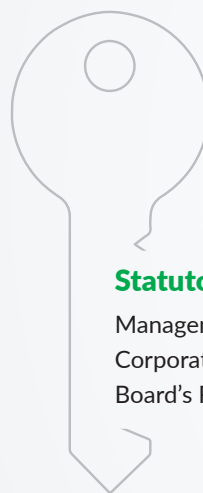
Annual Report 2019-20

Contents



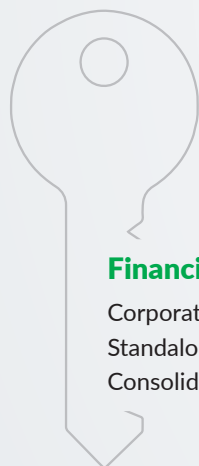
Corporate Overview

- Unlocking potential **01**
- About Vivimed **12**
- Key Performance Indicators **14**
- From the MD's desk **16**



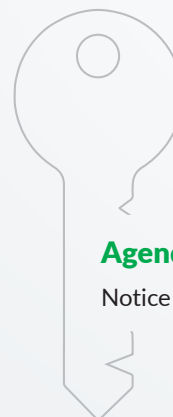
Statutory Reports

- Management Discussion & Analysis **20**
- Corporate Information **38**
- Board's Report **39**



Financial Statements

- Corporate Governance Report **80**
- Standalone Financial Statements **111**
- Consolidated Financial Statements **157**



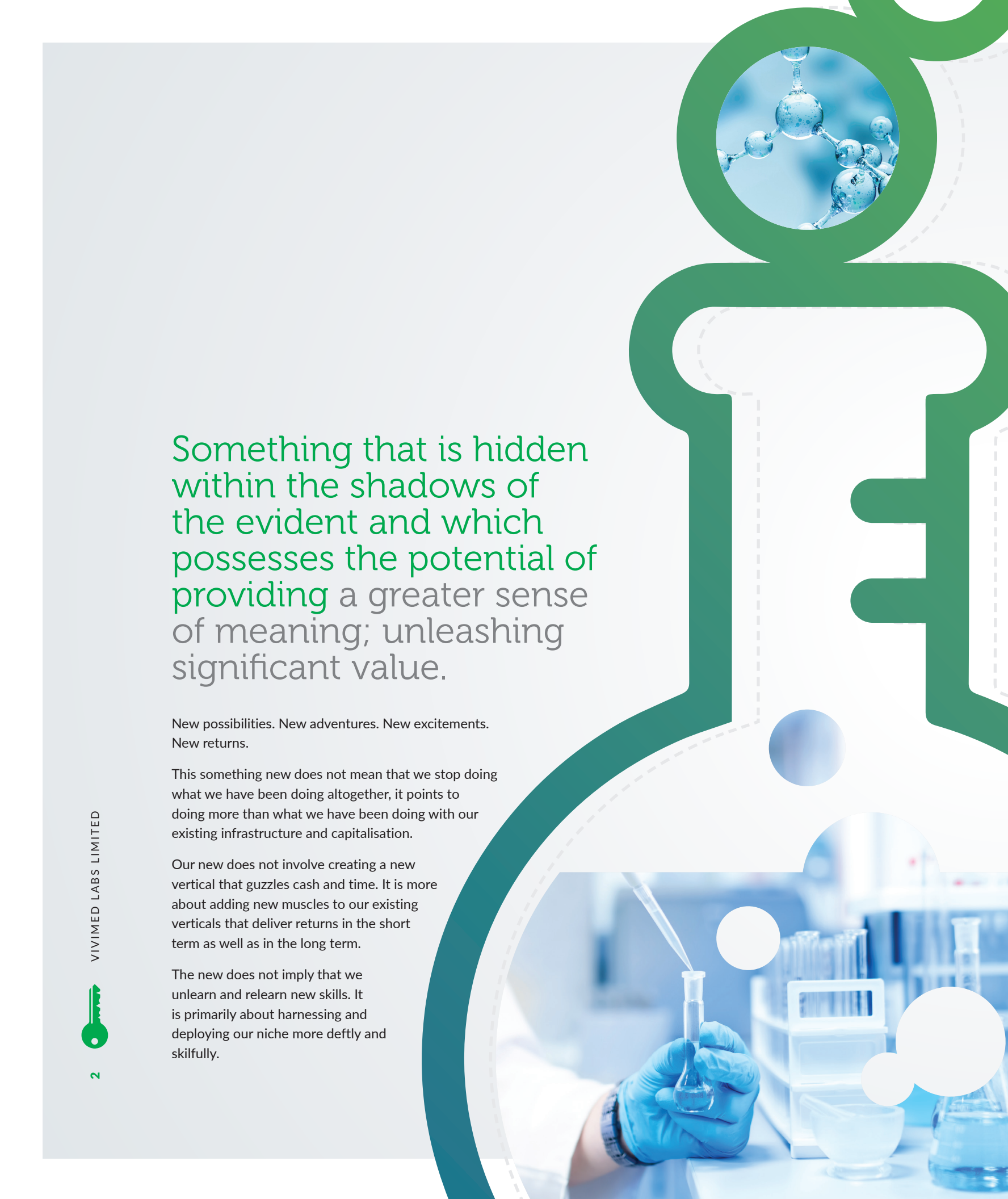
Agenda to AGM

- Notice **205**



It's not that you
don't like what you
have been doing,
it's just that you
suspect there's
something much
more.





Something that is hidden within the shadows of the evident and which possesses the potential of providing a greater sense of meaning; unleashing significant value.

New possibilities. New adventures. New excitements. New returns.

This something new does not mean that we stop doing what we have been doing altogether, it points to doing more than what we have been doing with our existing infrastructure and capitalisation.

Our new does not involve creating a new vertical that guzzles cash and time. It is more about adding new muscles to our existing verticals that deliver returns in the short term as well as in the long term.

The new does not imply that we unlearn and relearn new skills. It is primarily about harnessing and deploying our niche more deftly and skilfully.





At Vivimed,
we are excited
about this
something
more that
promises to
make our
tomorrow
better than it
ever was.



Business model innovation is undoubtedly here to stay. And that isn't surprising.

The economic slowdown, and the drive to optimise healthcare costs in the developed world is forcing companies catering to these markets to relook and modify their business model.

The workable strategy that is gaining acceptance is to look beyond the developed to the developing world.





So, even as developed economies labour to sort out internal and external challenges, developing nations emerge as the near-term opportunity havens.

In keeping with this reality, we, at Vivimed Labs, have sharpened our focus on growing our presence in these promising geographies.



CIS Markets

We are entrenching ourselves in the CIS markets. We have filed 18 dossiers of which 10 have been approved and supplies are expected to commence in FY21.

Canada

We are strengthening our presence in Canada as a reliable CDMO player. We have partnered with multiple pharmaceutical companies. About 15 products are under various stages of development and evaluation.

MENA

We plan to launch niche products in the Middle East countries and Northern Africa by forging alliances with partners in this region.

South-East Asia

We are working to forge multi-product CDMO agreements with a leading pharmaceutical Company which promises to strengthen our presence in this region.





These efforts, as they fructify, will strengthen our presence in the global pharma space, and create a robust platform for us to leapfrog into the regulated markets over the medium term.



Every day contains within it countless opportunities, all dictated by the choices you make. Some of those choices may seem inconsequential when you face them.

Because they are little things. But there is a certain adventure in doing it, for the possibility.

Because the truth is, those possibilities are always within your reach. The possibility that if you make minor tweaks you may set the stage for major fulfilment.

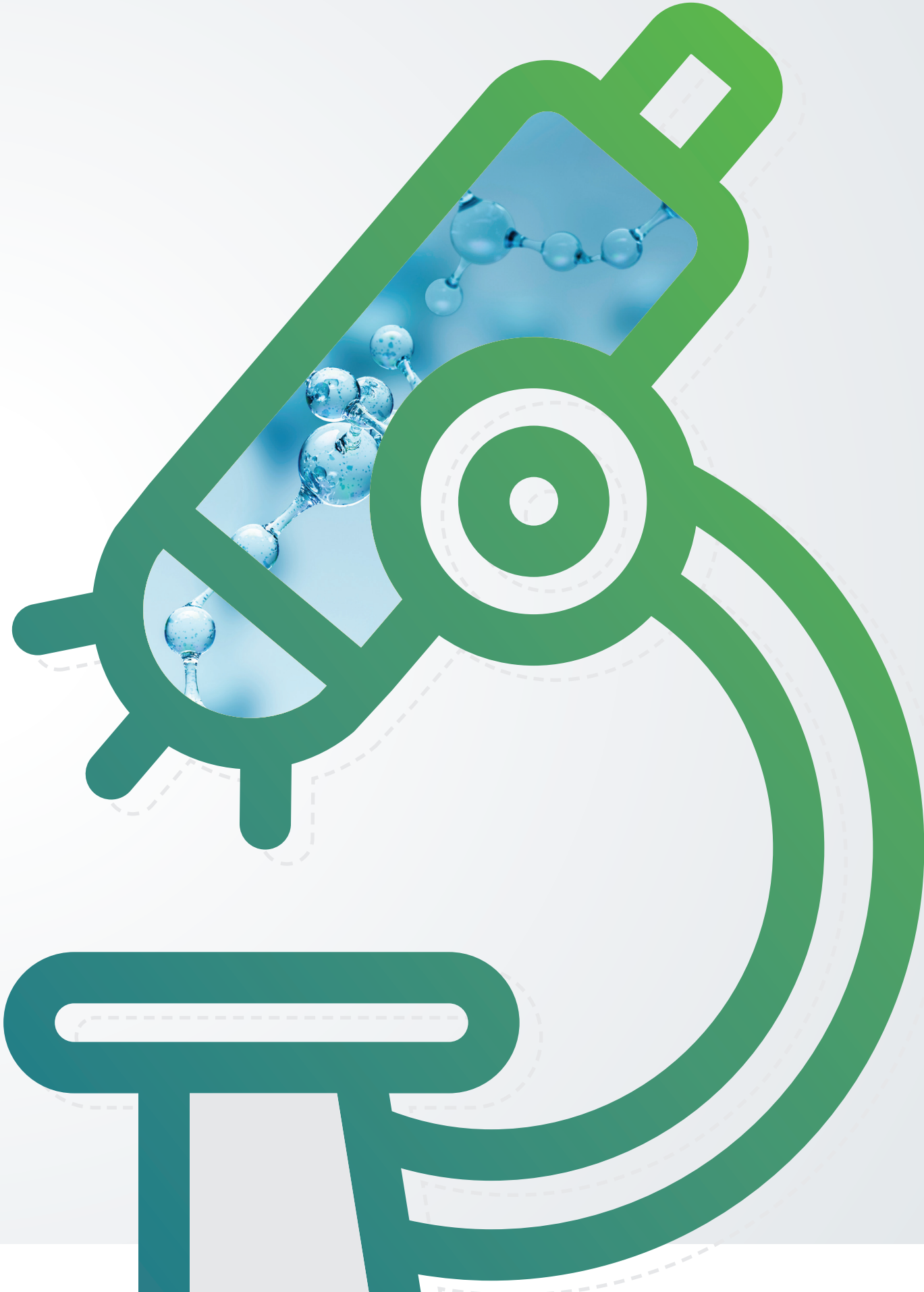
Because, sometimes even the smallest shift can build the platform for sustained success.

At Vivimed, we have made an important choice, one that promise to give wings to our growth aspirations.





Vivimed



We have decided to widen our delivery platform base from solid dosages to sterile dosages (nasal sprays and ophthalmic products). We are making the insignificant, yet necessary, tweaks to our manufacturing and distribution infrastructure and resource base to transform this Board Room strategy into an on-ground reality.





Eye drops

We have developed eight eye drops for the CIS markets which are under registration. We expect to received approval for these products shortly.

We have engaged with a customer for 11 eye drop products for supplies to the African markets; commercial supplies of some products are expected in FY21.

A reputed Australian pharma major has shown interest in registering some of our ophthalmic products in that country.

Nasal sprays

We have filed for multiple nasal products in Cambodia and Nepal. We have received the Cambodian GMP and approvals for the Haridwar site for nasal sprays and expect the shipment of these products to commence shortly. We plan to file these products in certain African markets soon.

We are talking with a Switzerland-based pharmaceutical company for a nasal spray product. We should be able to make some headway in this zone this year.

We, at Vivimed, are convinced that this platform addition will significantly expand our product offering for the global and Indian market, translating into increased business traction, as and when we secure approvals for these products.



Our business

We are a globally renowned supplier of niche molecules and formulations across healthcare, pharmaceuticals and specialty chemicals consumers in nearly 50 countries.

Our Values and Principles

WE FOCUS ON OPPORTUNITIES

At Vivimed, we believe that there is no room for a second chance. An opportunity presents itself only once, and we usually make it ours.

WE BUILD ON OUR CAPABILITIES

Capability building is the key to our Company's performance and growth. At both individual and organisational level, there is a consistent effort to build up on our competencies.

WE EMBRACE CHANGE

At Vivimed, we consider the only constant to be, is change itself.

WE STRIVE FOR CONTINUOUS IMPROVEMENT

There are others; and there is Vivimed. We strive for continuous improvement in our quality standards, operational efficiency and customer service.

WE ENDEAVOUR TO RISE AND SHINE

We work towards efficient and smart execution of our plans in a methodical way with intense focus on precision and teamwork.





Our verticals

APIs		Finished Dosage Formulations			Specialty Chemicals
Generic APIs	CDMO projects	Generics	Branded Generics	CDMO projects	Active ingredient

Our key assets

11
Manufacturing facilities

5
R&D facilities

1,600+
Team size

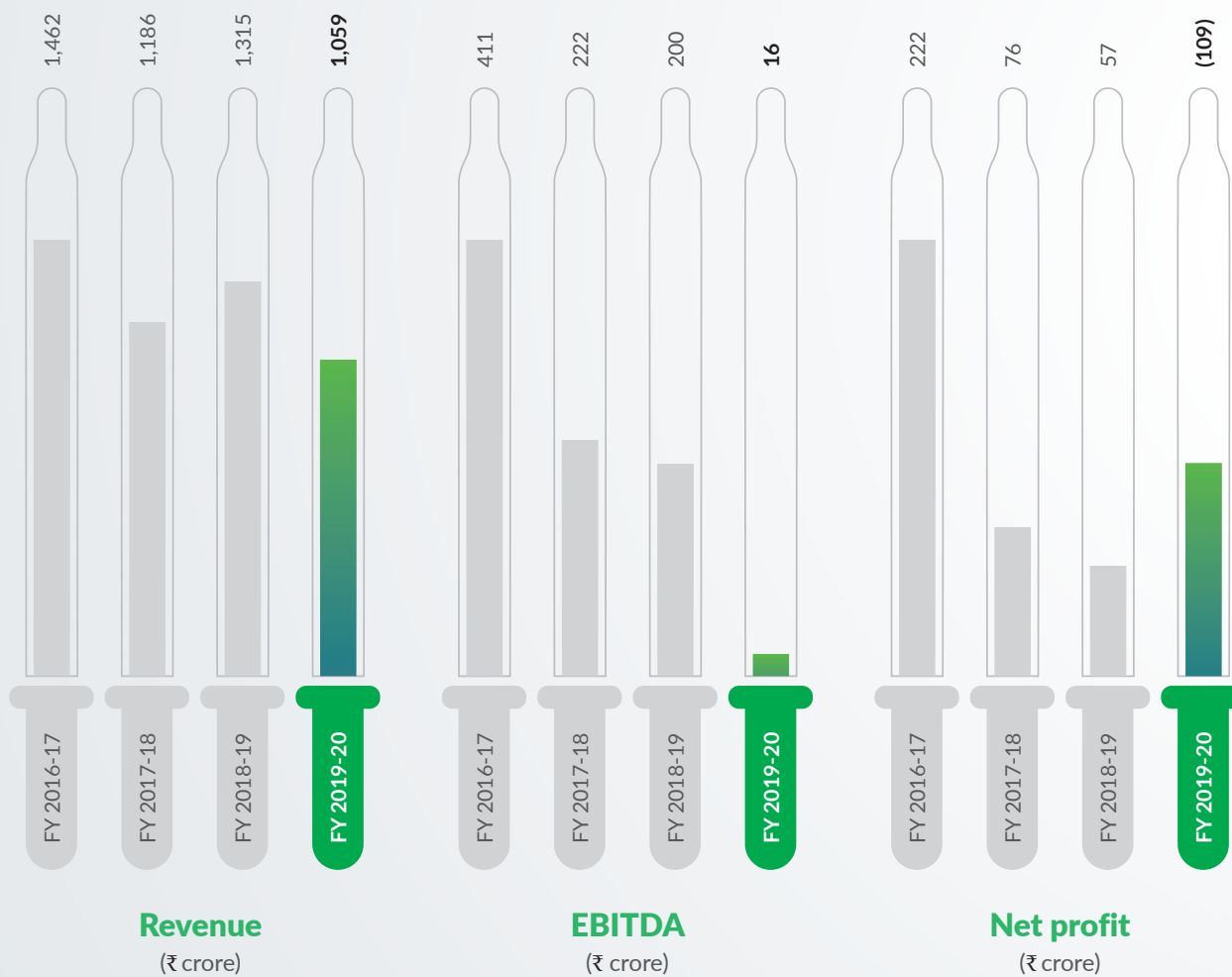
Our presence

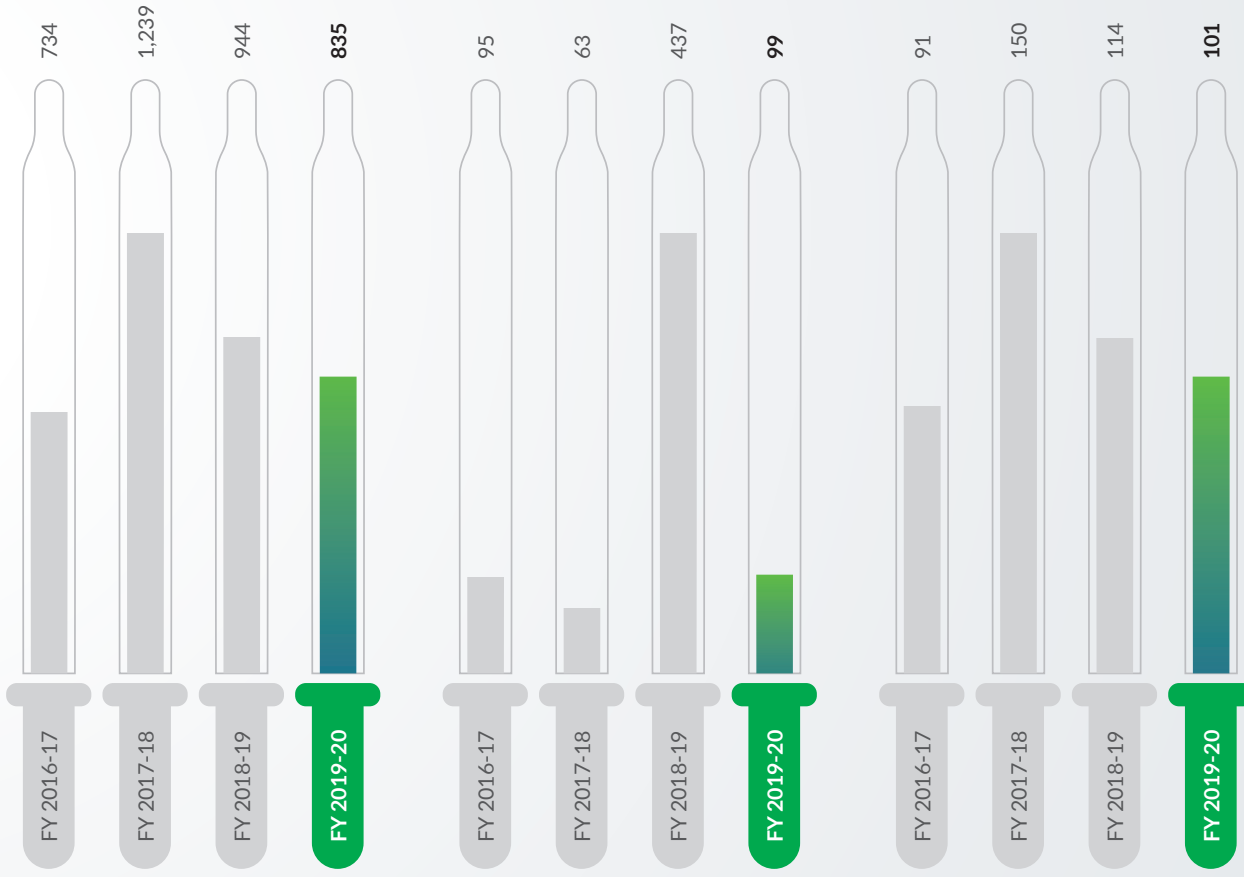


Our reputed global customers



Key performance indicators





Networth
(₹ crore)

Cash flow from operations
(₹ crore)

Book value per share
(₹)





From the Managing Director's table

“At Vivimed,
when we arrive
at our Board of
Innovation, the
most common
question that
comes on
the table is:
How can the
Company
generate new
revenue?”



Dear Shareholders

It is that time of the year where I get to engage with you my fellow shareholders, ink my thoughts on what has just transpired and what I am looking forward to.

Looking back

Let me start with a summary of our performance in 2019-20.

Fiscal 2019-20 was not particularly satisfying from a performance standpoint as revenue declined by about 19% over the previous year and we reported a net loss of ₹109 crore.

Business will have its ups and downs and we have to brace for this reality. Hence, rather than being apologetic about the slide and detailing the reasons for the same, I take the opportunity to throw light on the key positives and negatives about the fiscal under review, which, in a sense, will also serve as a platform for building the strategy for the current year.

API segment: Our largest revenue vertical performed below expectation. This was primarily due to the operational issues with our Spain plant which remained shut for about five months. Also, issues with one of our key products, Ranitidine, aggravated the slide.

The positive among this was the performance of Soneas (the unit we acquired in the previous year). This was very heartening as it vindicated our belief that the acquisition was a good fit for our overall API business (mentioned in my earlier statement). It reported a positive growth in profit and profitability.

Finished Dosage segment: This segment registered a heartening performance. Increasing product acceptance resulted in a healthy uptick in revenue – more than covering the drop in domestic institutional volumes. Profit and profitability dipped marginally owing to inflationary pressures.

Our CDMO piece, however, made considerable progress. Our Finoso team bagged a number of projects and made healthy customer acquisitions. In addition, it secured important approvals for our facilities from global regulatory authorities. These successes lends a watermark on our capability in partnering with world-leading pharmaceutical companies. These additions should result in an improved performance in the current year and beyond.

Looking forward

At Vivimed, when we arrive at our Board of Innovation, the most

common question that comes on the table is: **How can the Company generate new revenue?**

This question is important from three perspectives:

- New revenue verticals are necessary to sustain the growth momentum.
- New verticals help in arresting a slide when the key business segments are saddled with external vagaries or internal challenges.
- New revenue verticals keep the team agile and bullish on synergic opportunities which help leverage our resources productively.

I am happy to state that we have made considerable headway in adding muscle to our flight wings – revenue verticals which unlock the potential of our tangible and intangible assets resulting in value creation for all our stakeholders.

In the finished dosage formulation space, we are working on a multi-pronged strategy. For one, we are building our presence in fast-emerging markets which, although low in aggregate volumes, provide immense opportunity for profitable growth. I am confident that this strategy will commence delivering returns in the current year.





Two, we are broad-basing our products to include nasal sprays and ophthalmic products. We have filed these products in key emerging markets. Some of these filings have received the regulatory stamp of approval and we expect to commercialise these products in the near term.

And three, we are strengthening our domestic presence in the branded finished dosage formulations space. We realise that we have great brands, we have a skilled field force. But our returns from these assets were not commensurate with their potential.

To unleash their true promise, we have created a war-room for our domestic formulations segment, which will provide each team a goal, each member a direction, and monitor performance with possibility in a diligent and disciplined manner. This initiative, I am confident, will build our domestic presence significantly over the next 2-3 years.

Looking at 2020-21

The year 2020 is a pause button for the entire world. It's a year that most would want to forget for the mayhem created by a microorganism in terms of economic despair, loss of lives and livelihood for million across the globe and the fear and uncertainty engrained in the minds of the common man.

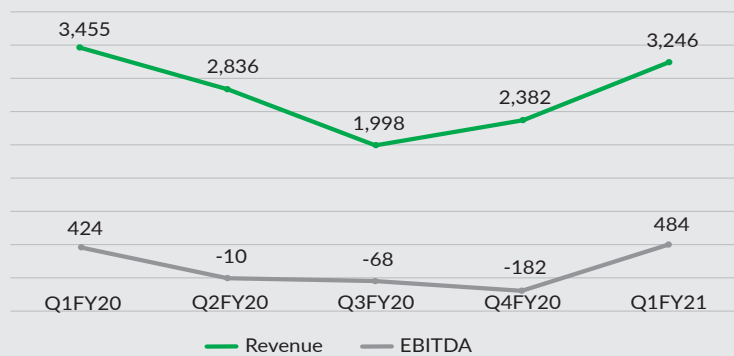
It was a tough time for us too. Continuing business operations in the face of this deadly pandemic was no mean task. But, I am happy to state that every member of the Vivimed team was up to the challenge. Many of them have gone beyond the call of their assigned responsibilities to sustain business operations. And the results are rewarding to say the least.

Our consolidated performance in the first quarter of 2020-21 improved considerably. I believe that this is a harbinger of better times over the horizon.



Consolidated Financial Performance

Revenue & EBITDA - Last 5 Quarters (Rs. In Mn)



I expect this momentum to sustain through the year. My optimism is based on satisfying achievements registered in the current year.

I expect this momentum to sustain through the year. My optimism is based on satisfying achievements registered in the current year.

1) Your company received a ₹25-crore-plus export order for the manufacturing of Favulous tablets 200 mg (Favipiravir). This tablet is used for the treatment of mild to moderate cases of Covid-19 and is the only oral anti-viral treatment approved in India for the potential treatment of patients with mild to moderate Covid-19 disease. We are working closely with various governments and medical communities to ensure easy

availability of Favulous to patients across the world. We hope to receive many such orders going forward.

2) More recently, we received approvals for three ophthalmic products from our ophthalmic facility and three oral liquid suspension products from our PICS & Health Canada approved site. We will be commercialising these products shortly.

To sum it up, I believe that we are looking at an exciting period for the next couple of years during which our strategies would start generating healthy returns.

In closing, I would like to thank the Board for guiding me to execute my responsibilities in the best possible manner. I would like to extend my

sincere appreciation to each and every member of the Vivimed team for their relentless effort in facing and overcoming challenges.

My deep appreciation to our shareholders for their confidence and support. I also place on record my gratitude to our other stakeholders – vendors, customers, bankers and central and state government authorities – for their consistent support and assistance in our journey. I solicit your continued co-operation in assisting Vivimed move into a brighter future.

Warm regards

Santosh Varalwar
Managing Director



Management Discussion & Analysis

An economic overview

Global economic overview

A rare synchronised slowdown underlined economic activities across the world through the year 2019-20, driving global growth to an unprecedented 2.9% – the lowest since the financial crisis a decade back. Unabated conflicts over rising trade barriers, increasing geopolitical tensions and various country-specific factors in emerging markets aided the continued downturn.

A sharp deterioration in manufacturing activity and global trade, higher tariffs and prolonged trade policy uncertainty have been damaging for investments and have led to the drying up of demand for capital goods. A sustained contraction in the global automotive industry led to large-scale unemployment across markets. Intensifying social unrest in many nations, lack of effective policy measures and several weather-related disasters kept the global economic outlook downbeat through most part of the year under review.

Commodity prices, especially oil and metals, decelerated considerably during the year. Household demand for durable goods picked up in the

second quarter of 2019, although there was a dampening effect throughout the year.

Growth in advanced economies went down to 1.7% in 2019-20 from 2.2% a year back. The US economy, which accounts for 17.5% of the global pie, slowed to 2.3% amid the continued trade war with China and sluggish business investments. European region slumped to 1.2% economic growth in FY2019. The industrial sector in Germany grappled with declining demand from Asia and disruptions in car production. Brexit uncertainties too contributed to the slowdown with the British GDP inching up 1.4% during the year from 1.3% in 2018-19.

Disasters unleashed by typhoon Hagibis, an increase in value-added taxes and an overall slowdown in manufacturing and exports – particularly those to China – drove the Japanese economic growth down to 0.7%, while growth in China dropped to 6.1% in 2019 because of lower investor sentiment and cooling domestic demand.

Towards the end of 2019-20, the world encountered one of the fiercest threats in the history of human

civilization with the outbreak of the Covid-19 pandemic.

Looking forward

The pandemic has driven the world into an age of uncertainty, weighing heavily on the economic forecast for 2020. The International Monetary Fund (IMF) fears the world economy to contract sharply this year, dwarfing the toll the financial crisis had exacted a decade ago.

Governance capacity, effectiveness of the healthcare system, strength of financial institutions and the currency robustness will highlight stark differences in the impact of the Coronavirus pandemic among the advanced economies, emerging markets and developing economies.

Growth is expected to be slower in most advanced economies, while emerging markets and developing economies are likely to see a slump because of external demand shock, tightening in global financial conditions and a plunge in commodity prices. In China, where recovery from a sharp contraction in the first quarter is underway, growth is projected to be in the positive zone in 2020, supported in part by stimulus measures.



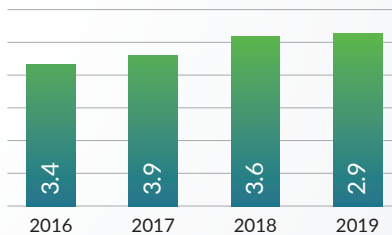


Despite uncertainties and huge losses unleashed by the Covid-19 crisis, a sense of optimism prevails, and experts see a brighter tomorrow once the pandemic begins to recede. Business and economic activities are projected to recover systemically, leaving behind the lockdowns and other containments measures against the authorities had slapped to save lives.

The IMF sees a partial recovery in 2021, though the level of GDP growth is expected to remain below the pre-Covid-19 trend, with considerable uncertainty over the strength of the rebound.

(Source: World Economic Outlook, April 2020, CNN, Economic Times, trading economics, Statista, CNBC)

Real GDP growth (%)



Indian economic overview

Saddled by weak global cues and a host of internal issues, the Indian economy slowed down to 4.2% growth in 2019-20 from 6.1% a year ago. Almost every sector of the economy went into a tailspin and unemployment reached its record high levels during the year under review.

Healthy growth in agriculture and increased government expenditure arrested the slide in GDP growth to some extent with the farm sector

doubling its pace of growth to 4% over the last one year and public administration, defence and other services scoring over 10% rate of rise.

But three major components of demand slowed down considerably during the year. Consumption demand decelerated, while investments and exports stayed in the negative zone. Manufacturing and construction put up a poor show of 0.03% and 1.3% growth during the year, taking a steep plunge from 5.7% and 6.1% in the year-ago period.

The economic headwinds eroded the consumer confidence, making the average Indian consumer extremely spend-shy. As a result, private final consumption expenditure grew at a lower rate of 5.3% in 2019-20, as against 7.3% in the previous year.

The government, to breathe life into the ailing economy, implemented the single biggest reform in the last two decades. It moderated the corporate tax rate to 22% from 30%. The new effective Corporate Income Tax (CIT) dropped to 25.17%, inclusive of a new lower surcharge of 10% and a cess of 4%. This aligned India's CIT closer to the global average statutory CIT of 23.03%.

The ailing economy suffered a brutal shock in the form of the Covid-19 pandemic towards the close of 2019-20. The second most populous nation enforced the world's longest and strictest lockdown to save its human capital from the dreaded disease late in March 2020. All economic and business activities came to a halt and set off a severe demand-supply shock and large-scale retrenchment across sectors. It nixed the Indian economy's incipient recovery.

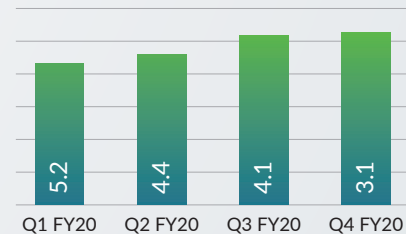
To ease the pressure on Indian enterprises, the Reserve Bank of India announced significant monetary easing initiatives which include about 115 bps cut in the repo rate since March 2020 and moratorium for loan repayment. The government announced a ₹20-lakh-crore relief package to provide a safety net for those hit hardest by the lockdown – the urban poor, migrant labour and the rural masses.

Looking forward

An inherent resilience rooted deep into the Indian economy, however, keeps experts and analysts optimistic about a rebound around second half of 2020-21. Despite the negative sentiment prevailing over the planet, India achieved a milestone during the year under review that will go a long way giving it enough impetus to revive, reorient and regain itself.

India pushed itself up 14 places to rank 63 on the World Bank's Ease of Doing Business Index for 2020 (Source: The Economic Times, October 24, 2019). It was the third successive year for the ranking to have climbed by more than 10 spots. This success will certainly drive home investments and business prospects.

Indian economic growth in the four quarters



The pharmaceutical sector

The business of medicine-making has for long remained immune to the ups and downs of business cycles, priding itself as a defensive sector that is firmly anchored on the premise that as long as people are sick medicines will be in demand.

Global pharma sector

The use of medicines is one of the key influencers of global health and the practical ability to measure it in a timely and granular way provides a unique window on health systems across the world.

Overall, the global use of medicine has increased at a 3% compound annual growth rate (CAGR) since 2014, slowing down from 4% recorded between 2009 and 2014. In 2019, patients received an estimated 1.8 trillion days of therapy, an average of 234 per person. Majority of medicine use is in pharmerging markets, which have large populations, but have per capita rates of use still markedly lower than in higher income countries.

In sync with the use, the global spending on medicines is projected to increase at 2-5% annually, exceeding US\$1.1 trillion by 2024.

Most developed markets are expected to continue investments in specialty medicine and new branded product spending at a lower growth rate of 1-4%, given that price and volume growth will slow down under pricing pressures and loss of exclusivity on patented medicines.

In volume-driven emerging markets, medicine spending is expected to grow 5-8%. These markets will continue to see increased access, leading to higher volume and uptake in novel therapies. New payments infrastructure to manage high-cost therapies would be critical to lessen the impact on spending.

While the industry is witnessing growth and also steady loss in patent protection, its dependence on the research and development has increased, resulting in higher investment by global pharmaceutical companies.

Emerging trends in healthcare

Demographics: Improved standards of living, and evolving demographic and epidemiological trends will drive demand in the emerging markets. The ageing population and rapid incidence of non-communicable

diseases (NCDs), especially cardiovascular diseases, cancer and diabetes, will see a surge in investments towards control and prevention.

Digital health systems:

Digital technology has been a transformative force in the creation of modern infrastructure to evaluate patient engagement and medical outcomes and shape future strategies. Accelerated adoption of digital services is likely to promote convergence of healthcare systems in developed and developing economies.

- IoT-enabled wearable devices (smart watches and health bands) allow monitoring overall patient health remotely by medical providers. It also empowers patients to monitor their own health. Global shipments of wearable devices are expected to total 396.0 million units in 2020 according to new data from the International Data Corporation (IDC) Worldwide Quarterly Wearable Device Tracker. This marks a 14.5% increase from the 345.9 million units shipped in 2019. Looking ahead, IDC forecasts shipment volume to have





a five-year CAGR of 12.4% and total 637.1 million units in 2024.

New-gen technologies: Artificial Intelligence (AI), blockchain and machine learning (ML) can serve pharmaceutical companies in improving the sophistication of digital engagements with physicians and patients, while optimising the selection of candidates for drug discovery and clinical trials in a cost-effective manner.

- Chatbots are software-enabled programmes to answer text and auditory questions of the patients, aided by machine learning and voice recognition. The chatbot market of US\$7.17 billion in 2019 is forecast to expand over the coming years.

Reach: Continued expansion of national healthcare schemes by South-East and East Asian countries in response to rising demand, demographic and epidemiological trends to drive Spending.

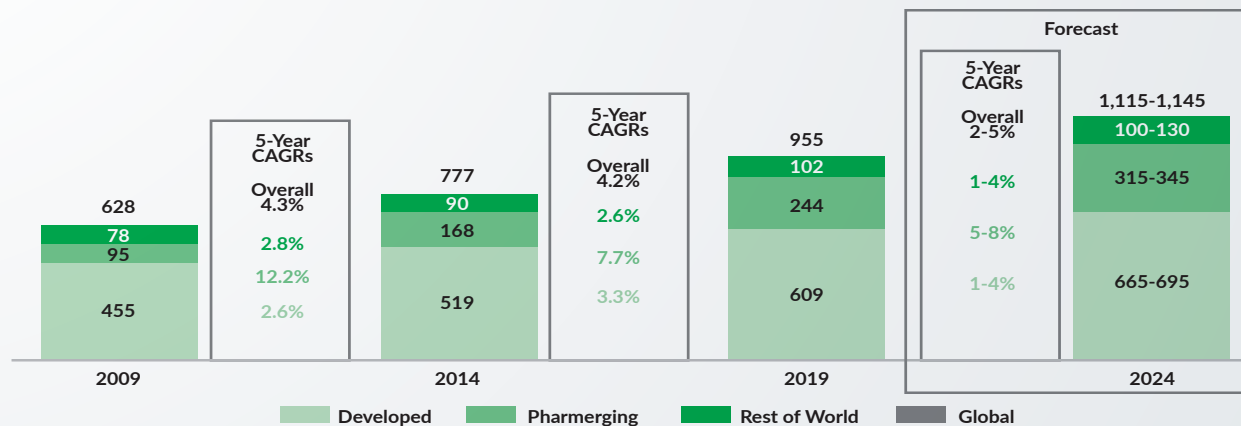
Global pricing action: Governments are exploring a range of policy options to negotiate the pricing of prescription drugs to reduce cost and increase access for patients.

New commercial strategies and emerging delivery models: The value-based model is encouraging outcomes-based financial model and data infrastructure to maximise value-based care. Latest research and innovations, preferences of patients and government policies are enabling hospitals to move to virtual

environments, moderating costs and increasing accessibility.

Nanomedicine: Nanomedicine diagnoses and treats diseases by controlling individual atoms and molecules at a minute 'nanoscale' of 1 to 100 nanometres. This helps in precise targeting and delivery systems (unlike conventional medicines). The global nanomedicine market was pegged at US\$284 billion in 2017.

Global Medicine Net Market Size and Growth 2009-2024, Constant US\$Bn



Source: IQVIA Market Prognosis, Sep 2019, IQVIA Institute, Dec 2019
Notes: Net Market Size after estimated off-invoice discounts and rebates, estimated at country level (see methodology)





Domestic pharma space

Often referred to as the Pharmacy of the World, India is a vital strategic location on the global pharma atlas and Indian firms have positioned themselves as leaders in the world life sciences space.

The country is home to a fifth of all manufacturing facilities catering to the US, the largest pharma market by volume, and hosts the largest number of plants compliant with the US-FDA guidelines.

With nearly 1,400 plants approved by the WHO-GMP (Good Manufacturing Practices), and 253 facilities certified by the European Directorate of Quality Medicines (EDQM), India is the third largest drug maker in the world by volumes. In value terms, however, the Indian pharma industry ranks 14th in the world with exports contributing to only 3.5% of the global shipments.

India is one of the largest sources of generic drugs for regulated and pharmerging markets and plays a pivotal role in optimising healthcare costs, especially in developing countries.

The Indian pharmaceutical industry has been contributing greatly to the country's economic growth. The industry provides employment to an estimated 2.7 million people in high-skill areas like R&D and manufacturing.

The industry generates over US\$11 billion of trade surplus every year and ranks among the top five sectors contributing to the lowering of India's trade deficit. More than US\$2 billion has flown into the Indian pharma space over the past three years, making it one of the top eight industries in terms of FDI inflow.

The sector's steady growth through the last few years stands witness

to India's growing importance in the global pharma space. The epidemiological transition from communicable diseases to noncommunicable diseases in the country has been a key driving force behind the growth of the Indian pharma market. The rising level of health consciousness among people and their awareness of treatment options as well as modern medicines are also contributing to the growth of the industry.

Steady trend

	2014	2015	2016	2017	2018	2019
Indian pharma market	8	15	11	8	7	9
National List of Essential Medicines (NLEM)	(9)	10	5	(6)	3	6
Non NLEM	11	16	12	10	7	10

Source: Value Growth of Indian Pharmaceutical Market (IPM), MAT July Ref (PwC API Paper)



According to government estimates, India's domestic pharma market turnover reached ₹1.4 lakh crore, or around US\$20.03 billion, in 2019-20. This makes a 9.8% jump from ₹1.29 lakh crore (or US\$18.12 billion) recorded a year back.

India ships drugs to over 200 countries and the US is the primary market. In FY20, pharma exports, comprising bulk drugs, intermediaries, formulations, herbal drugs and surgical products stood at US\$20.70 billion. Generic drugs account for 20% of the global exports in terms of volume, which makes India the world's top generics provider.

Based on an annual revenue of US\$40 billion, the Indian pharma industry is aiming for a turnover of US\$120-130 billion by 2030, averaging a

yearly growth rate of 11-12%. Once reached, India will break into the league of top five pharma markets.

A chink in its armour is feared to make the Indian pharma sector's journey to the target a tough ride. India imports about 70% of its Active Pharma Ingredients (APIs) and Key Starting Materials (KSM) from other Asian countries and this over-dependence may affect the growth because of evolving geopolitical tensions.

The government has announced a ₹1.3-billion fund to encourage domestic manufacturers of pharma ingredients to cut down on this import-dependence. Along with the funds, the industry needs a conducive ecosystem to rebuild its API manufacturing capabilities.

The Union Budget 2020-21 unveiled a slew of measures that are likely to bolster the fortunes of the domestic pharma industry.

- Allocation to the Ministry of Health and Family Welfare has increased to ₹65,012 crore (US\$9.30 billion).
- Allocation of ₹34,115 crore (US\$4.88 billion) towards the National Health Mission, the largest government-funded healthcare programme, which is expected to benefit 7.31 million poor families.
- Allocation of ₹6,400 crore (US\$915.71 million) to the health insurance scheme Ayushman Bharat – Pradhan Mantri Jan Arogya Yojna (AB-PMJAY).

The growth drivers

Cost advantage
 Skilled manpower
 India a major manufacturing hub for generics
 Globally compliant infrastructure
 Increasing penetration of chemists



Increasing fatal diseases
 Increased accessibility to drugs
 Increased penetration of health insurance
 Growing number of stress-related ailments owing to lifestyle issues
 Improved diagnostic services

National Health Policy, 2015, which focuses on increasing public expenditure on the healthcare segment
 Reduction in approval time for new facilities
 Plans to set up new pharma education and research institutes
 Exemptions to drug manufactured through indigenous R&D from price control under NPPP-2012



The API sector

The global scenario

Manufacturing of Active Pharmaceutical Ingredient (API) is a global business. Medicines prescribed in the US and Europe are as likely to contain one active ingredient made in Asia as one manufactured locally.

The supply chains for the US\$170.8-billion API market, as estimated in 2019, are tuned to the evolving demand in the drug industry, with prices and regulatory compliances being the principal drivers of change. The supplier base consists of hubs in which manufacturers specialise in producing ingredients for different segments of the pharma market.

Easy availability of raw materials and procurement helped synthetic APIs dominate the market through the last few years, including the year under review, while the biotech segment is projected to grow in the coming years facilitated by digitalisation and higher level of efficiency of molecules.

The rising emphasis on R&D and increased funding for novel drug development also led to a greater market share for Innovative APIs in 2019, while patent expiry of branded molecules is expected to drive the generic segment in the near future. Generic APIs are soon

to be adopted more by countries like India and Brazil because of the high acceptance levels of over the counter (OTC) drugs.

The Indian market

Although India held a strong position in making APIs till a few years ago, the Indian pharma market turned more and more dependent on import of bulk drugs from China to be in step with the changing market dynamics and pricing factors. In 2018-19, Indian drug makers sourced bulk drugs and intermediaries of about US\$2.4 billion from China. This was about 68% of the total import of raw materials.

China is also the single supplier for many critical intermediaries and APIs, including high-burden disease categories like cardiovascular diseases, diabetes and tuberculosis.

In fact, the market depends heavily on China for antibiotic APIs manufactured by the fermentation route.

To free India from this over-dependence on imported bulk drugs, the government has proposed an incentive package of ₹13.76 billion, or around US\$181 million, for the promotion of domestic manufacturing of starting materials, intermediates, APIs and medical devices.

The Centre has also decided to develop three mega bulk drug parks in partnership with respective state governments. These are carried out with the aim to attract investment from smaller players especially on the ₹200-500 million investment thresholds.

Pep Pill

Prices of APIs

20% down from May-June 20 period

Experts say this

signals that there would be no supply disruption in the next few months

For Antibiotics, the reliance is over

90%

Chinese suppliers

are ready to sign 2-3 months of contract with Indian buyers

India imports 70% of bulk drugs from China

₹17,400 crore worth of APIs imported from China in 2018-19





The specialty chemicals space

The global scenario

The global specialty chemicals market was estimated at US\$630.0 billion in 2019. An increasing demand for high-performance and solution-oriented chemicals across the industries such as oil and gas, pulp and paper, and personal care is projected to be the major growth driver for the sector. These are used in less volumes for specialised applications.

The year 2019 saw growth of the industrial and institutional cleaners segment as the largest market revenue share of 8.6%. Technologies and its applications as coatings, adhesives, sealants and elastomers (accounted for 3.4% in 2019) provided the much-needed push for further growth.

Asia Pacific was reported as the largest revenue contributor of 46.8% to the market in 2019. China was one of the top manufacturing hubs for most industries that led to the growth of the region as one of the fast-growing markets for specialty chemicals.

The Indian scenario

Specialty chemicals are high-value, low-volume products known for their end-use performance-enhancing applications. This sector plays a key

role in the Indian economy and is projected to drive growth in the coming years. As their solutions are customer-centric backed by knowledge, they are believed to deliver more returns than any other basic chemicals. Understanding customer requirements and application development are the major growth drivers for this sector.

Factors driving the traction

Bigger middle-class: The Indian middle-class population is on the rise and is expected to reach 148 million by 2030, by when the urban population will reach 275 million, leading to a surge in consumption.

Stronger textile sector: The increase in demand for textiles both locally as well as in markets outside India provides sufficient headroom for the chemical industry for dyeing and pigmenting to grow.

Robust automotive sector: An aspiring middle class, a rise in disposable incomes and changing urban commuting format is likely to drive the automotive sector growth which, in turn, will translate into demand for chemicals used in coatings of components.

Water conservation: To conserve water for various uses is one of the essential mottos of every country.

These specialty chemicals can be used to conserve and treat water effluents.

Booming construction sector: Specialty chemicals has immense potential to grow in the construction sector as only 0.4% of it is used in the sector as compared to 1.0% used in developed countries.

Consumption of specialty consumption: An increased focus on improving products and customer awareness are expected to drive the sector. With the growing affluence, people are ready to spend on hygiene and healthcare products, enhancing growth for these chemicals.

Refined consumption standards: Policies implemented by the government to use the products and improve society's standard of living and consumer safety is resulting in increased consumption of specialty chemicals.

IPR protection: In terms of the International Property Rights Index, India ranks 55 among 130 countries, making it a preferred choice for R&D activities and early technology lifecycle production.



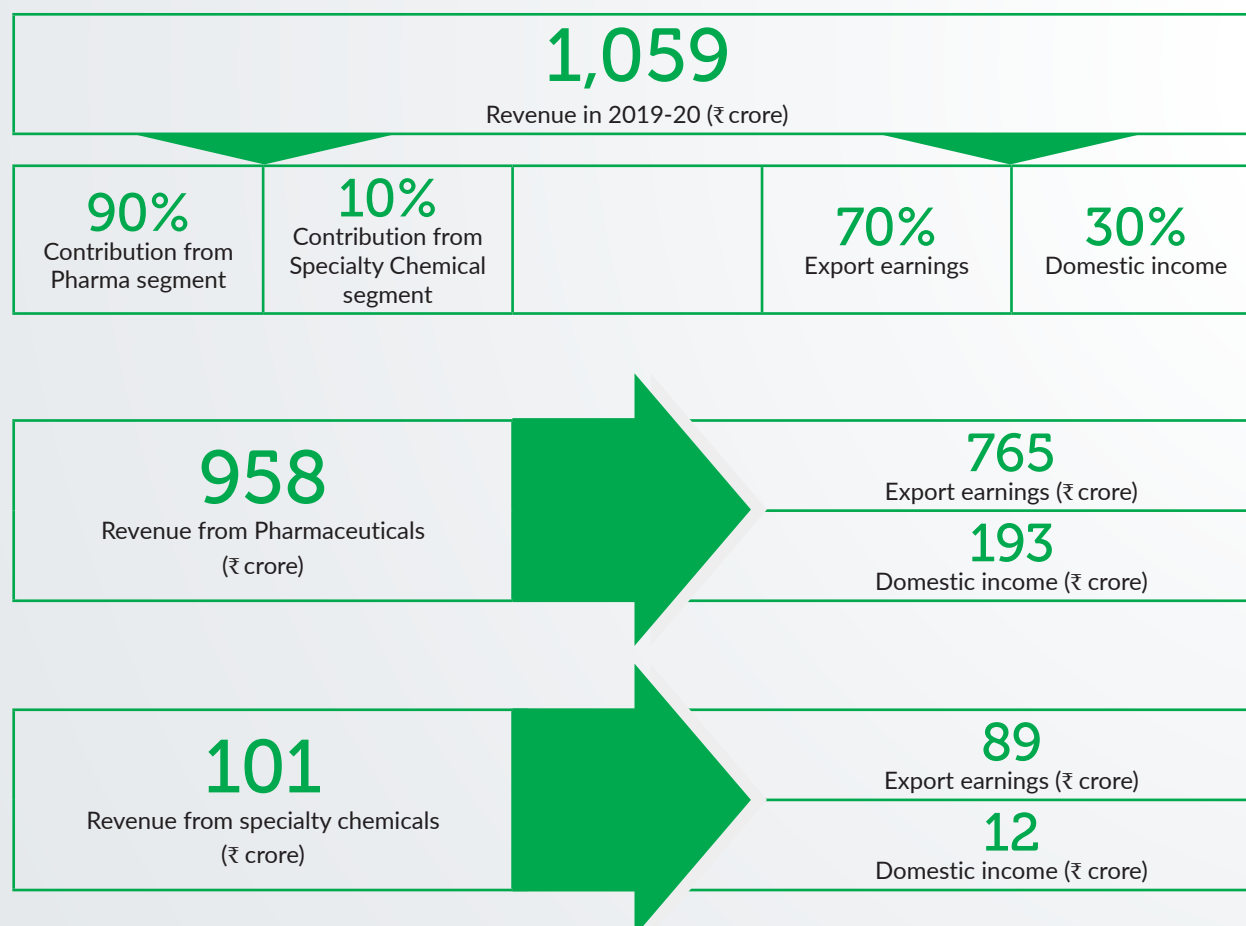
The enterprise & its business

Over its three-decade journey, Vivimed has established itself as a globally respected player in the sphere of pharmaceuticals and specialty chemicals. A passion for innovation and quality has driven the Company to nurture healthy

business relations with global corporate marques.

The Company's business is segmented broadly under two divisions – Pharmaceuticals and Specialty Chemicals.

While the common thread between the two businesses is its expertise in chemistry that helps Vivimed stand out of the clutter, the split into two distinct revenue verticals provides for superior focus on managing the operations more deftly.





Business division 1

Pharmaceuticals



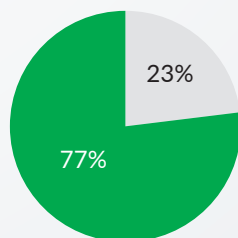
958

Revenue (₹ crore)

90%

Contribution to overall revenue (%)

Proportion of revenue from API:



Proportion of revenue from Finished Dosage:

736

Revenue from API business (₹ crore)

222

Revenue from Finished Dosage business (₹ crore)



Pharma segment 1

Active Pharmaceutical Intermediate (API)

Corporate overview <ul style="list-style-type: none"> • Flagship division of the Company. • Managed by its international subsidiary UQUIFA s.a. • Well positioned in Europe and the US with more than eight decades of experience in this business space. • Headquartered in Barcelona, with advanced production facilities spread across three continents. 	4 Manufacturing facilities
	3 R&D facilities

Complementing revenue verticals	
Generic APIs	Contract Development and Manufacturing Operations (CDMO)
<ul style="list-style-type: none"> • Volume-led business model • Manufacturing expertise leading to cost efficiency is the edge • Revenue accretive 	<ul style="list-style-type: none"> • Value-driven business model • Expertise in research for product development and timely delivery is key • Margin accretive

Performance snapshot

Revenue (₹ in crore)	
736 2019-20	896 2018-19
Change over the previous year (18%)	

EBIT (₹ in crore)	
(77) 2019-20	64 2018-19
Change over the previous year (221%)	





Generic APIs

The generic API business is the key revenue earner for the API segment, accounting for more than 75% of UQUIFA topline.

47 Active DMFs	38 Approved COS	80 Global reach (nations)	60 Distributor arrangements	Niche molecules Etofenamate Doxylamine Succinate Ranitidine Omeprazole Pantoprazole Quetiapine
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Initiatives taken during 2019-20	Growth drivers for 2020-21
Plant operation <ul style="list-style-type: none"> Capex projects implemented at all facilities to enhance operational efficiency Numerous projects implemented across facilities to optimise operating costs Regulatory approvals/filings Business flow & customer addition <ul style="list-style-type: none"> Order flow pickup towards the close of 2019 which provides sales visibility in FY21 New API launches	Supply chain disruption in the global API space owing to the Covid-19 pandemic has mandated large global pharma companies to seek a second API source which is dependable in terms of quality and delivery. Enhance wallet share with existing customers. Leverage the molecule portfolio in capitalise on the growing demand in areas such as anti-ulcer, CNS, and CVS.

CDMO services

UQUIFA is one of the first API/ advanced intermediate manufacturing companies offering R&D and cGMP manufacturing (at its three US FDA-approved facilities) across three continents. The acquisition of SONEAS (in FY19) broadens UQUIFA's market offering in the CDMO space to undertake preclinical, Phase I, II and III NCE project development.

Initiatives taken during 2019-20	Growth drivers for 2020-21
Customer addition 12	According to a recent report by Technavio, the CDMO outsourcing market is poised to reach US\$36.51 billion during 2019-2023 at a CAGR of almost 8%.
Capability addition <ul style="list-style-type: none"> Continued to strengthen Chemistry skills to cater to a wider array of development projects. Leveraged cutting-edge technology for improved outcomes. 	Growing focus on new product development with a sharpened focus on handful of molecules will increase demand for dependable partners. Widened research and delivery capabilities should widen the opportunity net.



Pharma segment 2

Finished Dosage Formulations (FDF)

Corporate overview <ul style="list-style-type: none"> Value-added segment within the pharma business. Manufactures niche formulations based on multiple delivery platforms. Caters to customers in India and across the globe. 	6 Manufacturing facilities
	1 R&D facilities

Performance snapshot

Revenue (₹ in crore)	
222 2019-20	256 2018-19
Change over the previous year (13%)	

EBIT (₹ in crore)	
30 2019-20	26 2018-19
Change over the previous year 17%	

Complementing revenue verticals	
Branded Generics	Generics
Marketed in the domestic markets.	Find acceptance in India and pharmerging markets across the globe.

Generic

- Key revenue earner for the FDF segment with a focus on reaching out to pharmerging markets.
- Approved suppliers for many government institutions like AFMSD, Railways, RMSCL and the Central Government Health Scheme.
- Includes contract manufacturing for leading domestic brands.





Initiatives taken during 2019-20	Growth drivers for 2020-21
<p>Global business</p> <ul style="list-style-type: none"> Number of products readied for the CIS markets – supplies to happen in FY21 Made a considerable headway in Canada in strengthening business relations with reputed pharmaceuticals companies Widening the product delivery platform from solids to sterile <p>Institutional business</p> <ul style="list-style-type: none"> Awarded a tender by the AP and Telangana governments for almost 11 products <p>CDMO business (managed by Finoso)</p> <ul style="list-style-type: none"> Signed 30 projects in FY20 for formulation development Acquired new customers – Morningside healthcare UK, AET Germany, Avalanche Pharma USA, and Bilim Turkey Signed 9 CDMO projects which provide long-term revenue visibility <p>Regulatory approvals</p> <ul style="list-style-type: none"> Completed procedures and received approval from the EU Successfully achieved DCGL testing laboratory approval Successfully completed US FDA audits of our ANDA @ CRO Panexcell and CMO Alathur Received approval from Health Canada 	<p>Focus on the CIS markets and Canada should see heartening growth in volumes</p> <p>Addition of the sterile platform should result in healthy growth in topline and business profitability</p> <p>Growing CDMO business adds credibility as a dependable partner and provides long-term revenue and cash flow visibility</p> <p>There lies a challenge for institutional business</p> <p>Most tenders insisting on Bio Equivalence studies which could be a rate limiting factor</p>

Branded Generics

The Company has a team of about 300 Medical Representatives (MRs) for creating awareness of its branded products in the domestic market.

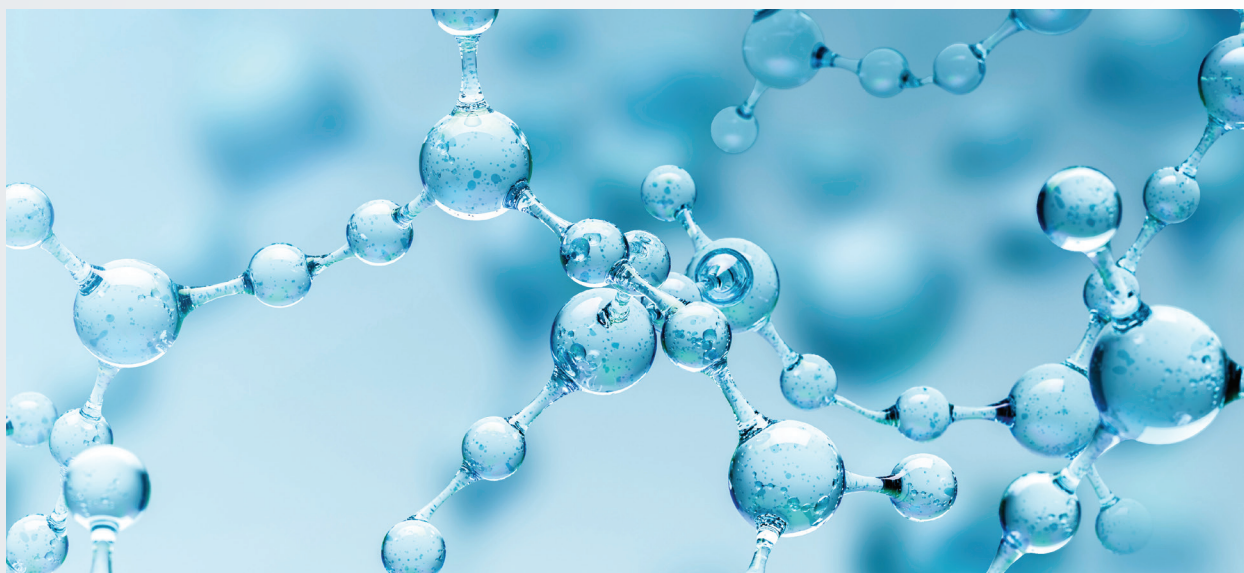
<p>18 Brands in the portfolio</p>	<p>221 MRs</p>	<p>11 States of presence</p>	<p>Leading brands</p> <ul style="list-style-type: none"> Colonil Spas Megadine Metroquin Notus SYP Vitatop Tab
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Initiatives taken during 2019-20	Growth drivers for 2020-21
<p>Geographic presence</p> <ul style="list-style-type: none"> Added members to our feet-on-the-street team. New brands/sub-brands launched in the existing footprint. Expanded our marketing footprint. <p>New product launches</p> <ul style="list-style-type: none"> Launched new products catering to diverse therapeutic segments <p>CMO with domestic brands</p> <ul style="list-style-type: none"> Discussion with Reckitt Benckiser on 4 drug combination products – product development completed Secured business from Cipla for multiple ointment products; few more in the pipeline which could happen in FY21 Achieved near-peak business volumes with GSK and P&G Discussion at an advanced stage with leading domestic pharma companies for growing the CMO piece. 	<p>Focused reach out strategy with a clear roadmap should help in growing the domestic branded generic segment.</p> <p>Addition to the product portfolio and a widening footprint should also help in growing business volumes.</p> <p>Fruition of new contracts with leading domestic pharmaceutical companies to drive volumes</p> <p>Capex required in Jeedimetla site (Unit 2) for EU approval and for securing contractual business from leading domestic pharmaceutical companies namely Zydus Cadila and Cipla.</p>



Business division 2

Specialty Chemicals



101

Revenue (₹ crore)

10%

Contribution to overall revenue (%)

Corporate overview

- Global supplier of specialty chemicals
- Global leader in the development of innovative photochromic dyes
- High-performance patented dyes sold under the name Reversacol, have earned it global respect
- USFDA-approved manufacturing facility at Bidar, Karnataka

1

Manufacturing facility

1

R&D facility





Performance snapshot

Revenue (₹ in crore)	
101 2019-20	163 2018-19
Change over the previous year (38%)	

EBIT (₹ in crore)	
5 2019-20	44 2018-19
Change over the previous year (112%)	

Multi-sector usage

Home and personal care | hair dyes | imaging chemicals | Photochromic

Initiatives taken during 2019-20	Growth drivers for 2020-21
<p>In conversation with L'Oréal for gaining support from Chimex on Imexine OV – new product potential</p> <p>Completed development of Basic Violet 2; trials at the Bidar manufacturing unit commenced</p> <p>Manufacturing block for Jarocol Red 3 - approved at Coty</p>	<p>Direct sales expected to increase with better supply chain confidence</p> <p>Consumer confidence up on Vivimed products</p>





Human Resource

Vivimed values its intellectual capital as an essential growth driver for doing business sustainably and profitably. It invests time and money to develop various programmes that help upgrade its workforce both in terms of skill and capability to address current and future business needs.

During the year under review, the Company organised several programmes to upgrade the technical skillset, behavioural traits and leadership attributes of its team.

The Company stresses on people-to-people interactions to ensure the best working chemistry between the management and the workers. This has increased the operational productivity and engagement that led to a remarkable rise in effective manhour utilisation.

Analysis of Financial Statements

(based on Consolidated Financial Statements)

The Company reported a tepid financial performance in 2019-20 marked by a drop in revenue and a sharp decline in profitability resulting in a net loss for the period under review.

Revenue from operations dropped from ₹1,315.17 crore in 2018-19 to ₹1,058.80 crore in 2019-20. In keeping with this, its EBITDA declined from ₹200 crore in 2018-19 to ₹16 crore in 2019-20. The bottomline fell into the red with a net loss of ₹109.11 crore in 2019-20 from being in the black with a net profit of ₹57.37 crore a year ago.

The Company was, however, successful in retaining its organisational liquidity. Its net cash from operations stood at ₹79.56 crore in 2019-20 as against ₹422.14 crore a year back.

The drop in profits for the year impacted shareholders' fund – it dropped from ₹943.79 crore as on March 31, 2019 to ₹834.59 crore as on March 31, 2020. On the other hand, total borrowings that includes both short and long-term loans decreased from ₹954.70 crore to ₹942.69 crore (It's includes regrouped/re-classified) over the same period. The debt-equity ratio (long-term debt to equity) stood at 1.13 as on March 31, 2020 against 1.01 as on March 31, 2019.

Significant changes (i.e. change of 25% or more as compared to the immediately previous financial years) in Key Financial Ratios, along with explanation are as under:

Particulars	2019-20	2018-19	Change
Debtors Turnover Ratio	3.5	4.2	(16)%
Inventory Turnover Ratio	2.0	2.4	(17)%
Interest Coverage Ratio	(0.9)	2.0	(143)%
Current Ratio	1.3	1.4	(9)%
Debt-Equity Ratio	1.6	1.5	12%
Operating Profit Margin			
(EBITDA Margin %)	2%	15%	(90)%
Net Profit Margin (%)	(10)%	4%	(336)%
Return on Net Worth (%)	(13)%	6%	(315)%





Internal Control Systems and their Adequacy

Vivimed maintains a system of well-established policies and procedures for internal control of operations and activities. It continuously strives to integrate the entire organisation – from strategic support functions like finance, human resource and regulatory affairs to core operations like research, manufacturing and supply chain management.

The internal audit function is further strengthened in consultation with statutory auditors for monitoring statutory and operational issues. The Company has appointed independent agencies as internal auditors. The prime objective of this audit is to test the adequacy and effectiveness of all internal control systems and suggest improvements. Significant issues are brought to the attention of the audit committee for a periodical review.

Risk management

At Vivimed, we believe that systematic risk management practices ensure effective navigation to achieve business objectives and enable sustainable growth in a volatile and complex environment.

The Company follows an ERM framework which brings together the understanding of the potential upside and downside of all those factors which can affect the organisation with an objective to maximise sustainable value to all the activities of the organisation and to its stakeholders.

The Enterprise Risk Management (ERM) framework has been designed to identify, monitor and minimise the adverse impact of strategic, operational, financial and compliance risks the organisation encounters through a consistent, collaborative and comprehensive approach.

Cautionary statement

This document contains statements about expected events and financial and operational results of the Company which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant chance that the assumptions, predictions and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, and actual results and events to differ materially from those expressed here.



CORPORATE INFORMATION

BOARD OF DIRECTORS

Prof. Bhagvanth Rao Mamidpalli	- Chairman (Independent Director)
Mr. Santosh Varalwar	- Managing Director
Dr. Manohar Rao Varalwar	- Whole Time Director
Mr. Subhash Varalwar	- Non Executive Director
Mr. Sandeep Varalwar	- Whole Time Director
Dr. Jamalapuram Harigopal	- Independent Director
Mrs.Umanath Varahabhotla	- Independent Director

CHIEF EXECUTIVE OFFICER - CUM - CHIEF FINANCIAL OFFICER

Mr.Ramesh Krishnamurthy

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Yugandhar Kopparthi

STATUTORY AUDITORS

M/s PCN & Associates, Chartered Accountants
Plot No.12, N Heights Ground Floor, Software Layout Unit,
Cyberabad,, Hyderabad - 500081

SECRETARIAL AUDITORS

Mr.N.V.S.S.Suryanarayana Rao,
Practicing Company Secretary
Plot No 232B, Road No. 6,
Samathapuri Colony, New Nagole,
Hyderabad- 500035

COST AUDITORS

M/s. A.S. Rao & Co, Cost Accountants
Dr No.6-2-981, Flat No. 501,
5th Floor, Maruthi Plaza,
Khairatabad, Hyderabad-50004

AUDIT COMMITTEE

Mrs.Umanath Varahabhotla	- Chairman
Prof. Bhagvanth Rao Mamidpalli	- Member
Mr.Sandeep Varalwar	- Member
Dr.Jamalapuram Harigopal	- Member

MANAGEMENT COMMITTEE

Dr. Manohar Rao Varalwar	-Chairman
Mr. Santosh Varalwar	- Member
Mr. Sandeep Varalwar	- Member

RISK MANAGEMENT COMMITTEE

Mr. Santosh Varalwar	- Member
Mr. Raghunandan Srirambatla	- Member
Dr.Manohar Rao Varalwar	- Member

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Prof. Bhagvanth Rao Mamidpalli	- Member
Mr.Santosh Varalwar	- Member
Dr.Manohar Rao Varalwar	- Member

NOMINATION AND REMUNERATION COMMITTEE

Dr. Jamalapuram Harigopal	- Chairman
Mrs.Umanath Varahabhotla	- Member
Mr. Subhash Varalwar	- Member
Prof. Bhagvanth Rao Mamidpalli	- Member

STAKEHOLDERS RELATIONSHIP COMMITTEE

Mr. Subhash Varalwar	- Chairman
Mr. Santosh Varalwar	- Member
Dr. Manohar Rao Varalwar	- Member
Dr. Jamalapuram Harigopal	- Member

REGISTERED OFFICE

Plot No.78/A, Kolhar Industrial Area,
Bidar - 585403, Karnataka
Tel: 08482 - 232045, Fax: 08482 - 232436

CORPORATE OFFICE

North End, Road No.2,
Banjara Hills, Hyderabad - 500034
Tel: 91-40-6608 6608, Fax: 91-40-6608 6699

REGISTRAR & TRANSFER AGENTS

Aarathi Consultants Private Limited
1-2-285, Domalguda, Hyderabad - 500029
Phone : 040-27638111/27634445,
Fax : 040-27632184
Email : info@aarathiconsultants.com

LISTING

BSE Limited
National Stock Exchange of India Limited

BANKERS / INSTITUTIONS

STATE BANK OF INDIA
INDIAN BANK (e-ALLAHABAD BANK)
BANK OF BAHRAIN & KUWAIT B.S.C
EXPORT- IMPORT BANK OF INDIA
INTERNATIONAL FINANCE CORPORATION
AMBIT FINVEST PRIVATE LIMITED

Note : Prof. Bhagvanth Rao Mamidpalli Independent Director of the company demised on 30.11.2020.



Board's Report

Dear Members,

Your Directors have pleasure in presenting the 32nd Annual Report of your Company for the financial year ended 31st March, 2020.

Financial Results

The financial performance of your Company for the year ended 31st March, 2020 is summarized below:

(₹ in million)

	Standalone		Consolidated	
	Year ended 31.03.2020	Year ended 31.03.2019	Year ended 31.03.2020	Year ended 31.03.2019
Gross Income	2,831.41	2,603.42	10670.54	13,381.30
Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)	388.27	757.92	163.63	2,000.97
Finance Charges	429.99	524.03	588.91	672.62
Depreciation/Amortization	165.68	182.59	669.35	667.90
Net Profit Before Tax	(207.40)	51.30	(1094.74)	660.45
Provision for Tax	(15.70)	(10.55)	(3.59)	86.79
Net Profit After Tax carried to Balance Sheet	(191.70)	61.86	(1091.15)	573.66
Proposed Dividend amount	-	-	-	-
Proposed Dividend Tax amount	-	-	-	-

OVERVIEW OF COMPANY'S FINANCIAL PERFORMANCE

On a consolidated basis, your Company reported total revenue of ₹10670.54 million as against ₹13,381.30 million. EBITDA for FY2020 was ₹163.63 million compared to ₹2,000.97 million in the previous year. Net profit after tax for the group for the current year is ₹(1091.15) million as against ₹573.66 million in the previous year.

Total revenue from operations on standalone basis increased to ₹2,831.40 million as against ₹2,603.42 million in the previous year. FY2020 EBITDA was ₹388.26 million compared to ₹757.92 million in the previous year. The Profit after Tax for the current year is ₹(191.69) million as against ₹61.86 million in the previous year.

COVID-19:

Pharmaceutical industry being part of the essential commodities was given special permission by Indian government to operate with minimal manpower and maintaining social distancing. The Company has followed the guidelines issued by the Government to run the operations with complete cautious approach about the health and safety of the employees. There is no material impact on the business of the Company during the year under review due to Covid-19 pandemic.

DIVIDEND

Due to proposed investment in expansions and developments in future and to conserve the available resources for the same,



the board of directors of the company have not recommend any dividend for the year FY2020.

MATERIAL CHANGES AFFECTING THE COMPANY:

There have been no material changes and commitments affecting the financial position of the Company between the end of the financial year and date of this report. There has been no change in the nature of business of the Company.

SHARE CAPITAL

The Authorised Share Capital of the Company is ₹111,00,00,000/- (Rupees One Hundred Eleven Crores only) comprising 20,00,00,000 (Twenty crores) Equity Shares of ₹2/- (Rupees Two Only) each, and 71,00,00 (Seven Lakh Ten Thousand only) Preference Shares of the Company with a par value of ₹1,000/- (Rupees One Thousand only) each. The paid-up share capital of the Company is ₹16,58,27,830/- (Rupees Sixteen Crores Fifty Eight lakhs Twenty seven thousand Eight hundred and thirty only) comprising 8,29,13,915 (Eight crores Twenty nine lakhs thirteen thousand nine hundred and fifteen only) Equity Shares of ₹2/- (Rupees Two Only) each. During the year the Company allotted 3,90,000 equity shares of ₹2/- each to the Employees of the Company Under VLL Employee Stock Option Scheme 2010.

TRANSFER TO THE INVESTOR EDUCATION & PROTECTION FUND (IEPF):

In terms of Section 124(5) of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, unclaimed dividend amounting to ₹4,08,261/- (Four lakh eight thousand two hundred and sixty one only) for the financial year 2011-12, was transferred during the year under review to the Investor Education and Protection Fund established by the Central Government.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis forms an integral part of this report and gives details of the overall industry structure, economic developments, performance and state of affairs of your Company's various businesses viz., the pharmaceuticals, Specialty chemicals, API's business, internal controls and their adequacy, risk management systems and other material developments during the financial year FY2020.

SUBSIDIARIES/ JOINT VENTURES/ ASSOCIATE COMPANIES

The statement containing the salient features of the Financial Statements of the Company's subsidiaries/ joint ventures/ associate companies is given in Form AOC-1, provided in Notes to the Consolidated Financial Statements, forming part of the Annual Report.

The highlights of performance of subsidiaries, joint ventures and associate companies and their contribution to the overall performance of the Company during the financial year is given under 'Annexure 1' to the Consolidated Financial Statements forming part of the Annual Report.

During the year the Company sold its 100% stake in step down subsidiary Viz. Vivimed Labs Europe Ltd pursuant to the shareholders resolutions passed through postal ballot notice dated: 23.08.2018.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the provisions of Section 152 of the Companies Act, 2013, Mr. Subhash Varalwar (Non-Executive, Non- Independent Director), of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

Mr.Santosh Varalwar was re-appointed as Managing Director of the Company in 27th Annual General Meeting held on 30th September 2015 for a period of five years w.e.f.14th August 2015. Mr. Manohar Rao Varalwar was re-appointed as a WTD by the members in the 27th Annual General Meeting held on 30th September 2015 for a period of five years w.e.f.14th August 2015, Mr. Sandeep Varalwar was re-appointed as a WTD by the members in the 27th Annual General Meeting held on 30th September 2015 for a period of five years w.e.f.14th August 2015. The current term of them as Managing Director/ whole Time Directors of the Company expires on August 13, 2020

In view of their consistent efforts which have contributed to the growth of the organisation and the sincere service rendered for the better performance of the organisation during their tenure as Managing Director /whole time Directors, the Board of Directors on the recommendation of the Nomination and Remuneration Committee, has decided to re-appoint Mr.Santosh Varalwar as Managing Director and Mr.Manohar Rao Varalwar and Mr. Sandeep Varalwar as whole





time Directors of the Company for a further period of 5 (five) years effective from August 14, 2020 under Section 196, 197, 203 read with Schedule V of the Companies Act, 2013 and rules made thereunder. The approval of the members is being sought to the terms, conditions and stipulations for the re-appointment of Mr.Santosh Varalwar as Managing Director and Mr. Manohar Rao Varalwar and Mr.Sandeep Varalwar as Whole time Directors and the remuneration payable to them and resolution pertaining to the same is contained in the notice calling Annual General Meeting.

During the year under review, the members approved the appointment of Mr.Harigopal Jamalapuram, as Independent Director of the Company and Prof.M.Bhagvant Rao, was appointed as Independent Director of the Company at the 31st AGM, who are not liable to retire by rotation.

Mrs.Umanath Varahabhotla was appointed as an Independent Director of the Company in 27th Annual General Meeting held on September 30, 2015 for a period of 5 years up to 32nd Annual General Meeting to be held in calendar year 2020. In view of her consistent efforts which have contributed to the growth of the organisation and the sincere service rendered for the better performance of the organisation during her tenure as an Independent Director, the Board of Directors on the recommendation of the Nomination and Remuneration Committee, has decided to re-appoint Mrs.Umanath Varahabhotla, as an Independent Director of the Company for a further period of 5 (five) years under applicable provisions of Companies Act, 2013 and rules made thereunder. The approval of the members is being sought to the terms, conditions and stipulations for the re-appointment of Mrs.Umanath Varahabhotla, as an Independent Director and resolution pertaining to the same is contained in the notice calling Annual General Meeting.

Mr.Raghunandan Srirambatla, Whole Time Director & CFO of the Company demised on 25 June, 2020. The Board expressed its condolences and appreciated and put on record the valuable services rendered by Mr.Raghunandan Srirambatla during his tenure of directorship in the Company. Mr.Nixon Patel, Independent Director of the Company has resigned from the Board of Directors of the Company on 19 December, 2019. The Board appreciated and put on record the valuable services rendered by Mr. Nixon Patel during his tenure of directorship in the Company. Prof.M.Bhagvant Rao, Independent Director of the Company demised on 30

November, 2020. The Board expressed its condolences and appreciated and put on record the valuable services rendered by Prof.M.Bhagvant Rao during his tenure of directorship in the Company. Shri. Santosh Varalwar, Managing Director, Shri. Manohar Rao Varalwar, Whole Time Director, Shri.Sandeep Varalwar, Whole Time Director, Shri.Ramesh Krishnamurthy, Chief Executive Officer and Shri.K.Yugandhar, Company Secretary, are the Key Managerial Personnel of your Company in accordance with the provisions of Sections 2(51), 203 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or reenactment(s) for the time being in force).

Your Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under the provisions of the Companies Act, 2013 read with the Schedules and Rules issued thereunder as well as Regulation 16(1)(b) of Listing Regulations (including any statutory modification(s) or reenactment(s) for the time being in force). In the opinion of the Board, the Independent Directors of the Company fulfill the conditions specified in the Act and Listing Regulations and are independent of the management.

The Company has devised a Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors which include criteria for performance evaluation of the non-executive directors and executive directors.

The Board of Directors has complete access to the information within the Company. Independent Directors have the freedom to interact with the Company's management. Interactions happen during Board / Committee meetings, when CXOs are asked to make presentations about performance of the Company to the Board. Apart from this, they also have independent interactions with the Statutory Auditors, the Internal Auditors and external advisors appointed from time to time. Further, they meet without the presence of any management personnel and their meetings are conducted informally to enable the Independent Directors to discuss matters pertaining to the Company's affairs and put forth their combined views to the Board of Directors of the Company.

BOARD EVALUATION:

The Company has devised a Policy for performance evaluation



of Independent Directors, Board, Committees and other individual Directors which include criteria for performance evaluation of the Non-Executive Directors and Executive Directors. Pursuant to the provisions of the Companies Act, 2013 read with the Rules issued there under and the Listing Regulations (including any statutory modification(s) or re-enactment(s) for the time being in force), the process for annual evaluation of the performance of the Board, its Committees and individual Directors was carried out in accordance with the policies in force.

CONSOLIDATED ACCOUNTS

The Consolidated Financial Statements of your Company for the financial year FY2020 are prepared in compliance with applicable provisions of the Companies Act, 2013 read with the Rules issued thereunder, applicable Accounting Standards and the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the "Listing Regulations"). The consolidated financial statements have been prepared on the basis of audited/ unaudited financial statements of your Company, its subsidiaries and associate companies, as approved by the respective Board of Directors.

COMPLIANCE WITH SECRETARIAL STANDARDS:

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India.

DIRECTOR'S RESPONSIBILITY STATEMENT:

Pursuant to the requirement of Section 134(5) of the Companies Act, 2013, with respect to the Director's Responsibility Statement, the Board of Directors of the Company hereby confirm that:

- a) in the preparation of the annual accounts for the year ended March 31, 2020, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2020 and of the profit of the Company for the year ended on that date;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the annual accounts on a 'going concern' basis for the financial year ended March 31, 2020;
- e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION:

The policy of the Company on directors' appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a director and other matters are adopted as per the provisions of the Companies Act, 2013. The remuneration paid to the Directors is as per the terms laid out in the nomination and remuneration policy of the Company.

DISCLOSURE RELATING TO REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND PARTICULARS OF EMPLOYEES:

The remuneration paid to the Directors is in accordance with the Nomination and Remuneration Policy formulated in accordance with Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations (including any statutory modification(s) or re-enactment(s) for the time being in force). The salient aspects covered in the Nomination and Remuneration Policy have been outlined in the Corporate Governance Report which forms part of this report.

The Managing Director of your Company does not receive remuneration from any of the subsidiaries of your Company.

The information required under Section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of Directors/ employees of your Company is set out in





Annexure-2 to this report and is also available on the website of your Company (www.vivimedlabs.com).

FAMILIARISATION PROGRAMME FOR THE INDEPENDENT DIRECTORS

In compliance with the requirements of Regulation 25(7) of the Listing Regulations, the Company has put in place a Familiarisation Programme for the Independent Directors to familiarise them with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model etc. The details of the Familiarisation Programme conducted are available on the website of the Company www.vivimedlabs.com.

HUMAN RESOURCES:

The management believes that the competent and committed human resources are vitally important to attain success in the organization. In line with this philosophy, utmost care is being exercised to attract quality resources and suitable training is imparted on various skill-sets and behavior. Annual sports and games were conducted across the organization to enhance the competitive spirit and encourage bonding teamwork among the employees.

LOANS, GUARANTEES & INVESTMENTS

Details of loans, guarantees and investments under the provisions of Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, as on 31st March, 2020, are set out in the Standalone Financial Statements forming part of this report.

INTERNAL FINANCIAL CONTROLS RELATED TO FINANCIAL STATEMENTS

Your Company has put in place adequate internal financial controls with reference to the financial statements, some of which are outlined below.

Your Company has adopted accounting policies which are in line with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 that continue to apply under Section 133 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. These are in accordance with generally accepted accounting principles in

India. Changes in policies, if any, are approved by the Audit Committee in consultation with the Statutory Auditors.

The policies to ensure uniform accounting treatment are prescribed to the subsidiaries of your Company. The accounts of the subsidiary companies are audited / unaudited and certified by their respective Statutory Auditors / management for consolidation.

Your Company operates in SAP, an ERP system, and has many of its accounting records stored in an electronic form and backed up periodically. The ERP system is configured to ensure that all transactions are integrated seamlessly with the underlying books of account. Your Company has automated processes to ensure accurate and timely updation of various master data in the underlying ERP system.

Your Company has a robust financial closure self-certification mechanism wherein the line managers certify adherence to various accounting policies, accounting hygiene and accuracy of provisions and other estimates.

Your Company operates a shared service center which handles all payments made by your Company. This center ensures adherence to all policies laid down by the management.

Your Company in preparing its financial statements makes judgments and estimates based on sound policies and uses external agencies to verify/ validate them as and when appropriate. The basis of such judgments and estimates are also approved by the Statutory Auditors and Audit Committee.

The Management periodically reviews the financial performance of your Company against the approved plans across various parameters and takes necessary action, wherever necessary.

Your Company has a code of conduct applicable to all its employees along with a Whistle Blower Policy which requires employees to update accounting information accurately and in a timely manner. Any non-compliance noticed is to be reported and actioned upon in line with the Whistle Blower Policy.

Your Company gets its Standalone accounts limited review every quarter by its Statutory Auditors.





PUBLIC DEPOSITS

During the year under review, your Company has not accepted any deposit within the meaning of Sections 73 and 74 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 (including any statutory modification(s) or re-enactment(s) for the time being in force).

CORPORATE GOVERNANCE:

The Company is committed to maintain the highest standards of corporate governance and adhere to the corporate governance requirements set out by Securities and Exchange Board of India (SEBI). The report on Corporate Governance as stipulated under the Listing Regulations forms an integral secretarial part of this Report. The requisite certificate from the secretarial Auditors of the Company confirming compliance with the conditions of corporate governance is attached to the report on Corporate Governance.

EMPLOYEES' STOCK OPTION SCHEMES

Last year, the Company has granted 25,00,000 options to eligible employees under the Vivimed Labs ESOP 2017 at ₹35/- per option (exercise price). The shares covered by such options are 25,00,000 equity shares of ₹2/- each (face value).

During the year the Company allotted 3,90,000 equity shares of ₹2/- each to the Employees of the Company Under VLL Employee Stock Option Scheme 2010.

Pursuant to regulation 13 of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, certificate from M/s.PCN & Associates, Statutory Auditors is given as Annexure-3 to the Board's report.

Disclosure with respect to the Employees' Stock Option Scheme in compliance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 is available on the Company's website.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

There are no significant and material orders passed by the regulators or courts or tribunals which impact the going concern status and Company's operations in future.

INSURANCE:

All properties and insurable interests of the Company

including buildings, plant and machinery and stocks have been fully insured.

CREDIT RATING

CARE Ratings Limited has reaffirmed the credit rating for the Company as "CARE D", for long-term bank facilities and "CARE D" for short-term bank facilities due to on account of deterioration in the liquidity profile of the company at the back of cash flow mismatches resulting in delays in meeting debt obligations.

AUDITORS AND AUDITORS' REPORT

(i) Statutory Auditors:

M/s.PCN & Associates, Chartered Accountants, (Firm Registration No.016016S), were appointed as the Statutory Auditors of the Company for a period of 5 (five) years at the 30th Annual General Meeting till the conclusion of the 35th Annual General Meeting of the Company.

The Auditor's Report for the financial year ended March 31, 2020, has been issued with an unmodified opinion, by the Statutory Auditors.

During the year under review, there was no audit qualification on your Company's financial statements.

(ii) Cost Auditors:

In accordance with Section 148 of the Companies Act, 2013 read with Companies (Audit & Auditors') Rules, 2014 and the Companies (Cost Records and Audit) Amendments Rules, 2014, the Company maintains the cost records in respect of its business.

Your Board has appointed M/s.A.S.Rao & Co, Cost Accountants, (Firm Registration No.000326), as the Cost Auditors of the Company for the Financial Year 2020-21. As required by the Act, the remuneration of the Cost Auditors has to be ratified by the Members and accordingly the resolution relating to the Cost Auditors is being placed before the Members for their ratification.

(iii) Secretarial Auditors & Secretarial Audit Report:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr.N.V.S.S.Suryanarayana Rao,



Practicing Company Secretary (Certificate of Practice No.2886), to undertake the Secretarial Audit of the Company for the financial year 2019-20. The Secretarial Audit Report issued in Form MR-3 is in Annexure -4 to this Report. There are no qualifications, reservations or adverse remarks in the Secretarial Audit Report, except interest on delayed dividend payment is pending (Dividend for the Financial Year 2017-2018 declared at AGM held on 27.09.2018).

DISCLOSURES:

Meetings of the Board

Five meetings of the Board of Directors were held during the year. The particulars of meetings held and attended by each Director are detailed in the Corporate Governance Report, which forms part of this Report.

Audit Committee

The Audit Committee comprises majority of Independent Directors namely Mrs. Umanath Varahabhotla (Chairperson), *Mr. M Bhagvanth Rao, Mr. Sandeep varalwar and Mr. Harigopal Jamalapuram as other members. During the year all the recommendations made by the Audit Committee were accepted by the Board.
*Demised on 30.11.2020

Vigil Mechanism

The Company has a Vigil mechanism and a Whistle - blower policy in accordance with provisions of the Act and Listing Regulations, under which the employees are free to report violations of applicable laws and regulations and the Code of Conduct. Protected disclosures can be made by a whistle blower through a dedicated e-mail, or a letter to the Chairman of the Audit Committee.

The Policy on vigil mechanism and whistle blower policy may be accessed on the Company's website at: www.vivimedlabs.com

Code of Conduct

A declaration regarding compliance with the code of conduct signed by the Company's Managing Director is published in the Corporate Governance Report which forms part of the annual report.

Particulars of Loans given, Investments made, Guarantees

given and Securities provided Particulars of loans given, investments made, guarantees given and securities provided are provided in the standalone financial statement (Please refer to Notes to the standalone financial statement).

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under the Act, are provided in Annexure -5 to the Board's Report.

Extract of Annual Return

The Extract of Annual Return as per the provisions of Section 92 of the Companies Act, 2013 and Rule 12 of Companies (Management and Administration) Rules, 2014 in Form MGT-9 is annexed as Annexure -6 to this report.

Particulars of Employees and related disclosures

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended thereof, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules forms part of this Report.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 also forms part of this Report.

Maintenance of Cost Records specified by the Central Government under Section 148 of the Companies Act, 2013

The Company has complied with the provisions relating to maintenance of Cost Records as specified by the Central Government under Section 148 of the Companies Act, 2013 during the year under review.

Policy on Sexual Harassment and Constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has a Policy on "Prevention of Sexual Harassment of Women at Workplace" for the matters connected therewith or incidental thereto covering all the





aspects as contained under the “The Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013” and constituted an Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the year under review, the Company has not received any complaints pertaining to Sexual Harassment.

The Company regularly conducts awareness programs for its employees.

General

Your Directors state that no disclosure or reporting is required in respect of the following matters as there were no transactions on these items during the year under review:

- Details relating to deposits covered under Chapter V of the Act.
- Issue of equity shares with differential rights as to dividend, voting or otherwise.
- Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except Employee Stock Option Scheme referred to in this Report.
- The Company does not have any scheme of provision of money for the purchase of its own shares by employees or by trustees for the benefit of employees.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
- No fraud has been reported by the Auditors to the Audit Committee or the Board.

RELATED PARTY TRANSACTIONS:

In accordance with Sec 134(h) of the Companies Act, 2013 and Rule 8(2) of Companies (Accounts) Rules, 2014, the

particulars of contracts or arrangements entered into by the Company with the Related Parties referred to in Sec.188(1) of the Act, have been provided in Form AOC-2 and attached the same as Annexure-7. The details of related party disclosures as stated in the notes to the financial statements forms part of this annual report.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES:

Pursuant to the provisions of Section 135 and Schedule VII of the Companies Act, 2013, CSR Committee of the Board of Directors had framed the policy on Corporate Social Responsibility and the Projects and Programs undertaken by the Company during the year under review have been provided in Annexure - 8 and forms part of this Report.

ACKNOWLEDGEMENTS

Your Directors wish to thank all stakeholders, employees and business partners, Company's bankers, medical professionals and business associates for their continued support and valuable cooperation.

The Directors also wish to express their gratitude to investors for the faith that they continue to repose in the Company.

For and on behalf of the Board

Sd/-

Manohar Rao Varalwar
Whole time Director

Sd/

Santosh Varalwar
Managing Director

Place: Hyderabad

Date: 04.12.2020

ANNEXURE -1 TO BOARD'S REPORT

FORM AOC-1

Performance and financial position of each of the subsidiaries, associates and joint venture (Pursuant to Rule 8 of Companies (Accounts) Rules, 2014)

Part- A- Subsidiaries

Sl. No.	Name of the Subsidiary Company & Address	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments (Refer Note 4 below)	Turnover	Profit/(Loss) before Taxation	Tax Expense/ (Benefit)	Profit/(Loss) after Taxation	Proposed Dividend
1	Finoso Pharma Pvt Ltd SP Biotech Park - Phase-I, Block-I Turkapally, Shameerpet Mandal Hyderabad TG 500078 IN	-	30.15	47.03	188.62	188.62		243.61	27.89	6.63	21.26	
2	Vivimed Specialty Chemicals Private Limited PLOT NO. 78-A, KOLHAR INDUSTRIAL AREA,, KOLHAR, BIDAR - 585403, Karnataka, INDIA	-	0.1	-	-	-		-	-	-	-	
3	UQUJIFA India Private Limited North End, 8-2120/86/9/A/1 & 12,, Anil Athmaja HousingSocty, Road No: 2,, Banjara Hills, Hyderabad, Telangana, India, 500034	-	0.11	9.06	58.34	58.34		80.84	10.34	3.38	6.96	
4	Vivimed Holdings Limited Rooms 2702-03, 27/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wan Chai, Hong Kong	-	0.07	-601.04	2362.1	2362.1		-	-65.14	-13.31	-51.82	
5	Vivimed Labs USA INC. 1100 Cornwall Road, Suite 160, Monmouth Junction, NJ 08852	-	0.0005	320.35	853.76	853.76		-	-	-	-	

(₹ in Millions)





Sl. No.	Name of the Subsidiary Company & Address	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments (Refer Note 4 below)	Turnover	Profit/(Loss) before Taxation	Tax Expense/ (Benefit)	Profit/(Loss) after Taxation	Proposed Dividend
6	Vivimed Labs Mauritius Limited C/o First Island Trust Company Ltd, ST. James Court, Suite 308, ST. Denis Street, Port Louis, Mauritius	-	460.41	649.63	3334.53	3334.53		14.24	-17.65	-	-17.65	
7	Vivimed Labs UK Limited PO BOX B3, Leeds Road, Huddersfield HD1 6BU	-	1178.54	191.98	1594.86	1594.86		25.7	-16.38	-	-16.38	
8	Vivimed Labs Spain S.L. c/ Mallorca, 262, 3º -08008 BARCELONA-SPAIN-	-	7.31	409.44	3776.64	3776.64		30.5	-123.8	-	-123.8	
9	Union Quimico Farmaceutica S.A.U c/ Mallorca, 262, 3º -08008 BARCELONA-SPAIN-	-	209.87	731.27	5726.3	5726.3	4092.85		-899.62	7.93	-907.55	
10	Holliday International Limited PO BOX B3, Leeds Road, Huddersfield, HD1 6BU	-	0.01	1306.49	1311.06	1311.06		635.78	660.45	-	660.45	
11	Uquifa Mexico S.A. de C.V. 37 Este, No 126, Civac, 62570 Jiutepec, Morelos, México	-	133.79	683.21	1622.02	1622.02	2071.48		9.26	587.06	-577.81	
12	UQUIFA SCIENCES (MASCARENE) LTD C/o First Island Trust Company Ltd, ST. James Court, Suite 308, ST. Denis Street, Port Louis, Mauritius	-	3252.21	37.62	4960.84	4960.84		-	-0.01	-	-0.01	
13	Soneas Chemicals Ltd Illatos út 33. H-1097 Budapest Hungary	-	464.92	113.81	1278.08	1278.08	730.07		28.46	10.59	17.87	
14	Soneas Research Ltd Illatos út 33. H-1097 Budapest Hungary	-	291.37	-80.2	730.32	730.32	439.93		33.7	10.07	23.63	

Part B- Associates and Joint Ventures

Sl. No.	Name of the Subsidiary Company & Address	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments (Refer Note 4 below)	Turnover	Profit/(Loss) before Taxation	Tax Expense/ (Benefit)	Profit/(Loss) after Taxation	Proposed Dividend
1	Yantra Green Power Pvt. Ltd., Plot No.1303&1304, 2nd Floor, Khanamet,Ayyappa Society, Madhapur,Hyderabad-500081	-	150	-	-	-	-	-	-	-	-	-

Part C. Particulars of Loans, Guarantees or Investments made/ given during the year under Section 186

Nature of transaction (whether loan/ guarantee/ security/ acquisition)	Date of making loan/ acquisition / giving guarantee/ providing security	Name and address of the person or body corporate to whom it is made or given or whose securities have been acquired (Listed/ Unlisted entities)	Amount of loan/ security/ acquisition / guarantee	Time period for which it is made/ given	For loans		
					Rate of interest	Date of maturity	
(1)	(2)	(3)	(4)	(5)	(7)	(8)	
Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

On behalf of the Board of Directors for Vivimed Labs Limited

Place: Hyderabad,

Date: 04.12.2020

Sd/-

Santosh Varalwar
Managing Director

Sd/-

Manohar Rao Varalwar
Whole time Director



ANNEXURE -2 TO BOARD'S REPORT

PARTICULARS OF REMUNERATION AS PER SECTION 197[12] OF THE COMPANIES ACT, 2013 READ WITH RULE 5[1] OF THE COMPANIES [APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL] RULES, 2014.

A. Ratio of remuneration of each Director to the median remuneration of all the employees of your company for the Financial year 2019-20 is as follows:

Name of Director(s)	Total Remuneration (₹)	Ratio of remuneration of director to the Median remuneration
Santosh Varalwar	60,00,004	26.17
Manohar Rao Varalwar	60,00,004	26.17
Sandeep Varalwar	60,00,004	26.17
Srirambatla Raghunandan*	50,00,004	21.81
Subhash Varalwar	1,75,000	0.76
Prof M Bhagvanth Rao*	3,25,000	1.42
Nixon Patel*	50,000	0.21
Umanath Varahabhotla	3,00,000	1.30
Hari Gopal Jamalapuram*	25,000	0.10

Notes:

- *Mr. Srirambatla Raghunandan, Director of the Company demised on June 25, 2020, Mr.Nixon Patel, has resigned from the Board on 19.12.2020 & Dr. Hari Gopal Jamalapuram appointed as an independent Director on 14.02.2020. *Prof M Bhagvanth Rao demised on 30.11.2020.
- The information provided above is on standalone basis.
- The remuneration of Non-Executive Directors is sitting fees paid to them for the financial year 2019-20.
- Median remuneration of the Company for all its employees is ₹2,29,200 /- for the financial year 2019-20.
- The remuneration to Directors is within the overall limits approved by the shareholders of your Company.

B. Details of percentage increase in the remuneration of each Director and CEO, CFO & Company Secretary in the financial year 2019-20 are as follows:

Name(s)	Designation	Remuneration (in ₹)		Increase (in %)
		2019-20	2018-19	
Santosh Varalwar	Managing director	60,00,004	60,00,004	0
Manohar Rao Varalwar	Whole-time director	60,00,004	60,00,004	0
Sandeep Varalwar	Whole-time director	60,00,004	60,00,004	0
Srirambatla Raghunandan	Whole-time director	50,00,004	50,00,004	0
Prof M Bhagvanth Rao	Director	3,25,000	4,25,000	(23.53)
Nixon Patel	Director	50,000	25,000	50.00
Subhash Varalwar	Non Executive Director	1,75,000	2,25,000	(22.22)
Umanath Varahabhotla	Director	3,00,000	3,75,000	(20.00)
Hari Gopal Jamalapuram	Director	25,000	-	-
Yugandhar Kopparthi	Company Secretary	28,20,000	22,92,863	22.99



C. Percentage increase/decrease in the median remuneration of all employees in the financial year 2019-20:

(Amount in ₹)

	2019-20	2018-19	Decrease (in %)
Median remuneration of all employees per annum	2,29,200	2,29,905	(0.30)

D. Number of permanent employees on the rolls of your Company as on 31st March, 2020:

Executive/Manager cadre	161
Staff	479
Operators/Workmen	298
Total	938

E. Explanation on the relationship between average increase/decrease in remuneration and Company Performance:

The decrease in average remuneration of all employees in the financial year 2019-20 as compared to the financial year 2018-19 was (0.30)%.

The key indices of Company's performance are:

(₹ in millions)

	2019-20	2018-19	Growth (%)
Net Revenue from operations	2831.40	2603.43	8.75
Profit Before Tax and Exceptional Items	(207.39)	51.30	(304.26)
Profit After Tax	(191.69)	61.85	(209.92)

Your Company is committed in ensuring fair pay and a healthy work environment for all its employees. Your Company offers competitive compensation to its employees. The pay also incorporates external factors like cost of living to maintain concurrence with the environment. Your Company maintains a simple compensation structure which allows the employees to have flexibility in the way in which they realize their salaries. Internal equity is ensured by appropriate fitment at the time of the employee joining a particular cadre and grade. The fixed pay for an employee depends on his/her performance against the objectives set for the year. The variable pay is paid out to the employee on the basis of the performance of your Company and the corresponding business unit or function he/ she forms a part of. Thus, there will be a positive correlation in the increase in remuneration of employees and your Company's performance; however, a perfect correlation will not be visible given the dependency on the other factors stated above.

F. Comparison of the remuneration of the Key Managerial Personnel against the performance of your Company:

The Profit Before Tax and Exceptional Items decreased by (304.26)% in 2019-20, compared to 2018-19.

The details of remuneration of Key Managerial Personnel are given in point 'H' below.



G. Details of Share price and market capitalization:

The details of variation in the market capitalization and price earnings ratio as at the closing date of the current and previous financial years are as follows:

	As on 31st March, 2020	As on 31st March, 2019	Increase/ (decrease) (%)
Price Earnings Ratio	(3.14)	31.2	(109.94)
Market Capitalization(₹.In millions)	599.13	1931.05	(68.97)

Comparison of share price at the time of first public offer and market price of the share of 31st March, 2020:

Market Price as on 31st March, 2020	7.26
Price at the time of initial public offer in 2005 (converted to price of each share for face value of ₹2/- each) ₹2/- each)	14.00
% increase of market price over the price at the time of initial public offer	(48.14)

Note: Closing share price on the BSE Limited (BSE) has been used for the above tables.

H. Comparison of average percentage increase in salary of employees other than key managerial personnel and the percentage increase in the key managerial remuneration:

	2019-20 (₹)	2018-19 (₹)	Increase (%)
Average salary of all employees (other than Key Managerial Personnel)	3,92,876	3,32,995	17.98
Key Managerial Personnel			
- Salary of MD	60,00,004	60,00,004	0
- Salary of CFO *	50,00,004	50,00,004	0
- Salary of CS	28,20,000	22,92,863	22.99

Note: * Mr.Srirambatla Raghunandan, Whole Time Director & CFO of the Company demised on June 25, 2020

I. Key parameters for the remuneration paid to the Directors:

The key parameters for the remuneration paid to the Directors are decided by the Nomination and Remuneration Committee in accordance with the principles laid down in the Nomination and Remuneration Policy.

Following are major principles for determining remuneration to the Directors:

- (i) Commission to the Non-Executive Directors: The Nomination and Remuneration Committee recommends the Commission (variable component) payable to the Non- Executive Directors after considering their contribution to the decision making process at meetings of the Board / Committees, participation and time spent as well as providing strategic inputs and supporting the highest level of Corporate Governance and Board effectiveness. The Committee also reviews the commission and remuneration paid to Non-Executive Directors including Independent Directors of other similar sized companies. It is within the overall limits fixed by the shareholders of your Company.



(ii) Commission to the Managing Director, and other whole time Directors: The Nomination and Remuneration Committee evaluate the performance of the Managing Director and other whole time Directors by setting their Key Performance Objectives or Key Performance Parameters at the beginning of each financial year. The Committee approves the compensation package of them and ensures that the compensation package is in accordance with applicable laws, in line with the Company's objectives, shareholders' interests, industry standards and have an adequate balance between fixed and variable components.

J. There are no employees of the Company who receive remuneration in excess of the highest paid Director of your Company.

K. Affirmation that the remuneration is as per the Nomination and Remuneration Policy of your Company:

It is affirmed that the remuneration paid to the Directors, Key Managerial Personnel and senior management is as per the Nomination and Remuneration Policy of your Company.

Statement containing the particulars of employees in accordance with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

L. List of employees of your Company employed throughout the financial year 2019-20 and were paid remuneration not less than ₹60 lakhs per annum

Name	Designation	Remuneration (₹)	Qualification	Experience (years)	Joining Date	Age (years)	Last employment
Santosh Varalwar	Managing Director	60,00,004	Management Graduate	34	09/11/1989	58	Shipping Corporation of India
Manohar Rao Varalwar	Whole-time Director	60,00,004	Post-graduation in Veterinary Sciences	31	10/11/1994	84	Department of Animal Husbandry, Government of Andhra Pradesh
Sandeep Varalwar	Whole-time Director	60,00,004	Graduation in B.Pharmacy	25	23/01/2008	51	V V S Pharmaceuticals & Chemicals Pvt Ltd.

Notes:

1. Shri Santosh Varalwar, Shri. Manohar Rao Varalwar, and Shri. Sandeep Varalwar (Directors) are relatives to each other.
2. The contractual terms of Shri.Santosh Varalwar, Shri.Manohar Rao Varalwar, and Shri.Sandeep Varalwar (Directors) are governed by the resolutions passed by the shareholders in the 27th AGM of your Company held on 30th September, 2015.
3. The above mentioned Directors are part of the promoter group and holding (Along with other promoters and persons acting in concert with them) 2,71,89,927 shares of ₹.2/- each (32.79% to the total paid up capital) of your Company.
4. Remuneration includes salary, bonus, commission, various allowances, performance incentive, contribution to provident fund and superannuation fund and taxable value of perquisites but excludes provision for gratuity and leave encashment.



M. Employees employed for the part of the year and were paid remuneration during the financial year 2019-20 at a rate which in aggregate was not less than ₹.5 lakhs per month:

Name	Designation	Remuneration (₹)	Qualification	Experience (years)	Joining Date	Age (years)	Last employment
NIL							

On behalf of the Board of Directors
for Vivimed Labs Limited

Place: Hyderabad,
Date: 04.12.2020

Sd/-
Santosh Varalwar
Managing Director

Sd/-
Manohar Rao Varalwar
Whole time Director



ANNEXURE -3 TO BOARD'S REPORT

INDEPENDENT AUDITORS' CERTIFICATE ON IMPLEMENTATION OF SHARE BASED EMPLOYEE BENEFIT SCHEME

To,
The Board of Directors
Vivimed Labs Limited
PlotNo.78/A, Kolhar Industrial Area,
Bidar - 585403, Karnataka 1

Independent Auditors' certificate on implementation of Share Based Employee Benefit Scheme in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the terms of resolution of the Company passed in the general meeting.

1. This Certificate is issued in accordance with the terms of our engagement letter with Vivimed Labs Limited ('the Company') dated 14.11.2019.

Management's Responsibility

2. The Company's management is solely responsible for ensuring that the Company's Share Based Employee Benefit Scheme ('Scheme') has been implemented in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as amended from time to time ('SEBI Regulations') and the terms of the resolutions passed by the Company in the general meeting.
3. The Management of the Company is also responsible for the preparation of the financial statements including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Auditors' Responsibility

4. We, P C N & ASSOCIATES, the statutory auditors of the Company have been requested by the Management of the Company to certify that the Company has complied with the SEBI Regulations in relation to the Vivimed Labs Limited Employees Stock Option Plan 2010 approved by the Company at their general meeting held on 18 September 2010 and Employees Stock Option Plan 2017 at their general meeting held on 29 September 2017.
5. Based on this information and pursuant to the requirements of the SEBI Regulations, it is our responsibility to certify that the Company's Scheme have been implemented in accordance with the SEBI Regulations and are in accordance with the terms of the resolution passed by the Company in the general meeting.
6. For the purpose of this certificate, we have relied on the audited standalone financial statements of the Company for the year ended 31 March 2020 and information and documents as made available to us by the Company.
7. We have verified the books of account and other records maintained in relation to the Scheme by the Company on a test check basis. We have also obtained appropriate representation from the Company's management.



8. The audited standalone financial statements referred to in paragraph 6 above have been audited by us, on which we issued an unmodified audit opinion vide our report dated 25 July 2020. Our audit of these standalone financial statements was conducted in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India ('ICAI'). Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free of material misstatement
9. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) ('Guidance Note') issued by the ICAI. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
10. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

11. Based on the examination carried out by us and the information and explanation provided to us, we certify, to best of our knowledge and belief, that the Vivimed Labs Limited Employees Stock Option Plan 2010 approved by the Company at their general meeting held on 18 September 2010 and Employees Stock Option Plan 2017 at their general meeting held on 29 September 2017 have been implemented in accordance with the provisions of the SEBI Regulations and relevant amendments from time to time and in accordance with the terms of the aforesaid resolutions passed by the Company.

Restriction on Use

12. This Certificate has been issued to the Company for placing before the Company's shareholders at its annual general meeting and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Date: 02.12.2020

Place: Hyderabad

for **P C N & ASSOCIATES.,**

Chartered Accountants

Firm registration Number: 016016S

Sd/-

K.Gopala Krishna

Partner

Membership Number: 203605

ICAI UDIN: 20203605AAAAHM1070



ANNEXURE -4 TO BOARD'S REPORT

FORM NO. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31STMARCH 2020

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members
Vivimed Labs Limited
78/A, Kolhar Industrial Area,
Bidar – 585403, Karnataka

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **VIVIMED LABS LIMITED** (hereinafter referred to as “the Company”), Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31stMarch, 2020 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31stMarch, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye- laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable to the Company during the Audit Period);



- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the Audit Period);
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the Audit Period); and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit Period).

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India;
- (ii) The Listing Agreement entered into by the Company with Stock Exchanges;
- (iii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (with effect from 1st December, 2015).

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except interest on delayed dividend payment is pending (Dividend for the Financial Year 2017-2018 declared at AGM held on 27.09.2018).

I further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test – check basis, the Company has complied with the following laws applicable specifically to the Company:

- a. The Environment (Protection) Act, 1986 and The Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989;
- b. Air (Prevention and Control of Pollution) Act, 1981 and Rules issued by the State Pollution Control Boards; and
- c. Water (Prevention and Control of Pollution) Act, 1974 and Rules issued by the State Pollution Control Boards.
- d. Drugs (Control) Act, 1950
- e. Drugs and Cosmetics Act, 1940 and the Drugs and Cosmetics Rules, 1945
- f. Narcotic Drugs and Psychotropic Substances Act, 1985
- g. The Food Safety and Standards Act, 2006
- h. The Indian Boilers Act, 1923

I further report that -

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





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

All decisions at Board Meetings and Committee Meetings are carried out unanimously/with requisite majority as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, there was no specific event / action having a major bearing on the Company's affairs in pursuance to the laws, rules, regulations, guidelines, etc., referred to above.

Sd/-

NVSS SURYANARAYANA RAO

Company Secretary in practice

ACS No.5868

CP NO.2886

UDIN number A005868B001296542

Place: Hyderabad,

Date: 24.11.2020



To
The Members
Vivimed Labs Limited
78/A, Kolhar Industrial Area,
Bidar – 585403,Karnataka

My report of even date is to be read along with this letter.

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

Sd/-
NVSS SURYANARAYANA RAO
Company Secretary in practice
ACS No.5868
CP NO.2886
UDIN number A005868B001296542

Place: Hyderabad,
Date: 24.11.2020



ANNEXURE -5 TO BOARD'S REPORT

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

Section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014

Particulars of conservation of energy

All the manufacturing units continued their efforts to reduce the specific energy consumption. Specific and total energy consumption is tracked on a daily basis at individual factory/ block level and also at consolidated manufacturing level. Energy conservation initiatives are being planned and implemented across manufacturing locations. Energy audits are conducted at all the manufacturing units at regular intervals and the findings of the audits are implemented. Apart from regular practices and measures for energy conservation, many new initiatives were driven across the units by Process optimization and automation, Optimisation of Electrical Equipment, Lighting, Other key initiatives for Energy conservation:

Power and Fuel Consumption

Particulars	FY 2019-20	FY 2018-19
1. Electricity		
Unit (KWH)(in Mn)	6.63	6.15
Total amount (₹ in Mn)	55.44	51.40
Average rate/Unit (₹)	8.36	8.36
2. Own generation from Diesel generator set		
Unit (KWH)(in Mn)	0.61	1.68
Total amount (₹ in Mn)	12.15	14.45
Average rate/Unit (₹)	20.02	8.59
3. Coal		
Quantity (MT)	2099.91	2407.14
Total cost (₹ in Mn)	14.30	23.36
Average rate/MT (₹)	6808.07	9705.01

Consumption per unit of production

Particulars	Standards	Current year	Previous year
Products (with details) unit Electricity Furnace oil Coal	Since the Company manufactures a wide range of specialty chemicals, API's and different combinations of finished dosages, it is not practicable to give consumption per unit of production.		

Technology absorption

Particulars of absorption

1. Technology absorption, adaptation and innovation

The Research and Development (R&D) discipline aims to work on products that strengthen the competitive position in the Market primarily on differentiated portfolio. Formulation R&D efforts at Vivimed are directed towards exploring the options of vertical integration. To meet customer demands, our teams focus on innovate techniques in product development. The Company is continuously striving to strengthen its R&D teams and infrastructure.





2. Benefits derived as a result of the above efforts

- Efficient processes.
- Robust Product development engine
- Super value proposition to our customers and key stake holders
- Competitive advantage in the specialty chemicals /pharmaceutical space

3. Imported technology:

- Research and Development (R&D)

The Vivimed R&D is focused on revitalizing our growth engine to balance short, mid and long-term goals. The company is committed to offer superior and affordable solutions for products with intrinsic challenges at the chemistry, engineering and formulation technology areas.

Our R&D primarily caters to our in-house product development requirements for specialty chemicals, API, PFI and Finished Dosage products. Our development philosophy aims to collaborate and offer a business model of delivering end-to-end solutions across Over the Counter (OTC) monograph, OTC Abbreviated New Drug Application (ANDA) and prescription drugs.

The Company provides comprehensive drug development resources and solutions for pre-formulation, formulation development, analytical development, CGMP, scale- up, stability and also co-ordinate for conducting bioavailability and bioequivalence studies for regulated and emerging markets. The Company possesses capabilities to develop several IR and MR solid dosage products and filing dossier and ANDA for regulated markets including the U.S., Canada, Europe, Australia and other countries.

R&D currently focuses on developing and filing generic products for regulated markets and also on large volume OTC drugs and the products with intrinsic challenges. In addition, R&D is working to build a healthy products portfolio for enhanced and sustainable growth on extending our product reach line extensions for existing products and also adding value through applications such as extended release.

- Benefits derived as a result of the above R & D

Vivimed could achieve a long term sustainability to offer superior value to its customers which would enable the Company to achieve Global leadership position.

- Future plan of action

The Company intends to focus on different classes of projects, in line with our Business strategy; some, which can generate revenue in the short-term and some, more in the future. The pipeline is being designed to cater products of variable complexities in the areas of chemistry, IP, regulatory, engineering and manufacturing.

The Company will offer wider basket of Products to the regulated Markets including CIS countries, North America and Europe.

Expenditure incurred on Research and Development (₹ In million)

Particulars	FY 2019-20	FY 2018-19
Capital	-	-
Revenue	419.34	363.04
Total	419.34	363.04

Foreign exchange earnings and Outgo (₹ In million)

Particulars	FY 2019-20	FY 2018-19
Foreign Exchange Earnings	744.63	1921.61
Foreign Exchange Outgo	770.22	535.29

On behalf of the Board of Directors
for Vivimed Labs Limited

Place: Hyderabad,
Date: 04.12.2020

Sd/-
Santosh Varalwar
Managing Director

Sd/-
Manohar Rao Varalwar
Whole time Director



ANNEXURE -6 TO BOARD'S REPORT

EXTRACT OF ANNUAL RETURN AS ON 31ST MARCH, 2020 FORM NO. MGT-9

[Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12 (1) of the Companies
(Management and Administration) Rules, 2014]

I. REGISTRATION & OTHER DETAILS:

i.	CIN	L02411KA1988PLC009465
ii.	Registration Date	22/09/1988
iii.	Name of the Company	Vivimed Labs Limited
iv.	Category/Sub-Category of the Company	Limited Company
v.	Address of the Registered office and contact details	Vivimed Labs Limited Plot No.78/A, Kolhar Industrial Area, Bidar, Karnataka-585403, INDIA Phone No.:+ 91-8482-232045, +91- 8482 - 232436 www.vivimedlabs.com
vi.	Whether shares listed on recognized Stock Exchange (s)	YES
	BSE Limited (BSE)	532660
	The National Stock Exchange of India Limited (NSE)	VIVIMEDLAB
vii.	Name and Address of Registrar & Transfer Agents (RTA)	Aarthi Consultants Private Limited 1-2-285, Domalguda, Hyderabad, Telangana- 500029, INDIA Phone : +91-40-27638111/27634445, Fax : +91-40-27632184 Email : info@arthiconsultants.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Pharmaceutical / chemical Products	21002	100%



III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

[No. of Companies for which information is being filled] - 13

SN	Name and address of the Company	Company Identification Number	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section of Companies Act, 2013
1	Finoso Pharma Pvt. Ltd. SP Biotech Park - Phase-I, Block-I Turkapally, Shameerpet Mandal Hyderabad TG 500078 IN	U24231TG2009PTC064774	Subsidiary	a) 1015000 equity shares held by Vivimed Labs Limited b) ₹.10 each c) 100%	2(87)
2	Vivimed Specialty Chemicals Private Limited PLOT NO. 78-A, KOLHAR INDUSTRIAL AREA, KOLHAR, BIDAR - 585403, Karnataka, INDIA	U24100KA2015PTC081669	Subsidiary	a) 10,000 equity shares held by Vivimed Labs Limited b) ₹.10 each c) 100% held by Vivimed Labs Limited	2(87)
3	UQUIFA India Private Limited North End, 8-2120/86/9/A/1 & 12,, Anil Athmaja HousingSocty, Road No: 2,, Banjara Hills, Hyderabad, Telangana, India, 500034	U24304TG2017FTC118240	Subsidiary	a) 10,000 equity shares held by Union Quimico Farmaceutica S.A.U b) ₹.10 each c) 100% held by Union Quimico Farmaceutica S.A.U	2(87)
4	Vivimed Holdings Limited Rooms 2702-03, 27/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wan Chai, Hong Kong	Not Applicable	Subsidiary	a) 10,000 equity shares held by Vivimed Labs Limited b) HK \$ 1 each c) 100% held by Vivimed Labs Limited	2(87)
5	Vivimed Labs USA INC. 1100 Cornwall Road, Suite 160, Monmouth Junction, NJ 08852	Not Applicable	Subsidiary	a) 1000 b) US \$ 0.01 each c) 100% held by Vivimed Labs Limited	2(87)
6	Vivimed Labs Mauritius Limited C/o First Island Trust Company Ltd, ST. James Court, Suite 308, ST. Denis Street, Port Louis, Mauritius	Not Applicable	Subsidiary	a) 90,00,000 equity shares b) US \$ 1 each c) 100% held by Vivimed Labs Limited	2(87)
7	Vivimed Labs UK Limited PO BOX B3,Leeds Road, HuddersfieldHD1 6BU	Not Applicable	Subsidiary	a) 1,30,53,755 b) £ 1 each c) 100% held through Vivimed Labs Mauritius Limited	2(87)





SN	Name and address of the Company	Company Identification Number	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section of Companies Act, 2013
8	Vivimed Labs Spain S.L. c/ Mallorca, 262, 3º -08008 BARCELONA-SPAIN-	Not Applicable	Subsidiary	a) 18,27,5000 b) E.1 each c) 100% held through Vivimed Labs UK Limited	2(87)
9	Union Quimico Farmaceutica S.A.U c/ Mallorca, 262, 3º -08008 BARCELONA-SPAIN-	Not Applicable	Subsidiary	a) 8,23,529 nominative shares b) E.3.726275 each c) 100% held through Vivimed Labs Spain S.L.	2(87)
10	Holiday International Limited PO BOX B3,Leeds Road, Huddersfield,HD1 6BU	Not Applicable	Subsidiary	a) 101 ordinary shares b) £ 1 each c) 100% held through Vivimed Labs Spain, S.L.	2(87)
11	Uquifa Mexico S.A. de C.V. 37 Este, No 126, Civac, 62570 Jiutepec, Morelos, México	Not Applicable	Subsidiary	a) 36,54,96,000 b) No nominal value c) 100% 36,54,95,999 fully paid shares held by Holliday International Limited and 1 fully paid share held by Vivimed Labs UK Limited	2(87)
12	UQUIFA SCIENCES (MASCARENE) LTD C/o First Island Trust Company Ltd, ST. James Court, Suite 308, ST. Denis Street, Port Louis, Mauritius	Not Applicable	Subsidiary	a) 1000 ordinary shares b) USD 1 each c) 100% held through Vivimed Labs Mauritius Limited	2(87)
13	Soneas Chemicals Ltd Illatos út 33. H-1097 Budapest, Hungary	Not Applicable	Subsidiary	a) HUF 39,592,790 b) 1 business quota c) 100% held through Vivimed Labs Spain S.L.	2(87)
14	Soneas Research Ltd Illatos út 33., H-1097 Budapest Hungary	Not Applicable	Subsidiary	a) HUF 462,400,000 b) 1 business quota c) 100% held through Vivimed Labs Spain S.L.	2(87)
Associates					
	Yantra Green Power Pvt. Ltd Plot No.1303 and 1304, Sy.No.11/27, Second Floor, Khanamet, Hi-Tech City, Ayyappa Society, Madhapur, Hyderabad, Telangana	U40108TG2013PTC087049	Associate	2500000 shares of ₹.10 each 35.66% held by Vivimed Labs Ltd	2(6)

VI. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
A. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2019]@ ₹.2/- each			No. of Shares held at the end of the year [As on 31-March-2020]@ ₹.2/- each #			% Change during the year
	Demat	Physical	Total	Demat	Physical	Total	
A. Promoters							
(1) Indian							
a) Individual/ HUF	1,60,72,045	-	1,60,72,045	14877927	-	14877927	1.53
b) Central Govt	0	-	0	0	-	0	0
c) State Govt(s)	0	-	0	0	-	0	0
d) Bodies Corp.	1,23,12,000	-	1,23,12,000	12312000	-	12312000	0.07
e) Banks / FI	0	-	0	0	-	0	0
f) Any other	0	-	0	0	-	0	0
Total shareholding of Promoter (A)	2,83,84,045	-	2,83,84,045	27189927	-	27189927	1.6
B. Public Shareholding							
1. Institutions							
a) Mutual Funds	0	-	0	0	-	0	0
b) Banks / FI	3,95,555	-	3,95,555	50	-	50	0.48
c) Central Govt	96,130	-	96,130	96,130	-	96,130	0.12
d) State Govt(s)	0	-	0	0	-	0	0
e) Venture Capital Funds	0	-	0	0	-	0	0
f) Insurance Companies	0	-	0	0	-	0	0
g) FIs	0	-	0	0	-	0	0
h) Foreign Venture Capital Funds	0	-	0	0	-	0	0
i) Others (specify) -Foreign Portfolio Investor	33,57,497	-	33,57,497	29,48,973	-	29,48,973	0.51
Sub-total (B)(1):-	38,49,182	-	38,49,182	30,45,153	-	30,45,153	0.99



Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2019]@ ₹.2/- each			No. of Shares held at the end of the year [As on 31-March-2020]@ ₹.2/- each #			% Change during the year
	Demat	Physical	Total	Demat	Physical	Total	
2. Non-Institutions							
a) Bodies Corporate							
i) Indian	66,35,942	-	66,35,942	63,78,867	-	63,78,867	0.35
ii) Overseas	91,50,685	-	91,50,685	9150685	-	9150685	0.05
b) Individuals							
i) Individual shareholders holding nominal share capital upto ₹ 2 lakh	2,35,92,066	40,870	2,36,32,936	2,45,72,042	-	2,45,72,042	-1
ii) Individual shareholders holding nominal share capital in excess of ₹2 lakh	44,47,735	-	44,47,735	69,09,752	-	69,09,752	-2.94
c) Others (specify)-	17,000	-	17,000	0	-	0	0.02
NBFCs Registered with RBI							
Non Resident Indians	40,48,647	-	40,48,647	41,11,706	-	41,11,706	-0.05
Foreign Nationals	-	1369840	1369840	-	13,69,840	13,69,840	0.01
Clearing Members	9,55,116	-	9,55,116	1,81,993	-	1,81,993	0.94
Trusts	32,787	-	32,787	4,000	-	4,000	0.04
Foreign Bodies - D R	0	-	0	0	-	0	0
Sub-total (B)(2):-	4,88,79,978	14,10,710	5,02,90,688	5,26,78,885	13,69,840	5,40,48,725	-4.24
Total Public Shareholding (B)=(B)(1)+ (B)(2)	5,27,29,160	14,10,710	5,41,39,870	5,57,24,038	13,69,840	5,70,93,878	-3.25
C. Shares held by Custodian for GDRs & ADRs							
Grand Total (A+B+C)	8,11,13,205	14,10,710	8,25,23,915	8,15,44,075	13,69,840	8,29,13,915	-

B. Shareholding of Promoter-

SN	Shareholder's Name	Shareholding at the beginning of the year (As on 01.04.2019) @₹.2/- each		Shareholding at the end of the year (As on 31.03.2020) @₹.2/- each		% change in shareholding during the year
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company	
1	BBR PROJECTS PRIVATE LIMITED	12312000	14.85	1,23,12,000	14.85	0
2	SANTOSH VARALWAR	55,99,050	6.75	55,99,050	6.75	0
3	VARALWAR SANDEEP	30,69,765	3.72	18,75,647	2.26	1.46
4	MANOHAR RAO VARALWAR	12,94,225	1.56	12,94,225	1.56	0
5	SUJATHA VARALWAR	18,93,995	2.28	18,93,995	2.28	0
6	VITHABAI VARALWAR	9,73,345	1.18	9,73,345	1.18	0
7	VARALWAR SUBHASH	16,16,200	1.95	16,16,200	1.95	0
8	SHEETAL VARALWAR	5,68,985	0.69	5,68,985	0.69	0
9	S RAGHUNANDAN	3,17,500	0.38	3,17,500	0.38	0
10	VIJAYKUMAR VARALWAR	1,50,000	0.18	1,50,000	0.18	0
11	MADHAVI VARALWAR	2,00,000	0.24	2,00,000	0.24	0
12	MAMATHA GURNUKAR	1,50,000	0.18	1,50,000	0.18	0
13	VARALWAR PADMA	33,250	0.04	33,250	0.04	0
14	NEELIMA VIJAYA VARALWAR	1,00,000	0.12	1,00,000	0.12	0
15	SATISH GOOTY AGRAHARAM	55,635	0.07	55,635	0.07	0
16	CHANDRASHEKHARRAO SUDIGALI	50,095	0.06	50,095	0.06	0
		2,83,84,045	34.39	2,71,89,927	32.79	1.46

* The % of shares pledged/encumbered represents % of shares pledged/encumbered as a % of the total shares of your Company.

The term "encumbrance" has the same meaning as assigned to it in Regulation 28(3) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.


C. Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Particulars	Shareholding		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2019 to 31.03.2020)	
		No. of Shares at the beginning (01.04.2019) / end of the year (31.03.2020)	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
1	BBR PROJECTS PRIVATE LIMITED	1,23,12,000	14.85	01.04.2019	-	-	1,23,12,000	14.85
2	NEELIMA VIJAYA VARALWAR	1,23,12,000	14.85	31.03.2020	-	-	1,23,12,000	14.85
3	VIJAYKUMAR VARALWAR	1,00,000	0.12	01.04.2019	-	-	1,00,000	0.12
4	VARALWAR SUBHASH	1,50,000	0.18	01.04.2019	-	-	1,50,000	0.18
5	MADHAVI VARALWAR	1,50,000	0.18	31.03.2020	-	-	1,50,000	0.18
6	VITHABAI VARALWAR	16,16,200	1.95	01.04.2019	-	-	16,16,200	1.95
7	VARALWAR SANDEEP	16,16,200	1.95	31.03.2020	-	-	16,16,200	1.95
		2,00,000	0.24	01.04.2019	-	-	2,00,000	0.24
		2,00,000	0.24	31.03.2020	-	-	2,00,000	0.24
		9,73,345	1.18	01.04.2019	-	-	9,73,345	1.18
		9,73,345	1.17	31.03.2020	-	-	9,73,345	1.17
		30,69,765	3.72	01.04.2019	-	-	30,69,765	3.72
		30,69,765	3.72	23.01.2020	-16,00,000	Buy/ Transfer	14,69,765	1.77
		14,69,765	1.77	06.03.2020	92,266	Buy/ Transfer	15,62,031	1.88
		15,62,031	1.88	09.03.2020	1,76,599	Buy/ Transfer	17,38,630	2.09
		17,38,630	2.09	16.03.2020	1,37,017	Buy/ Transfer	18,75,647	2.26
		18,75,647	2.26	31.03.2020	-	-	18,75,647	2.26
8	SANTOSH VARALWAR	55,99,050	6.75	01.04.2019	-	-	55,99,050	6.75
		55,99,050	6.75	31.03.2020	-	-	55,99,050	6.75

Sl. No.	Particulars	Shareholding		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2019 to 31.03.2020)	
		No. of Shares at the beginning (01.04.2019) / end of the year (31.03.2020)	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
9	MANOHAR RAO VARALWAR	12,94,225	1.56	01.04.2019	-	-	12,94,225	1.56
		12,94,225	1.56	31.03.2020	-	-	12,94,225	1.56
10	MAMATHA GURNUKAR	1,50,000	0.18	01.04.2019	-	-	1,50,000	0.18
		1,50,000	0.18	31.03.2020	-	-	1,50,000	0.18
11	SATISH GOOTY AGRAHARAM	55,635	0.07	01.04.2019	-	-	55,635	0.07
		55,635	0.07	31.03.2020	-	-	55,635	0.07
12	SUJATHA VARALWAR	18,93,995	2.28	01.04.2019	-	-	18,93,995	2.28
		18,93,995	2.28	31.03.2020	-	-	18,93,995	2.28
13	SHEETAL VARALWAR	5,68,985	0.69	01.04.2019	-	-	5,68,985	0.69
		5,68,985	0.69	31.03.2020	-	-	5,68,985	0.69
14	VARALWAR PADMA	33,250	0.04	01.04.2019	-	-	33,250	0.04
		33,250	0.04	31.03.2020	-	-	33,250	0.04
15	S RAGHUNANDAN	3,17,500	0.38	01.04.2019	-	-	3,17,500	0.38
		3,17,500	0.38	31.03.2020	-	-	3,17,500	0.38
16	CHANDRASHEKHARRAO SUDIGALI	50,095	0.06	01.04.2019	-	-	50,095	0.06
		50,095	0.06	31.03.2020	-	-	50,095	0.06



**D. Shareholding Pattern of top ten Shareholders:
(Other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.	Shareholder's Name	Shareholding		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	KITARA PIIN 1102				
	At the beginning of the year	9150685	11.04	9150685	11.04
	Bought during the year	-	-	-	-
	Sold during the year	-	-	-	-
	At the end of the year	9150685	11.04	9150685	11.04
2	WILLIAM F HARVEY				
	At the beginning of the year	1369840	1.65	1369840	1.65
	Bought during the year	-	-	-	-
	Sold during the year	-	-	-	-
	At the end of the year	1369840	1.65	1369840	1.65
3	SAMEER MAHENDRA SAMPAT				
	At the beginning of the year	1359165	1.64	1359165	1.64
	Bought during the year	-	-	-	-
	Sold during the year	-	-	-	-
	At the end of the year	1359165	1.64	1359165	1.64
4	TUSHAR RAMESHCHANDRA MEHTA				
	At the beginning of the year	1014975	1.22	1014975	1.22
	Bought during the year	228511	0.27	228511	0.27
	Sold during the year	-	-	-	-
	At the end of the year	1243486	1.49	1243486	1.49
5	KITARA PIIN 1101				
	At the beginning of the year	1219300	1.47	1219300	1.47
	Bought during the year	-	-	-	-
	Sold during the year	-	-	-	-
	At the end of the year	1219300	1.47	1219300	1.47

Sl. No.	Shareholder's Name	Shareholding		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
6	SILKON TRADES LLP				
	At the beginning of the year	250700	0.3	250700	0.3
	Bought during the year	762664	0.91	762664	0.91
	Sold during the year	-	-	-	-
	At the end of the year	1013364	1.22	1013364	1.22
7	PREMIER INVESTMENT FUND LIMITED				
	At the beginning of the year	800000	0.96	800000	0.96
	Bought during the year	-	-	-	-
	Sold during the year	-	-	-	-
	At the end of the year	800000	0.96	800000	0.96
8	SWETSAM STOCK HOLDING PRIVATE LIMITED				
	At the beginning of the year	297175	0.35	297175	0.35
	Bought during the year	346282	0.42	346282	0.42
	Sold during the year	-	-	-	-
	At the end of the year	643457	0.77	643457	0.77
9	FIDELITY PURITAN TRUST-FIDELITY LOW-PRICED STOCK FUND				
	At the beginning of the year	600000	0.72	600000	0.72
	Bought during the year	-	-	-	-
	Sold during the year	-	-	-	-
	At the end of the year	600000	0.72	600000	0.72
10	AAKARSHAN TRACOM PRIVATE LIMITED				
	At the beginning of the year	355000	0.42	355000	0.42
	Bought during the year	240000	0.28	240000	0.28
	Sold during the year	-	-	-	-
	At the end of the year	595000	0.72	595000	0.72

1. The above information is based on the weekly beneficiary position received from the Depositories.

2. Date wise increase or decrease in shareholding of the top ten shareholders is available on the website of your Company (www.vivimedlabs.com)





E. Shareholding of Directors and Key Managerial Personnel:

1. DIRECTORS

Sl. No.	Particulars	Shareholding			Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2019 to 31.03.2020)	
		No. of Shares at the beginning (01.04.2019) / end of the year (31.03.2020)	% of total Shares of the Company	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
1	MANOHAR RAO VARALWAR	12,94,225	1.56	1.56	01.04.2019	-	-	12,94,225	1.56
		12,94,225	1.56	1.56	31.03.2020	-	-	12,94,225	1.56
2	SANTOSH VARALWAR	55,99,050	6.75	6.75	01.04.2019	-	-	55,99,050	6.75
		55,99,050	6.75	6.75	31.03.2020	-	-	55,99,050	6.75
3	VARALWAR SUBHASH	16,16,200	1.95	1.95	01.04.2019	-	-	16,16,200	1.95
		16,16,200	1.95	1.95	31.03.2020	-	-	16,16,200	1.95
		30,69,765	3.72	3.72	01.04.2019	-	-	30,69,765	3.72
		30,69,765	3.72	3.72	23.01.2020	-16,00,000	Buy/ Transfer	14,69,765	1.77
4	VARALWAR SANDEEP	14,69,765	1.77	1.77	06.03.2020	92,266	Buy/ Transfer	15,62,031	1.88
		15,62,031	1.88	1.88	09.03.2020	1,76,599	Buy/ Transfer	17,38,630	2.09
		17,38,630	2.09	2.09	16.03.2020	1,37,017	Buy/ Transfer	18,75,647	2.26
		18,75,647	2.26	2.26	31.03.2020	-	-	18,75,647	2.26
5	S RAGHUNANDAN	3,17,500	0.38	0.38	01.04.2019	-	-	3,17,500	0.38
		3,17,500	0.38	0.38	31.03.2020	-	-	3,17,500	0.38

2. KEY MANAGERIAL PERSONNEL

Sl. No.	Particulars	Shareholding			Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2019 to 31.03.2020)	
		No. of Shares at the beginning (01.04.2019) / end of the year (31.03.2020)	% of total Shares of the Company	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
1	YUGANDHAR KOPPARTHI	-	-	-	01.04.2019	-	-	-	-
		-	-	-	31.03.2020	-	-	-	-
2	S RAGHUNANDAN	3,17,500	0.38	0.38	01.04.2019	-	-	3,17,500	0.38
		3,17,500	0.38	0.38	31.03.2020	-	-	3,17,500	0.38

V) INDEBTEDNESS -		(₹ In Millions)			
Indebtedness of the Company including interest outstanding/accrued but not due for payment					
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness	
Indebtedness at the beginning of the financial year (As on 01.04.2019)					
i) Principal Amount	1233.16	-	-		1233.16
ii) Interest due but not paid	4.64	-	-		4.64
iii) Interest accrued but not due	-	-	-		-
Total (i+ii+iii)	1237.79	-	-		1237.79
Change in Indebtedness during the financial year					
• Addition	-	-	-		-
• Reduction	95.90	-	-		95.90
Net Change	(95.90)	-	-		(95.90)
Indebtedness at the end of the financial year (As on 31.03.2020)					
i) Principal Amount	1028.18	-	-		1028.18
ii) Interest due but not paid	113.72	-	-		113.72
iii) Interest accrued but not due	-	-	-		-
Total (i+ii+iii)	1141.90	-	-		1141.90

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

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

SN.	Particulars of Remuneration	Name of MD/WTD				Total Amount
		Dr. V. Manohar Rao	Santosh Varalwar	Sandeep Varalwar	Raghunandhan S (WTD cum CFO)*	
1	Gross salary (excluding Commission)					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	60,00,004	60,00,004	60,00,004	50,00,004	2,90,00,020
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-





4	Commission - as % of profit - others, specify...	-	-	-	-	-	-
5	Others, please specify	-	-	-	-	-	-
	Total (A)	60,00,004	60,00,004	60,00,004	50,00,004	2,90,00,020	
	Ceiling as per the Act	1,20,00,000	1,20,00,000	1,20,00,000	1,20,00,000	4,80,00,000	

Note: *Mr. Srirambatla Raghunandan, Director of the Company demised on June 25, 2020.

* Remuneration paid to the Managing Director & Other Whole time Directors is within the ceiling provided under Resolutions passed in general meeting.
(As per schedule V of Companies act 2013).

B. Remuneration to other directors

1. Independent Directors:

Name of Director	Fee for attending board /committee meetings	Commission	Others#	Total
BHAGVANTH RAO MAMIDPALLI	3,25,000	-	-	3,25,000
NIXON PATEL*	50,000	-	-	50,000
UMANATH VARAHABHOTLA	3,00,000	-	-	3,00,000
HARI GOPAL JAMALAPURAM*	25,000	-	-	25,000
Total	7,00,000	-	-	7,00,000
Ceiling as per the Act	45,00,000	-	-	45,00,000

Notes:

1. * Mr.Nixon Patel, has resigned from the Board on 19.12.2019 & Dr. Hari Gopal Jamalapuram appointed as an independent Director on 14.02.2020.

2. Non-Executive Directors:

Name of Director	Fee for attending board /committee meetings	Commission	Others#	Total
SUBASH VARALWAR	1,75,000	-	-	1,75,000
Total	1,75,000	-	-	1,75,000

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

SN	Particulars of Remuneration	Key Managerial Personnel			Total
		K.Yugandhar Company Secretary	Raghuinandhan S (WTD cum CFO)*	CEO	
1	Gross salary	28,20,000	50,00,004	-	78,20,004
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	28,20,000	50,00,004	-	78,20,004

Note: *Mr. Srirambatla Raghunandan, (WTD cum CFO) of the Company demised on June 25, 2020.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

No penalties/punishment/compounding of offences were levied under the Companies Act, 2013

On behalf of the Board of Directors for Vivimed Labs Limited

Place: Hyderabad,
Date: 04.12.2020

Sd/-

Santosh Varalwar
Managing Director

Sd/-

Manohar Rao Varalwar
Whole time Director

ANNEXURE -7 TO BOARD'S REPORT

CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. Brief outline of your Company's CSR policy:

In accordance with the CSR Policy of your Company, the CSR initiatives would be focused around the following identified thrust areas for channelizing the resources on a sustained basis:

Promoting Education: Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;

The CSR Policy of your Company is available on its website: (<http://www.vivimedlabs.com/investor-relations>).

2. Composition of the CSR Committee

Name of the Member(s)	Nature of Directorship
Prof.M.Bhagvant Rao	Independent, Non- Executive
Dr.V.Manohar Rao	Non Independent, Executive / Promoter
Mr.Santosh Varalwar	Non Independent, Executive / Promoter

3. Average Net Profit of the Company for last 3 financial years: ₹644.19 Millions

4. Prescribed CSR expenditure (2% of this amount as in Sr. No.3 above): ₹12.88 Millions

5. Details of CSR spent for the financial year:

- Total amount spent for the financial year: NIL
- Amount unspent, if any: ₹12.88 Millions
- Manner in which the amount spent during the financial year is detailed below:

(₹ in Millions)

Sl. No.	CSR projects / Activities	Sector in which the Project is covered	Location where project is undertaken State (Local Area/ District)	Amount outlay (budget) Project / Programs	Amount Spent on the Projects or Programs		Cumulative Expenditure upto the reporting period	Amount spent: Direct
					1. Direct Expenditure	2.Overheads		
NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
			TOTAL	NIL	NIL	NIL	NIL	NIL

6. In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board's Report: The Company is evaluating various proposals to ensure CSR funds are optimally utilized.

7. The CSR Committee confirms that the implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and Policy of your Company.

On behalf of the Board of Directors for Vivimed Labs Limited

Place: Hyderabad,
Date: 04.12.2020

Sd/-
Santosh Varalwar
Managing Director

Sd/-
Manohar Rao Varalwar
Whole time Director



ANNEXURE -8 TO BOARD'S REPORT

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

Form No. AOC-2

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

Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto.

- There are no contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 which are not at arm's length basis
- Contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 which are at arm's length basis:

Sl. No.	Name (s) of the related party & nature of relationship	Nature of contracts / arrangements/ transaction	Duration of the contracts/ arrangements/ transaction	Salient terms of the contracts or arrangements or transaction including the value, if any	Date of approval by the Board	Amount paid as advances, if any	Justification for entering into such contracts or arrangements or transactions'
Sales & Dossier							
1	Vivimed Labs Europe Limited, UK	Sale of goods	FY 2019-20	Not exceeding ₹.150 crore per annum	12.11.2014	nil	The transaction is at arm's length price
2	Vivimed Lab USA Inc. USA	Sale of goods	FY 2019-20	Not exceeding ₹70 crore per annum	12.11.2014	nil	The transaction is at arm's length price
3	Union Quimico Farmaceutica SAU, Spain	Sale of goods	FY 2019-20	Not exceeding ₹20 crore per annum	12.11.2014	nil	The transaction is at arm's length price
4	Uquifa Mexico SA de C.V	Sale of goods	FY 2019-20	Not exceeding ₹10 crore per annum	12.11.2014	nil	The transaction is at arm's length price
Purchases from							
1	Vivimed Labs Europe Limited, UK	Purchases of goods	FY 2019-20	Not exceeding ₹10 crore per annum	12.11.2014	nil	The transaction is at arm's length price
2	Vivimed Lab USA Inc. USA	Purchases of goods	FY 2019-20	Not exceeding ₹5 crore per annum	12.11.2014	nil	The transaction is at arm's length price

On behalf of the Board of Directors for Vivimed Labs Limited

Place: Hyderabad,
Date: 04.12.2020

Sd/-
Santosh Varalwar
Managing Director

Sd/-
Manohar Rao Varalwar
Whole time Director



Corporate Governance Report

In compliance with Regulation 34(3) read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), as amended from time to time the Company submits the Corporate Governance Report for the year ended March 31, 2020.

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Vivimed Labs Limited (Vivimed/Company) ensures adherence and enforcement of the principles of corporate governance with a focus on transparency, professionalism, fairness and accountability. The Company believes that corporate governance has a role to ensure that the Directors of the Company are subject to their duties, obligations, accountability and responsibilities, to act in the best interest of the Company and to remain accountable to the shareholders and other beneficiaries for their corporate actions. The Company also believes that an active, well informed and independent Board is necessary to ensure the highest standard of corporate governance. At Vivimed, the Board of Directors is at the core of corporate governance and oversees how the management serves and protects the interest of the stakeholders. The Board of Vivimed is responsible for and committed to the sound principles of corporate governance in the Company. Our corporate governance framework ensures that we make timely and transparent disclosures regarding our financials and performance, as well as the leadership and governance of the Company. The Company acknowledges the individual and collective responsibilities to manage the business activities with integrity.

APPROPRIATE GOVERNANCE STRUCTURE WITH DEFINED ROLES AND RESPONSIBILITIES

The Company has put in place an internal governance structure with defined roles and responsibilities of every constituent in the system. The Company's shareholders appoint the Board of

Directors, which in turn governs the Company. The Board has established six Committees to discharge its responsibilities in an effective and efficient manner. The Company Secretary at Vivimed acts as the Secretary to all the Committees of the Board constituted under the Companies Act, 2013. The Managing Director (MD) provide overall direction and guidance to the Board. Concurrently, the MD is responsible for overall implementation of decisions and policies. In the operations and functioning of the Company, the MD is assisted by the Executive Directors and a core group of senior level executives.

BOARD LEADERSHIP

The Board contains 3 Independent Directors (Includes chairman of Board), 4 executive Directors and 1 non-executive non Independent Director as on March 31, 2020. At Vivimed, it is believed that an experienced Board consciously creates a culture of leadership which in turn provides a long-term vision and policy approach to improve the quality of governance. The Board's actions and decisions are aligned with the Company's best interests. Vivimed is committed to the goal of sustainability and elevating the Company's value creation.

The Board critically evaluates the Company's strategic direction, management policies and its effectiveness. The agenda for the Board review included a detailed analysis of annual strategic and operating plans, capital allocation and budgets. Additionally, the Board reviews related party transactions, possible risks and risk mitigation measures, financial reports. Frequent and detailed interaction sets the agenda and provides the strategic roadmap for the Company's future growth.

ETHICS/GOVERNANCE POLICIES

At Vivimed, we strive to conduct our business and strengthen our relationships in a manner that is dignified, distinctive



and responsible. We adhere to ethical standards and ensure integrity, transparency, independence and accountability in dealing with all stakeholders. Vivimed has adopted various codes and policies to carry out our duties in an ethical manner.

Some of the codes and policies are:

- Code of Conduct for Board and Senior Management
- Code of Conduct for Prohibition of Insider Trading
- Code of Practices and Procedures for Fair Disclosure
- Whistle Blower Policy and Vigil Mechanism
- Related Party Transactions Policy
- Corporate Social Responsibility Policy
- Performance Evaluation and Remuneration Policy for Directors, Key Managerial Personnel and other Employees
- Policy on Material Subsidiaries
- Dividend Distribution Policy

COMMITTEES OF THE BOARD:

The Board has constituted various Committees with an optimum representation of its members and has assigned them specific terms of reference in accordance with the Companies Act, 2013 and the Listing Regulations. These Committees hold meetings at such frequency as is deemed necessary by them to effectively undertake and deliver upon the responsibilities and tasks assigned to them. Your Company currently has 6 (six) Committees of the Board viz., Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Risk Management Committee and Management Committee.

MANAGEMENT STRUCTURE

The management structure of your Company comprises of the Executive and Operating teams which have been constituted to drive strategic initiatives of your Company strengthen effectiveness of interface areas, bring in ability, multi-dimensional perspective and responsiveness within the organization and to strengthen the capabilities to enhance value creation.

MANAGING DIRECTOR:

The overall management of the affairs of your Company is entrusted to the Managing Director who functions under the direct supervision of the Board of Directors and also leads the Executive Management. He spearheads the strategic directions, lays down policy guidelines and ensures implementation of the decisions of the Board and its various Committees.

EXECUTIVE MANAGEMENT TEAM (EMT):

The EMT comprises of the heads of different functions of the organization. The members of the EMT report to the Managing Director. This EMT is entrusted with the initiatives pertaining to the strategies and vision of your Company, Risk Management, Financial Accounting & Reporting, and Corporate Governance. The EMT meets on a regular basis to discuss on various matters including effectiveness of the businesses / functions which report to them.

OPERATING MANAGEMENT TEAM (OMT):

The OMT consists of heads of functions / businesses within your Company who report to the EMT members. The OMT members lead the identified strategic initiatives, they deliberate on the efficiency and effectiveness of the day-to-day operations, capability building within your Company to service customers and other stakeholders.

The effective functioning of the EMT and OMT has led to increased holistic connection within the organization.

BOARD OF DIRECTORS

COMPOSITION OF THE BOARD AS ON 31ST MARCH, 2020:

Category	No. of Directors
Non-Executive /Independent Directors	3
Non-Executive / Promoter Directors	1
Executive/Promoter Directors	4
Total	8

The composition of the Board is in conformity with Regulation 17 of the Listing Regulations as well as the Companies Act, 2013. The Board of Directors is chaired by an Independent Chairman and has an optimum combination of Executive, Non- Executive and Independent Directors.



NUMBER OF BOARD MEETINGS:

During the financial year 2019-20, 5 (Five) meetings of the Board of Directors were held and the maximum time gap between two meetings did not exceed one hundred and twenty days. The Board meets at least once in each quarter to review the quarterly financial results and other items on the Agenda. Additional meetings are held whenever necessary. The dates of the Board meetings are as under:

Date(s) on which meeting(s) were held:

May 30, 2019	November 14, 2019
June 27, 2019	February 14, 2020
August 09, 2019	

All the Directors have periodically and regularly informed the Company about their Directorship and Membership on the Board/Committees of the Board of other companies. As per the disclosure received, none of the Directors of your Company hold memberships/Chairmanships more than the prescribed limits across all companies in which he/she is a Director.

The details of attendance at Board Meetings held either in person or through video conference during the financial year 2019-20 and at the Annual General Meeting (AGM) are detailed below:

Name of the Director	Designation	Number of Board Meetings		Attendance at AGM Held
		Held	Attended	September 30, 2019
Mr.Santosh Varalwar	Managing Director	5	5	No
Mr.Subhash Varalwar	Non Executive Director	5	5	No
Dr.Manohar Rao Varalwar	Whole Time Director	5	3	No
Prof. Bhagvanth Rao Mamidpalli*	Independent Director	5	5	Yes
Mr.Sandeep Varalwar	Whole Time Director	5	5	No
Mr.Nixon Patel*	Independent Director	4	2	No
Mr.Srirambatla Raghunandan*	Whole Time Director	5	4	Yes
Mrs.Umanath Varahabhotla	Independent Director	5	5	Yes
Dr.Hari Gopal Jamalapuram	Independent Director	-	-	No

Note: * Mr. Srirambatla Raghunandan, Director of the Company demised on June 25, 2020, Mr.Nixon Patel, has resigned from the Board on 19.12.2019 & Dr.Hari Gopal Jamalapuram appointed as an independent Director on 14.02.2020. Prof. Bhagvanth Rao Mamidpalli Independent Director of the company demised on 30.11.2020.

Selection of Independent Directors

Considering the requirement of skill sets on the Board, eminent people having an independent standing in their respective field/profession and who can effectively contribute to the Company's business and policy decisions are considered by the Nomination and Remuneration Committee for appointment as Independent Directors on the Board. The Committee, inter alia, considers qualification, positive attributes, area of expertise and number of Directorships and Memberships held in various committees of other companies by such persons in accordance with the Company's Policy for Selection of Directors and determining Directors' independence. The Board considers the Committee's recommendation, and takes appropriate decision.

Every Independent Director, at the first meeting of the Board in which he participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he meets the criteria of independence as provided under law.

Lead Independent Director

Mrs.Umanath Varahabhotla was elected as the Lead Independent Director by the Independent Directors of the Company. The Lead Independent Director's role is as follows:

- To preside over all meetings of Independent Directors
- To ensure there is an adequate and timely flow of information to Independent Directors





- To liaise between the Chairman, Managing Director, the Management and the Independent Directors.
- To perform such other duties as envisaged by the Companies Act, 2013 and the Listing Regulations.

INDEPENDENT DIRECTORS:

Prof.M.Bhagvanth Rao (Independent Director) of your Company have been appointed for a tenure of 5 (five) years (up to 36th Annual General Meeting to be held in calendar year 2024). his appointment was approved by the shareholders of your Company at their AGM held on 30th September, 2019. Mrs.Umanath Varahabhotla (Independent Director) of your Company have been appointed for a tenure of 5 (five) years (up to 32nd Annual General Meeting to be held in calendar year 2020). Her appointment was approved by the shareholders of your Company at their AGM held on 30th September, 2015 and her re-appointment for second term has been proposed by the board in ensuing AGM to be held on 30.12.2020 for a period of 5 years (up to 37th Annual General Meeting to be held in calendar year 2025). Mr.Harigopal Jamalapuram (Independent Director) of your Company have been appointed for a tenure of 5 (five) year by the shareholders of your Company through Postal ballot held on 28th March, 2020 (up to 36th Annual General Meeting to be held in calendar year 2024). The Independent Directors have submitted declarations that they meet the criteria of Independence laid down under the Companies Act, 2013 and the Listing Regulations and have confirmed that they do not hold directorship more than the prescribed limit in the Listing Regulations. Your Company has also issued formal appointment letters to all the Independent Directors in the manner provided under the Companies Act, 2013. A sample Terms of appointment is available on the website of your Company and can be accessed through the following link: <http://www.vivimedlabs.com>.

INDEPENDENT DIRECTORS' MEETING:

During the year under review, the Independent Directors met on February 14, 2020, without the attendance of Non-Independent Directors and members of the management, inter alia, to discuss on the following:

- To review the performance of the Non-Independent Directors and the Board as a whole;
- Review the performance of the Chairperson of your

Company, taking into account views of Executive / Non-Executive Directors; and

- Assess the quality, quantity and timeliness of flow of information between your Company's management and the Board that was necessary for the Board to effectively and reasonably perform their duties.

BOARD MEETINGS, BOARD COMMITTEE MEETINGS AND PROCEDURES

Institutionalized decision-making process

The Board of Directors is the apex body constituted by shareholders for overseeing the Company's overall functioning. The Board provides and evaluates the Company's strategic direction, management policies and their effectiveness, and ensures that shareholders long term interests are being served. The Board has constituted Six Committees, namely Audit Committee, Management Committee, Risk Management Committee Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Stakeholders Relationship Committee. The Board is authorised to constitute additional functional Committees, from time to time, depending on business needs and framework of the law for the time being in force.

Scheduling and Selection of Agenda items for Board and Committee Meetings

Minimum four pre-scheduled Board meetings are held annually, once in each quarter inter-alia to review the financial results of the Company. Additional Board meetings are convened by giving appropriate notice to address the Company's specific needs. In case of business exigencies or urgency of matters, resolutions are passed by circulation. The Board / Committee meetings are pre-scheduled and a tentative annual calendar of Board and Committee meetings is circulated to the Directors well in advance to facilitate them to plan their schedule and ensure meaningful participation in the meetings.

The meetings are generally held at the Corporate office of the Company at North End Complex, Road No.2, Banjara Hills, Hyderabad-500034..

The Company's functional heads are advised to schedule their work plans well in advance, particularly with regard to matters requiring discussion / approval / decision at Board/





Committee meetings. Such matters are communicated by them to the Company Secretary in advance so that they are included in the agenda for Board / Committee meetings.

The Board is given presentations covering finance, marketing, operations, overview of business operations of wholly owned subsidiary companies and joint venture companies, global business environment, the Company's business opportunities and strategy and risk management practices before taking on record the Company's quarterly/annual financial results.

The Chairman of the Board and Company Secretary, in consultation with other concerned members of the senior management, finalise the agenda for Board / Committee meetings.

The agenda and notes on agenda are circulated to Directors in advance, and in the defined agenda format. All material information is incorporated in the agenda for facilitating meaningful and focused discussions at the meeting. Where it is not practicable to attach any document to the agenda, it is tabled before the meeting with specific reference to this effect in the agenda. In special and exceptional circumstances, additional or supplementary item(s) on the agenda are permitted.

The items / matters required to be placed before the Board, inter alia, include:

- Annual operating plans of businesses and budgets including capital budgets and any updates;
- Quarterly results of the Company;
- Company's annual financial results, financial statements, auditors' report and Board's report;
- Minutes of meetings of the Audit Committee and other Committees of the Board;
- Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company;
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property;
- Quarterly details of foreign exchange exposures, and steps taken by management to limit risks of adverse exchange rate movement, if material;
- Non-compliance of any regulatory, statutory or listing requirements, and shareholder's service, such as dividend non-payment, share transfer delay (if any), among others;
- Appointment, remuneration and resignation of Directors;
- Formation/reconstitution of Board Committees;
- Terms of reference of Board Committees;
- Minutes of Board meetings of unlisted subsidiary companies;
- Declaration of Independent Directors at the time of appointment/annually;
- Disclosure of Directors' interest and their shareholding;
- Appointment or removal of the Key Managerial Personnel;
- Appointment of Internal Auditors and Secretarial Auditors;
- Quarterly / Annual Secretarial Audit reports submitted by Secretarial Auditors;
- Dividend declaration;
- Significant changes in accounting policies and internal controls;
- Takeover of a company or acquisition of a controlling or substantial stake in another company;
- Issue of securities;
- Recommending appointment of and fixing of remuneration of the Auditors as recommended by the Audit Committee;
- Internal Audit findings and External Audit Reports (through the Audit Committee);
- Proposals for major investments, mergers and amalgamations;
- Reports on progress made on the ongoing projects;
- Review the functioning of the subsidiary and joint venture companies;
- Related party transactions;
- Status of business risk exposures, its management and related action plans;
- Making of loans and investment of surplus funds;
- Borrowing of monies, giving guarantees or providing security in respect of loan;
- Brief on statutory developments, changes in government policies, among others with impact thereof;
- Details of litigations, prosecutions etc.;
- Compliance Certificate certifying compliance with all laws as applicable to the Company and

- Reconciliation of Share Capital Audit Report under SEBI (Depositories and Participants) Regulations, 1996.

Recording Minutes of Proceedings at Board and Committee Meetings

The Company Secretary records minutes of proceedings of each Board and Committee meeting. The draft minutes are circulated to Board / Committee members for their comments thereon as prescribed under Secretarial Standard-1. The minutes are entered in the Minutes Book within 30 days from the conclusion of the meeting.

Post Meeting follow-up Mechanism

The guidelines for Board / Committee meetings facilitate an effective post meeting follow-up, review and reporting process for decisions taken by the Board and Committees thereof. Important decisions taken at Board / Committee meetings are communicated promptly to the concerned departments. Action taken report on decisions / minutes of the previous meeting(s) is placed at the succeeding meeting of the Board / Committees for noting.

Compliance

The Company Secretary, while preparing the agenda, notes on agenda and minutes of the meeting(s), is responsible for and is required to ensure adherence to all applicable laws and regulations, including the Companies Act, 2013 read with rules issued thereunder, Listing Regulations and Secretarial Standards issued by the Institute of Company Secretaries of India.

Number of Board meetings

Five (5) Board meetings were held during the year, as against the minimum requirement of four meetings. The details of Board meetings held are given below:

Date	Board Strength	No. of Directors Present
May 30, 2019	8	6
June 27, 2019	8	7
August 09, 2019	8	8
November 14, 2019	8	7
February 14, 2020	7	6

EVALUATION OF THE BOARD EFFECTIVENESS:

In terms of applicable provisions of the Companies Act, 2013 read with Rules framed thereunder and Part D of Schedule II of the Listing Regulations and on the recommendation of the Nomination and Remuneration Committee, the Board of Directors has put in place a process to formally evaluate the effectiveness of the Board, its Committees along with performance evaluation of each Director to be carried out on an annual basis.

Accordingly, the annual performance evaluation of the Board, its Committees and each Director was carried out for the financial year 2019-20.

Structured questionnaires were prepared to evaluate the performance of the Board as a whole, individual performance of each Director and self – assessment carried out by the Directors. These assessment sheets with respect to the evaluation of the performance of the Directors were based on various aspects which, inter alia, included assessment of the level of participation, understanding of the role and responsibilities, understanding of the business and competitive environment, effectiveness of the contributions made during the Board meetings, understanding of the strategic issues and challenges for your Company etc. In assessing the overall performance of the Board, the parameters included the assessment of time devoted by the Board on the Company's long term goals and strategies, Board effectiveness, quality of discussions at the meetings of the Board, time spent and quality of discussions on key subjects like risk assessment and minimization, succession planning, discharging fiduciary and governance duties and performance of specific duties.

The questionnaires for assessing the performance of the Committees of the Board included aspects like understanding of the terms of reference by the Committee members, adequacy of the composition of the Committees, effectiveness of the discussions at the Committee meetings, information provided to the Committee to discharge its duties, performance of the Committee vis-à-vis its responsibilities, etc.

The Chairman of the Nomination and Remuneration Committee plays a vital role in undertaking the evaluation of performance for the Board and the Directors. The Nomination and Remuneration Committee discussed on the evaluation mechanism, outcome and the feedback received from the Directors. The Independent Directors at their meeting also



discussed the performance of the Non-Executive/Promoter Directors including the Chairman of the Board.

The Board of Directors at its meeting held on March 31, 2020, has noted the overall feedback on the performance of the Directors and the Board as a whole and its Committees.

The overall outcome of this exercise to evaluate effectiveness of the Board and its Committees was positive and members expressed their satisfaction.

DIRECTORSHIP AND MEMBERSHIP ON COMMITTEES:

The details of nature of Directorships, relationship inter se, number of directorships and committee chairmanships / memberships held by them in other public companies are detailed below:

Name of the Director	Nature of Directorships	Relationship with each other	As on 31st March, 2020		
			No. of other Directorships*	Membership	Chairmanship
Mr.Santosh Varalwar DIN -00054763	Managing Director	Son of Manohar Rao Varalwar, Brother of Sandeep Varalwar, Nephew of Subhash Varalwar	Nil	Nil	Nil
Mr.Subhash Varalwar DIN -00054789	Non-Executive Director	Brother of Manohar Rao Varalwar, Uncle of Santosh Varalwar & Sandeep Varalwar	Nil	Nil	Nil
Dr.Manohar Rao Varalwar DIN -00059815	Whole-time Director	Brother of Subhash Varalwar, Father of Santosh Varalwar & Sandeep Varalwar	Nil	Nil	Nil
Prof. Bhagvanth Rao Mamidpalli**** DIN -00117862	Non-Executive/ Independent Director	No inter-se relationship with any of the Directors	Nil	Nil	Nil
Mr.Sandeep Varalwar DIN -01682951	Whole-time Director	Son of Manohar Rao Varalwar, Brother of Santosh Varalwar, Nephew of Subhash Varalwar	Nil	Nil	Nil
Mr.Nixon Patel*** DIN -01717281	Non-Executive/ Independent Director	No inter-se relationship with any of the Directors	Nil	Nil	Nil
Mr.Srirambatla Raghunandan*** DIN -02029812	Whole-time Director	No inter-se relationship with any of the Directors	Nil	Nil	Nil
Mrs. Umanath Varahabhotla DIN -06539204	Non-Executive/ Independent Director	No inter-se relationship with any of the Directors	Nil	Nil	Nil
Dr.Hari Gopal Jamalapuram*** DIN -08687353	Non-Executive/ Independent Director	No inter-se relationship with any of the Directors	Nil	Nil	Nil

Note: *Excludes directorship in Vivimed Labs Limited. Also excludes directorship in Foreign Companies, Private Limited Companies, Companies incorporated under Section 8 of the Companies Act, 2013 and alternate directorships.

**For the purpose of considering the limit of Committee Memberships and Chairmanships of a Director, Audit Committee and Stakeholders Relationship Committee of Public Companies have been considered. Also excludes the Memberships & Chairmanships in Vivimed Labs Limited.

*** Mr.Srirambatla Raghunandan, Director of the Company demised on June 25, 2020, Mr.Nixon Patel, has resigned from the Board on 19.12.2019 & Dr.Hari Gopal Jamalapuram appointed as an independent Director on 14.02.2020.

****Prof. Bhagvanth Rao Mamidpalli Independent Director of the company demised on 30.11.2020.



The shareholding of the Non-Executive Directors of your Company as on 31st March, 2020 is as follows:

Name of the Director(s)	Nature of Directorship	No. of shares held	Percentage to the paid up share capital
Prof.Bhagvanth Rao Mamidpalli	Non-Executive/ Independent Director	NIL	NIL
Mr.Nixon Patel*	Non-Executive/ Independent Director	NIL	NIL
Mrs.Umanath Varahabhotla	Non-Executive/ Independent Director	NIL	NIL
Mr.Subhash Varalwar	Non-Executive /Promoter Director	1616200	1.96
Dr.Hari Gopal Jamalapuram*	Non-Executive/ Independent Director	NIL	NIL

Note: * Mr.Nixon Patel, has resigned from the Board on 19.12.2019 & Dr.Hari Gopal Jamalapuram appointed as an independent Director on 14.02.2020.

The shareholding of Executive Directors of your Company as on 31st March, 2020 is as follows:

Name of the Director(s)	Nature of Directorship	No. of shares held	Percentage to the paid up share capital
Mr.Santosh Varalwar	Managing Director	55,99,050	6.75
Dr.Manohar Rao Varalwar	Whole-time Director	12,94,225	1.56
Mr.Sandeep Varalwar	Whole-time Director	18,75,647	2.26
Mr.Srirambatla Raghunandan*	Whole-time Director	3,17,500	0.38

Note: *Mr.Srirambatla Raghunandan, Director of the Company demised on June 25, 2020

Given below is the chart setting out the skills/ expertise/ competence of the Board of Directors:

Sl. No.	Name of the Director	Category	Specialisation
1	Mr.Santosh Varalwar	Managing Director	He has around 35 years of experience in General Management, cost efficient, quality complaint pharmaceutical /chemicals products manufacturing and marketing
2	Mr.Subhash Varalwar	Non-Executive Director	He has around 40 years of experience in Production, Quality control and R&D function
3	Dr.Manohar Rao Varalwar	Whole-time Director	He has around 50 years of experience in Administration, Biotechnology, pharmaceutical /chemicals products manufacturing and marketing
4	Prof. Bhagvanth Rao Mamidpalli	Non-Executive/ Independent Director	He has more than 40 years experience in research and teaching in the fields of chemical reaction engineering, catalysis, thermodynamics and biochemical engineering
5	Mr.Sandeep Varalwar	Whole-time Director	He has more than 27 years of rich experience in manufacturing and marketing divisions of Pharma industry
6	Mrs. Umanath Varahabhotla	Non-Executive/ Independent Director	She has 29+ years of experience in Healthcare, Hospital systems management, Corporate Social Responsibility. Creating organizational systems, finance, legal, general administration, processes and SoPs from Conceptualization to Operationalization for piloting and scaling-up of strategically important initiatives.
7	Dr.Hari Gopal Jamalapuram	Non-Executive/ Independent Director	He has more than 26 years experience in General Medical Practice.
8	Mr. S. Raghunandan	Whole-time Director	He has more than 30 years experience in handling various aspects of production

Note: Mr.Nixon Patel, has resigned from the Board on 19.12.2019 & Dr.Hari Gopal Jamalapuram appointed as an independent Director on 14.02.2020 Mr.Srirambatla Raghunandan, Director of the Company demised on June 25, 2020. Prof. Bhagvanth Rao Mamidpalli Independent Director of the company demised on 30.11.2020.





Confirmation from the Board

The Board of Directors be and hereby confirm that in the opinion of the Board, the Independent Directors fulfil the conditions specified by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and they are independent of the management.

Mr.Nixon Patel, Independent Director had resigned, effective from 19.12.2019, from the Directorship of the Company before the expiry of his term of appointment due to personal reasons and his inability to devote necessary time for the meetings of the Company. He confirmed that there are no other material reasons pertaining to the Company.

Other than Mr.Nixon Patel, no other Independent Director has resigned from the Directorship of the Company before the expiry of their term of appointment during the financial year ended March 31, 2020.

FAMILIARISATION PROGRAM

Your Company has in place a structured induction and familiarization program for all its Directors including the Independent Directors. Your Company through such programs familiarizes not only the Independent Directors but any new appointees on the Board with a brief background of your Company, their roles, rights, responsibilities, nature of the industry in which it operates, business model operations, on-going events, etc. They are updated on all business related issues and new initiatives. They are also informed of the important policies of your Company including the Code of Conduct for Directors and Senior Management Personnel and the Code of Conduct for Prevention of Insider Trading.

Brief details of the familiarization program are uploaded on the website of your Company and can be accessed through the following link: <http://www.vivimedlabs.com/investor-relations>.

COMMITTEES OF THE BOARD

AUDIT COMMITTEE

The Audit Committee is, inter alia, entrusted with the responsibility to monitor the financial reporting, audit process, determine the adequacy of internal controls, evaluate and approve transactions with related parties, disclosure of financial information and recommendation of the appointment of Statutory Auditors.

The composition of the Audit Committee is in alignment with provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations. The members of the Audit Committee are financially literate and have experience in financial management. The Committee invites the Managing Director, CEO, CFO, Vice President – Finance, Statutory Auditor, Internal Auditor and other executives to attend the meetings of the Committee.

Shri K.Yugandhar, Company Secretary of the Company acts as Secretary to the Committee.

The Audit Committee, during the financial year 2019-20, has approved related party transactions along with granting omnibus approval in line with the Policy of dealing with Related Party Transactions and the applicable provisions of the Companies Act, 2013 and the Listing Regulations (including any statutory modification(s) or re-enactment(s) thereof for the time being in force).

The composition of the Audit Committee of the Board of Directors of the Company along with the details of the meetings held and attended during the financial year ended 31st March, 2020 is detailed below:

Name of the Director	Nature of Membership	Number of Meetings	
		Held	Attended
Prof.Bhagvanth Rao Mamidpalli	Member	5	5
Mrs.Umanath Varahabhotla	Chairperson	5	5
Mr.Sandeep Varalwar	Member	5	5
Dr.Hari Gopal Jamalapuram*	Member	-	-

Note: *Appointed due to Re-Constitution of Audit Committee on 14th February, 2020

*Dr. Hari Gopal Jamalapuram appointed as an independent Director on 14.02.2020.

Prof. Bhagvanth Rao Mamidpalli Independent Director of the company demised on 30.11.2020.

Date(s) on which meeting(s) were held

May 30, 2019	November 14, 2019
June 27, 2019	February 14,2020
August 09, 2019	



The Chairperson of the Audit Committee was present at the last AGM held on 30th September, 2019

The Audit Committee is empowered, pursuant to its terms of reference and its role, inter alia, includes the following:

1. Overseeing your Company's financial reporting process and the disclosure of its information to ensure that the financial statements are correct, sufficient and credible;
2. Reviewing with the management quarterly, half-yearly, nine- months and annual financial statements, standalone as well as consolidated before submission to the Board for approval;
3. Reviewing the Management Discussion and Analysis of the financial condition and results of operations;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - (a) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report as per Sec 134(3)(c) of the Companies Act, 2013;
 - (b) Changes in the accounting policies and practices and the reasons for the same, major accounting entries involving estimates based on the exercise of judgment by management and significant adjustments made in the financial statements arising out of audit findings;
 - (c) Compliance with the Listing Regulations and other legal requirements relating to financial statements;
 - (d) Disclosure of any related party transactions; and
 - (e) Qualifications in the draft audit report, if any.
5. Reviewing the financial statements of unlisted subsidiary companies (including joint ventures) and investments made by the unlisted subsidiary companies (including joint ventures);
6. Reviewing and considering the following w.r.t. appointment of auditors before recommending to the Board:
 - (a) qualifications and experience of the individual/ firm proposed to be considered for appointment as auditor;
 - (b) whether such qualifications and experience are commensurate with the size and requirements of the company; and
 - (c) giving due regard to any order or pending proceeding relating to professional matters of conduct against the proposed auditor before the Institute of Chartered Accountants of India or any competent authority or any Court.
7. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor, fixing of audit fees and approving payments for any other service;
8. Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
9. Reviewing and approving quarterly and yearly management representation letters to the statutory auditors;
10. Reviewing management letters/letters of internal control weaknesses issued by the statutory auditors and ensuring suitable follow-up thereon;
11. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
12. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
13. Reviewing the appointment, removal and terms of remuneration of the Chief Internal Auditor of the Company;
14. Formulating in consultation with the Internal Auditor, the scope, functioning, periodicity and methodology for conducting the internal audit;
15. Evaluating the internal financial controls and risk management policies system of the Company;
16. Discussion with the internal auditors on internal audit reports relating to internal control weaknesses and any other significant findings and follow-up thereon;
17. Reviewing the internal investigations by the internal auditors into matters where there is a suspected fraud or irregularity or failure of internal control systems of a





- material nature and reporting the matter to the Board;
18. Review and comment upon the report made by the statutory auditors (before submission to the Central Government) with regard to any offence involving fraud committed against the company by its officers/ employees;
 19. Approval or subsequent modification of transactions of the Company with related parties including appointment and revision in remuneration of related parties to an office or place of profit in the Company, its subsidiary company or associate company;
 20. Reviewing the statements of significant related party transactions submitted by the management;
 21. Reviewing and Scrutinizing the inter-corporate loans and investments;
 22. Review of the Whistle Blower mechanism of the Company as per the Whistle Blower Policy. Overseeing the functioning of the same;
 23. Approval of appointment of CFO (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
 24. Approving the auditors (appointed under the Companies Act 2013) to render any service other than consulting and specialized services;
 25. Recommending to the Board of Directors, the appointment, remuneration and terms of appointment of Cost Auditor for the Company;
 26. Review the cost audit report submitted by the cost auditor on audit of cost records, before submission to the Board for approval;
 27. Appointing registered valuers and defining the terms and conditions for conducting the valuation of assets/ net-worth/ liabilities of the Company. Reviewing the valuation report and follow-up thereon;
 28. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and

- making appropriate recommendations to the Board to take up steps in this matter;
29. Looking into reasons for substantial defaults in payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors, if any;
 30. Review and approve, policy formulated for determination of material subsidiaries;
 31. Review and approve, policy on materiality of related party transactions and also dealing with related party transactions; and
 32. Any other matter referred to by the Board of Directors.

NOMINATION AND REMUNERATION COMMITTEE

The role of the Nomination and Remuneration Committee is governed by its Charter and its composition is in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations.

The Committee met 2 (Two) times during the financial year 2019-20 on April 16, 2019 and February 14, 2020. The composition of the Nomination and Remuneration Committee of the Board of Directors of the Company along with the details of the meetings held and attended by the members of the Committee during the financial year 2019-20 is detailed below:

Name of the Director	Nature of Membership	Number of Meetings	
		Held	Attended
Dr.Hari Gopal Jamalapuram**	Chairman	-	-
Prof. Bhagvanth Rao Mamidpalli*	Member	2	2
Mr. Nixon Patel**	Chairman	2	0
Mrs.Umanath Varahabhotla	Member	2	2
Mr.Subhash Varalwar	Member	2	2

Note: *Appointed due to Re-Constitution of Nomination and Remuneration Committee on 14th February, 2020

**Mr.Nixon Patel, has resigned from the Board on 19.12.2019 & Dr.Hari Gopal Jamalapuram appointed as an independent Director on 14.02.2020.

*Prof. Bhagvanth Rao Mamidpalli Independent Director of the company demised on 30.11.2020.

Shri K.Yugandhar, Company Secretary of the Company acts as Secretary to the Committee.

The Nomination and Remuneration Committee is empowered with the following terms of reference and responsibilities in accordance with the provisions of law and the Nomination and Remuneration Policy:

1. Formulate a criteria for determining qualifications, positive attributes and independence of a director;
2. Recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees, ESOPs administration, implementation;
3. Devise a policy on Board Diversity;
4. Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
5. Carry out the evaluation of every director's performance and formulate criteria for evaluation of Independent Directors, Board/Committees of Board and review the term of appointment of Independent Directors on the basis of the report of performance evaluation of Independent Directors;
6. Reviewing and recommending to the Board, the remuneration, payable to Directors of your Company; and
7. Undertake any other matters as the Board may decide from time to time.

STAKEHOLDERS RELATIONSHIP COMMITTEE

The Committee's composition and terms of reference are in compliance with the provisions of the Companies Act, 2013 and Regulation 20 of the Listing Regulations. Share Transfer and Stakeholders Relationship Committee was constituted to specifically look into the matters of investor's grievances such as transfer, transmission, split and consolidation of investor's holding, replacement of lost / mutilated / stolen share certificates, dematerialization of shares, non-receipt of dividend / notices / annual reports and change of addresses, among others. The main object of the Committee is to strengthen investor relations. The Committee also evaluates the performance and service standards of the Registrar and Share Transfer Agent of the Company and also provides continuous guidance to improve the service levels for the investors.

1 (One) meeting of the Committee was held during the financial year April 2019- March 2020. The composition of the Committee during the year April 2019 – March 2020 and the details of meetings attended by its members are given below:

Name of the Director	Nature of Membership	Number of Meetings	
		Held	Attended
Mr.Santosh Varalwar	Member	1	1
Dr.Manohar Rao Varalwar	Member	1	1
Mr.Subhash Varalwar	Chairman	1	1
Mr.Nixon Patel *	Member	1	0
Dr.Hari Gopal Jamalapuram**	Member	1	1

Note: *Mr.Nixon Patel, has resigned from the Board & Dr.Hari Gopal Jamalapuram appointed as an independent Director on 14.02.2020.

Prof. Bhagvanth Rao Mamidpalli Independent Director of the company demised on 30.11.2020.

**Appointed due to Re-Constitution of Nomination and Remuneration Committee on 14th February, 2020

Shri.K.Yugandhar is the compliance officer for complying with the requirements of Securities Law and acts as Secretary to the Committee.

The terms of reference of the Committee includes enquiring into and redressing complaints of shareholders and investors and to resolve the grievance of the security holders of your Company.

Details pertaining to the number of complaints received and responded and the status thereof during the financial year 2019-20 are given below:

No. of complaints received during the year	0
No. of complaints resolved during the year	0
No. of complaints pending at the end of the year	0

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The composition of the CSR Committee is in alignment with provisions of Section 135 of the Companies Act, 2013.

The Committee met on February 14, 2020 during the financial year 2019-20. The constitution of the CSR Committee of the Board of Directors of your Company along with the details



of the meetings held and attended by the members of the Committee during the financial year 2019-20 is detailed below:

Name of the Director	Nature of Membership	Number of Meetings	
		Held	Attended
Prof. Bhagvanth Rao Mamidpalli	Member	1	1
Mr. Santosh Varalwar	Member	1	1
Dr. Manohar Rao Varalwar	Member	1	1

Shri.K.Yugandhar, Company secretary of the Company acts as Secretary to the Committee.

THE CSR COMMITTEE IS EMPOWERED, PURSUANT TO ITS TERMS OF REFERENCE, INTER ALIA, TO:

1. Recommend the amount of expenditure to be incurred on the activities;
2. Monitor implementation and adherence to the CSR Policy of the Company from time to time;
3. Prepare a transparent monitoring mechanism for ensuring implementation of the projects /programs/ activities proposed to be undertaken by the Company; and
4. Such other activities as the Board of Directors may and Whole-time Directors during the FY 2019-20

determine from time to time.

The details of the CSR initiatives of your Company form part of the CSR Section in the Annual Report. The CSR Policy has been placed on the website of your Company and can be accessed through the following link: <http://www.vivimedlabs.com/investor-relations>.

DIRECTORS' REMUNERATION

Remuneration policy

The Company has formulated Remuneration Policy for Directors, Key Managerial Personnel and other employees. Further, the Company has devised a Policy for performance evaluation of Independent Directors, Board and other individual Directors.

The criteria for performance evaluation cover the areas relevant to the functioning as Independent Directors such as preparation, participation, conduct and effectiveness. The performance evaluation of Independent Directors was done by the entire Board of Directors and in the evaluation the Directors who are subject to evaluation had not participated.

The Company's remuneration policy is directed towards rewarding performance based on review of achievements periodically. The remuneration policy is in consonance with the existing industry practice.

Remuneration paid to the Chairman and Managing Director

(Amount in ₹)

Name of the Director	Salary	Perquisites*	Commission#	Amount ₹
Mr.Santosh Varalwar, Managing Director	60,00,004	-	-	60,00,004
Dr.Manohar Rao Varalwar, Whole time Director	60,00,004	-	-	60,00,004
Mr.Sandeep Varalwar, Whole time Director	60,00,004	-	-	60,00,004
Mr.Srirambatla Raghunandan*, Whole time Director	50,00,004	-	-	50,00,004

Note: *Mr. Srirambatla Raghunandan, Director of the Company demised on June 25, 2020.



Remuneration paid to Non-Executive Directors during the FY 2019-20

- a. There were no pecuniary transactions with any Non-Executive Director of the Company.
- b. Non-Executive Directors were paid sitting fees for attending the Board and Committee meetings.

Following are the details of sitting fees paid to the Directors for attending Board and Committee meetings during the FY 2019-20:

(Amount in ₹)

Name of the Director	Sitting fees
Prof.Bhagvanth Rao Mamidpalli, Independent Director	3,25,000

Name of the Director	Sitting fees
Mr.Nixon Patel, * Independent Director	50,000
Mrs.Umanath Varahabhotla, Independent Director	3,00,000
Dr.Hari Gopal Jamalapuram, * Independent Director	25,000
Mr.Subhash Varalwar, Non Executive Director	1,75,000

Note: * Mr.Nixon Patel, has resigned from the Board on 19.12.2019 & Dr.Hari Gopal Jamalapuram appointed as an independent Director on 14.02.2020.

Prof. Bhagvanth Rao Mamidpalli Independent Director of the company demised on 30.11.2020.

GENERAL BODY MEETINGS

Details of last three AGM and the summary of Special Resolutions passed therein are as under:

Year(s)	Location(s)	Meeting(s) Date	Time	No. of special resolution(s) set out at the AGM
2018-19	Plot No.78/A, Kolhar Industrial Area, Bidar – 585403, Karnataka.	September 30, 2019	11.30 AM	3
2017-18	Plot No.78/A, Kolhar Industrial Area, Bidar – 585403, Karnataka.	September 27, 2018	11.30 AM	1
2016-17	Plot No.78/A, Kolhar Industrial Area, Bidar – 585403, Karnataka.	September 29, 2017	11.30 AM	2

All special resolutions set out in the notices for the AGMs were passed by the shareholders at the respective meetings with requisite majority.

Postal Ballot

During the year, pursuant to Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 (including any statutory amendment(s) or re-enactment(s) made thereunder), your Company passed the following resolution through postal ballot as per the details below:

On 29.02.2020:

1. Special resolution for issue Convertible Warrants to Promoter(s)/Promoter Group of the Company on preferential basis:
2. Special resolution for issue Convertible Warrants to Non-Promoter(s)/Non-Promoter Group of the Company on preferential basis



The details of voting pattern for postal ballot are given below:

Resolution.1: To issue Convertible Warrants to Promoter(s)/Promoter Group of the Company on preferential basis (Special Resolution)

No. of Total Votes Cast	Number of Votes Cast in "Favour" of resolution	% of Total number of votes cast in Favour	Number of votes cast "Against" the resolution	% of total number of votes cast Against	Total number of votes declared invalid	% of total number of invalid votes
16731720	15925509	95.18	804261	4.81	1950	0.01

Resolution.2: To issue Convertible Warrants to Non-Promoter(s)/Non-Promoter Group of the Company on Preferential basis (Special Resolution)

No. of Total Votes Cast	Number of Votes Cast in "Favour" of resolution	% of Total number of votes cast in Favour	Number of votes cast "Against" the resolution	% of total number of votes cast Against	Total number of votes declared invalid	% of total number of invalid votes
16731620	15925409	95.18	804261	4.81	1950	0.01

Shri.N.V.S.S.S.Rao, Practicing Company Secretary was appointed as the Scrutinizer for carrying out the postal ballot process in a fair and transparent manner.

On 29.03.2020:

1. Appointment of Dr.Jamalapuram Harigopal as a Director and also an Independent Director of the Company for a period of five years

The details of voting pattern for postal ballot are given below:

Resolution.1: Appointment of Dr.Jamalapuram Harigopal as a Director and also an Independent Director of the Company for a period of five years (Special Resolution)

No. of Total Votes Cast	Number of Votes Cast in "Favour" of resolution	% of Total number of votes cast in Favour	Number of votes cast "Against" the resolution	% of total number of votes cast Against	Total number of votes declared invalid	% of total number of invalid votes
14402261	14217379	98.72	184882	1.28	0	0

Shri.N.V.S.S.S.Rao, Practicing Company Secretary was appointed as the Scrutinizer for carrying out the postal ballot process in a fair and transparent manner.

Procedure for Postal Ballot:

In compliance with Sections 108, 110 and other applicable provisions of the Companies Act, 2013 read with the Rules issued thereunder, your Company provided electronic voting (e-voting) facility to all its members. The Company engages the services of CDSL for the purpose of providing e-voting facility to all its members. The members have the option to vote either by physical ballot or through e-voting.

Your Company dispatches the postal ballot notices and forms along with postage prepaid business reply envelopes to its members whose names appear on the Register of Members / list of beneficiaries as on cut - off date. The postal ballot notice is sent to members in electronic form to the email addresses registered with the depository participants / Company's Registrar & Share Transfer Agents. Your Company also publishes a notice in the newspapers declaring the details of completion of dispatch



and other requirements under the Companies Act, 2013 and the Rules issued thereunder.

Voting rights are reckoned on the paid up value of shares of your Company in the names of the shareholders as on the cut – off date. Members desiring to vote through physical ballot are requested to return the forms, duly completed and signed to as to reach the Scrutinizer before the close of the voting period. Members desiring to exercise their votes by electronic mode are requested to vote before the close of business hours on the last date of e-voting.

The Scrutinizer submits his report to the Chairman, after the completion of scrutiny and the consolidated results of the voting by postal ballot are then announced by the Chairman / authorized officials of your Company. The results are displayed on the website of your Company (www.vivimedlabs.com), besides being communicated to the Stock Exchanges and Registrar & Transfer Agents.

The date of declaration of results of Postal Ballot shall be date on which the resolution would be deemed to have been passed, if approved by requisite majority.

DISCLOSURES

i) Related Party Transactions

During the year ended March 31, 2020, there were no materially significant related party transactions, which could have potential conflict with the Company's interests at large. Statement in summary form of transactions with related parties is placed before the audit committee for review. All related party transactions are negotiated on an arms length basis, and are intended to further the Company's interests. In compliance with regulation 53(f) of the Listing Regulations and the accounting standard 18, transactions with related parties are disclosed in the notes to accounts.

The Company has not entered into any transaction with any person or entity belonging to the Promoter/ Promoter Group which hold(s) 10% or more shareholding in the Company.

Related Party Transaction policy is placed on the Company's website www.vivimedlabs.com

ii) Details of non-Compliance etc.

The Company complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters related to capital markets {except interest on delayed dividend payment is pending (Dividend for the Financial Year 2017-2018 declared at AGM held on 27.09.2018)}; no penalties or strictures were imposed on the Company by the Stock Exchanges or SEBI, except towards penalty of Rs10,000/- for Late -Submission of financial results for the Quarter ended March 2019 to the Stock Exchanges.

iii) Disclosure of Accounting Treatment

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standard) Rules, 2015 notified under Sec 133 of Companies Act, 2013 and other relevant provisions of the Act.

iv) Whistle Blower policy

The Company promotes ethical behaviour in all its business activities and has put in place a mechanism for reporting illegal or unethical behaviour. The Company has a Vigil mechanism and Whistle blower policy under which the employees are free to report violations of applicable laws and regulations and the Code of Conduct. The reportable matters may be disclosed to the head of the Department by the employees. Employees may also report to the member of the Audit Committee / the Chairman and in exceptional cases to the Chairman of the Audit Committee. During the year under review, no employee was denied access to the Audit Committee.

Whistle Blower Policy of the Company is placed on the Company website www.vivimedlabs.com.

v) Board Disclosures -Risk Management

The Company has a Risk Management Procedure in place which is reviewed periodically. Risk management is carried out to ensure the Company is not overly dependent on a particular product, customer or geography. In addition, the above facilitates not only in risk assessment and timely rectification but also helps



in minimization of risk associated with any strategic, operational, financial and compliance risk across all business operations.

vi) Subsidiary Companies

The Company does not have any material un-listed Indian subsidiary company. However, the Company has 11 foreign subsidiaries namely, (i) Vivimed Labs USA, Inc.,(ii)Vivimed Labs Mauritius Limited (iii) Vivimed Holdings Limited (iv) Vivimed Labs UK Limited, (v) Vivimed Labs Spain, S.L. (vi) Union Quimico Farmaceutica S.A.U., Spain, (vii) Holliday International Limited, UK & (viii) Uquifa Mexico S.A. de C.V. (ix) UQUIFA Sciences (MASCARENE) Ltd (x) Soneas Chemicals Ltd (xi) Soneas Research Ltd.

Subsidiary Companies Monitoring Framework

All subsidiary companies are Board managed with their respective Boards having the rights and to manage such companies in the best interest of their stakeholders. The Company monitors performance of subsidiary companies periodically.

vii) Code of Conduct

The Company has laid down a “Code of Conduct” for the Directors and the Senior Management Personnel. The code has been posted on the website of the Company. The members of the Board including Independent Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct as at March 31, 2020. A declaration to this effect signed by Mr.Santosh Varalwar, Managing Director is given in Annexure to this report.

viii) MD and CEO certification

The Managing Director and the Chief Executive Officer (Due to demise of CFO on June 25, 2020) have certified to the Board regarding compliance of matters specified in regulation 17(8) read with Part B of Schedule II of the Listing Regulations and the same forms part of this Corporate Governance Report. The certificate has been reviewed by the Audit Committee and taken on record by the Board at the meeting held on 25.07.2020.

ix) Compliance Certificate of the PCS

Certificate from Practicing Company Secretary, NVSS Suryanarayana Rao, confirming compliance with conditions of Corporate Governance, as stipulated under Regulation 34 of the Listing Regulations, is attached to this Report.

x) Certificate from a Company Secretary in Practice

A certificate from a Company Secretary in Practice stating that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Company by SEBI or Ministry of Corporate Affairs or any such statutory authority is enclosed to this report.

xi) Proceeds from public issues, rights issues and preferential issues etc.

The Company has not raised any funds through preferential allotment or qualified institutions placement during the financial year ended March 31, 2020 (Except ESOPs).

xii) Recommendations of the Committees of the Company

There has been no such incidence where the Board has not accepted the recommendation of the Committees of the Company during the year under review.

xiii) Details of fees paid to the statutory auditors

Given below are the details of fees paid to M/s.PCN & Associates, Chartered Accountant, Statutory Auditors of the Company on a Consolidated basis during the Financial Year ended March 31, 2020:

Sl. No	Payments to the Statutory Auditors (excluding taxes)	Fees paid in ₹ Lakhs
1	Statutory Audit fees paid for Audit of the Company	The Company has not paid any fee during this year.
2	Fees paid for Limited review of the Company	
3	Fees paid for other services	
4	Reimbursement of expenses	
Total		-



**xiv) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**

The below are the details of complaints received/resolved during the year under review.

Sl. No	Particulars	No.
1	Number of complaints on Sexual harassment received during the year	NIL
2	Number of Complaints disposed off during the year	Not Applicable
3	Number of cases pending as on March 31, 2020	Not Applicable

xv) Details of compliance with mandatory requirements and adoption of Discretionary Requirements

The Company has complied with all the mandatory requirements of Corporate Governance as per SEBI Listing Regulations. Reporting of Internal Auditors to the Audit Committee has been adopted from discretionary requirements

xvi) Familiarisation programmes for Board Members

The Board members are provided with necessary documents, reports and internal policies to enable them to familiarise with the Company's procedures and practices. Periodic presentations are made at the Board and Board Committee Meetings, on business and performance updates of the Company, global business environment, business strategy and risks involved. Details of the familiarization programmes imparted to Independent Directors are placed on the website of the Company www.vivimedlabs.com.

xvii) Policy on Material Subsidiaries

In terms of regulation 16 of the Listing Regulations, the Board of Directors has adopted a policy with regard to determination of Material Subsidiaries. The policy is placed on the website of the Company www.vivimedlabs.com.

xviii) Related Party Transactions Policy

In terms of regulation 23 of the Listing Regulations, the Board of Directors has adopted a policy to determine Related Party Transactions. The policy is placed on the website of the Company www.vivimedlabs.com.

xix) Prevention of Insider Trading

In accordance with the requirements of SEBI (Insider Trading) Regulations, 2015, Company has formulated the code of conduct for prohibition of Insider Trading in the Company's Shares.

xx) Commodity Price Risks and Commodity Hedging activities

The Company is not carrying on any Commodity Business and has also not undertaken any commodity hedging activities, hence same are not applicable to the Company.

xxi) The Disclosures of the compliance with Corporate Governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 are as follows:

Regulations	Particular of Regulations	Compliance Status Yes/No/N.A
17	Board of Directors	Yes
18	Audit Committee	Yes
19	Nomination and Remuneration Committee	Yes
20	Stakeholders Relationship Committee	N.A
21	Risk Management Committee	Yes
22	Vigil Mechanism	Yes
23	Related party Transactions	Yes
24	Corporate Governance requirements with respect to subsidiary of listed entity	Yes
25	Obligations with respect to Independent Directors	Yes
26	Obligations with respect to Directors and senior management	Yes
27	Other Corporate Governance requirements	Yes
46(2)(b) to (i)	Website	Yes

MEANS OF COMMUNICATION

Quarterly results: The Company's quarterly results are published in 'Financial Express and Karnataka edition of Samyutka Karnataka newspapers and are displayed on website www.vivimedlabs.com.





News releases, presentations, among others: Official news releases and official media releases are sent to Stock Exchanges and are displayed on website www.Vivimedlabs.com.

Presentations to institutional investors / analysts: Detailed presentations are made to institutional investors and financial analysts on the Company's unaudited quarterly as well as audited annual financial results through earnings call. The presentations made and transcripts of the earnings call are also uploaded on the Company's website www.vivimedlabs.com.

Website: The Company's website www.vivimedlabs.com contains a separate dedicated section 'Investor Relations' where shareholder's information is available. The Company's Annual Report is also available in a user-friendly and downloadable form.

Annual Report: The annual report containing, inter alia, audited standalone financial statement, consolidated financial statement, Director's report, auditor's report, corporate governance report and other important information is circulated to members and others entitled thereto.

Management Discussion and Analysis (MDA) Report: The report on MDA forms part of the annual report. Disclosures to Stock Exchanges: The Company informs BSE Limited (BSE) and National Stock Exchange of India limited (NSE) all price sensitive matters or such other matters which in its opinion are material and of relevance to the members.

Disclosures to Stock Exchanges: The Company informs BSE Limited (BSE) and National Stock Exchange of India limited (NSE) all price sensitive matters or such other matters which in its opinion are material and of relevance to the members.

NSE Electronic Application Processing System (NEAPS): The NEAPS is a web-based application designed by NSE for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are filed electronically on NEAPS.

BSE Corporate Compliance & Listing Centre (the 'Listing Centre'): BSE's Listing Centre is a web-based application designed for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are also filed electronically on the Listing Centre.

SEBI Complaints Redress System (SCORES): The investor complaints are processed in a centralised web-based complaints redress system. The salient features of this system are: Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.

Dedicated e-mail ID: yugandhar.kopparthi@vivimedlabs.com

GENERAL SHAREHOLDER INFORMATION

Company Registration Details

The Company is registered in the State of Karnataka, India. The Corporate Identification Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L02411KA1988PLC009465

32nd Annual General Meeting

Date : December 30, 2020

Time : 3.00 p.m.

Venue : The Company is conducting meeting through VC / OAVM pursuant to the MCA Circular dated May 5, 2020 and as such there is no requirement to have a venue for the AGM. For details please refer to the Notice of this AGM.

Financial year

April 1 to March 31

Date of Book Closure

December 25, 2020 to December 30, 2020 (both days inclusive)

Dividend Payment

The Company has not declared any dividend during the year.

Listing on Stock Exchanges

Equity Shares

BSE Limited (Bombay Stock Exchange)

Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai 400 001
Scrip Code - 532660

National Stock Exchange of India Limited (NSE)

Exchange Plaza, Bandra-Kurla Complex,
Bandra (E), Mumbai 400 051
Trading Symbol - VIVIMEDLAB

Payment of Listing Fees

Annual listing fee for the financial year 2020-21 has been paid by the Company to BSE and payment is pending for NSE.

Payment of Depository Fees

Annual Custody fee for the financial year 2020-21 was paid by the Company to NSDL and CDSL.

Tentative calendar for financial year ending 31st March 2021:

The tentative dates of meeting of Board of Directors for consideration of quarterly financial results for the financial

year ending 31st March, 2021 are as follows:

Results	Tentative Dates
First Quarter	Held in last Week of August, 2020 (Due to COVID-19)
Second Quarter and Half Yearly	Held in Second Week of November 2020 (Due to COVID-19)
Third Quarter and Nine Months	Around Second Week of February, 2021
Fourth Quarter and Annual	Around Last Week of May, 2021

Market Price Data

The monthly high and low prices and volumes of your Company's shares at BSE and NSE for the year ended 31st March, 2020 are as under:

Month	BSE			NSE		
	High (₹)	Low (₹)	Volume (No. of Shares)	High (₹)	Low (₹)	Volume (No. of Shares)
2019						
Apr 19	27.40	23.40	6,57,013	27.30	23.35	35,34,163
May 19	23.80	19.35	4,37,563	24.00	19.30	26,75,846
Jun 19	21.65	13.95	11,75,575	21.75	13.70	52,77,178
Jul 19	17.30	11.20	7,35,435	17.25	13.10	32,72,727
Aug 19	18.40	13.75	2,74,664	18.50	13.85	19,42,385
Sep 19	19.00	14.65	4,82,741	18.90	14.50	18,98,337
Oct 19	15.90	12.65	1,84,195	15.90	12.60	16,79,629
Nov 19	15.85	12.10	3,03,364	15.90	11.85	23,68,183
Dec 19	13.93	10.30	4,22,812	13.85	10.15	25,70,778
2020						
Jan 20	14.45	12.10	7,97,940	14.50	12.05	46,25,455
Feb 20	12.75	8.94	10,46,024	12.90	8.95	31,45,810
Mar 20	11.48	6.50	10,33,036	11.45	6.20	35,95,279

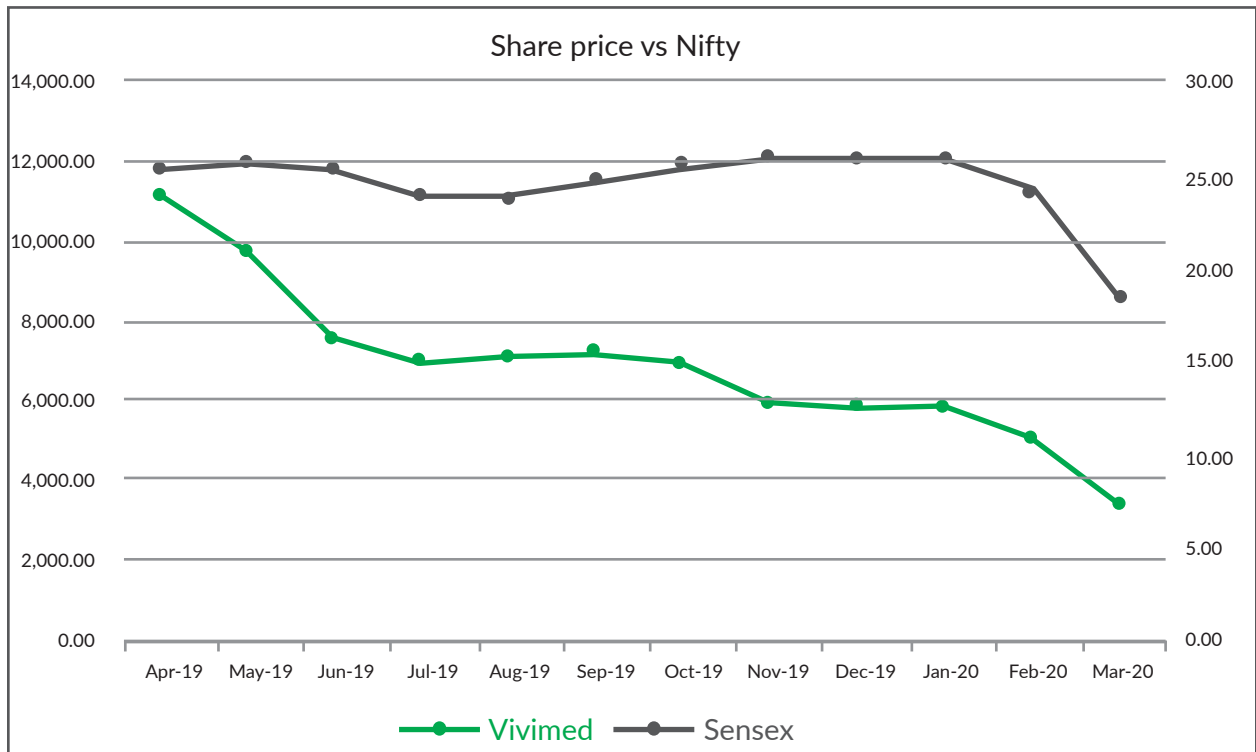
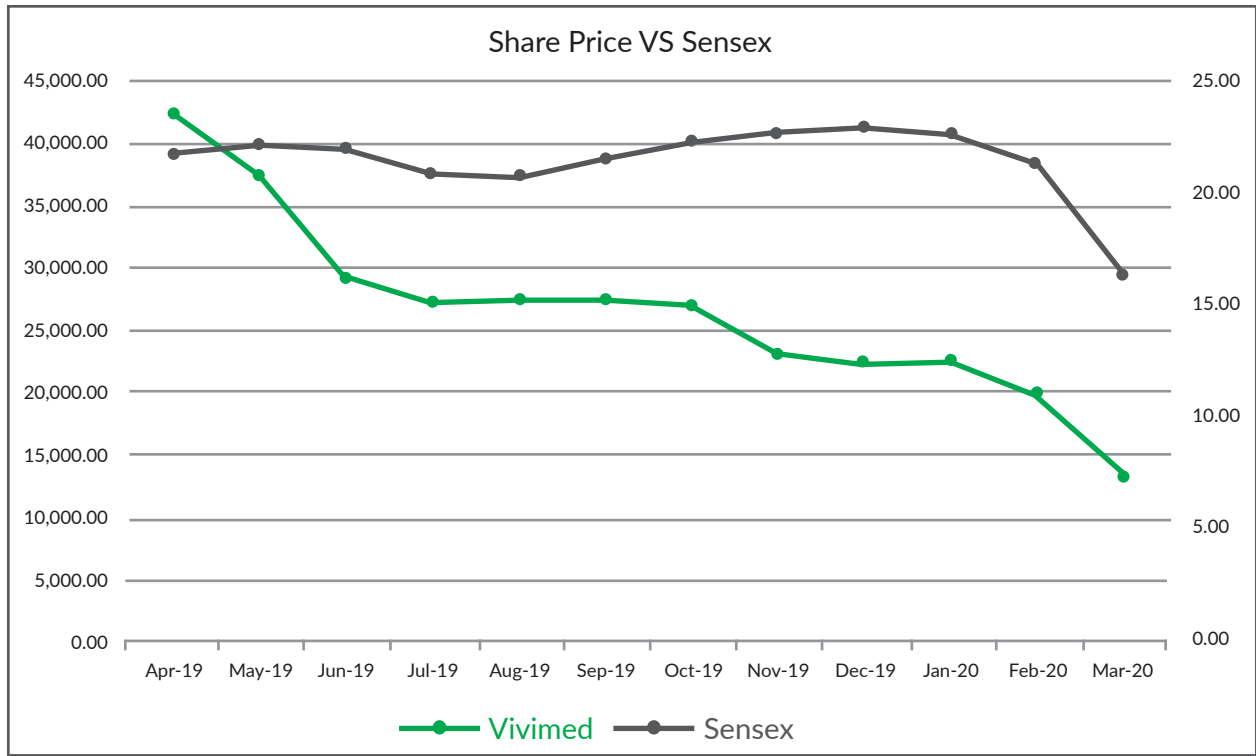
Source: BSE and NSE website

Note: High and low are in ₹ per traded share. Volume is the total monthly volume of trade (in numbers) in Vivimed Labs Limited's shares on BSE and NSE.

Performance in comparison to broad-based Indices

The Charts below shows the comparison of your Company's share price movement on (i) BSE vis-à-vis the movement of the BSE Sensex (ii) NSE vis-à-vis the movement of the NSE Nifty for the year 2019-20 (based on month end closing):





Registrar & Share Transfer Agents:
 (for Shares held in both Physical and Demat mode)
 Aarthi Consultants Private Limited
 1-2-285, Domalguda, Hyderabad, India – 500029
 Phone : 040-27638111/27634445
 Fax : 040-27632184
 Email : info@arthiconsultants.com;
 website: www.aarthiconsultants.com

Share Transfer System

The share transfer activities in respect of the shares in physical mode are carried out by M/s.Aarthi Consultants Private Limited. The shares lodged for transfer are processed and share certificates duly endorsed are returned within the stipulated time, subject to documents being valid and complete in all respects.

The Board of Directors of your Company have delegated the authority to approve the transfer of shares, transmission of shares or requests for deletion of name of the shareholder, etc., to the designated officials of your Company.

Distribution of Shareholding

Distribution of shareholding of shares of your Company as on 31st March, 2020 is as follows:

SI No	Category	Holders	Holders Percentage	Shares	Amount	Amount Percentage
1	1 - 5000	28363	92.57	11789656	23579312	14.22
2	5001 - 10000	1156	3.77	4305228	8610456	5.19
3	10001 - 20000	557	1.82	4178844	8357688	5.04
4	20001 - 30000	186	0.61	2297603	4595206	2.77
5	30001 - 40000	99	0.32	1803964	3607928	2.18
6	40001 - 50000	67	0.22	1523020	3046040	1.84
7	50001 - 100000	80	0.26	3219334	6438668	3.88
8	100001 & Above	130	0.42	53796266	107592532	64.88
	Total:	30638	100.00	82913915	165827830	100

Shareholding Pattern as on 31st March, 2020:

Category of Shareholder(s)	Total Number of Shares @ ₹.2/- each	% of total no. of shares
(A) Shareholding of Promoter and Promoter Group		
(a) Individuals/Hindu Undivided Family	1,48,77,927	17.94
(b) Bodies Corporate	1,23,12,000	14.85
Total Shareholding of Promoter and Promoter Group (A)	2,71,89,927	32.79

A summary of approved transfers, transmissions, deletion requests, etc., are placed before the Board of Directors from time to time as per Listing Regulations. Your Company obtains a half-yearly compliance certificate from a Company Secretary in Practice as required under Listing Regulations (including any statutory modification(s) or re-enactment(s) for the time being in force) and files a copy of the said certificate with BSE & NSE.

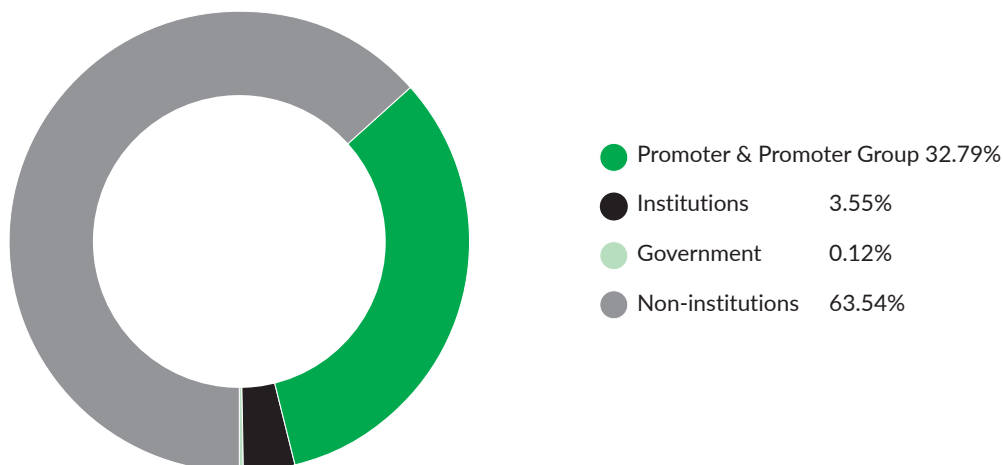
Reconciliation of Share Capital

A qualified practicing Company Secretary carried out audit to reconcile the total admitted capital with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The secretarial audit report confirms that the total paid-up capital was in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL. The reports are uploaded in the NSE and BSE websites for public view.



(B) Public shareholding		
(1) Institutions		
(a) Mutual Funds/ UTI	-	-
(b) Financial Institutions/ Banks	50	0.00
(c) Foreign Portfolio Investors	29,48,923	3.55
(d) Others	-	-
Sub-Total (B)(1)	29,48,973	3.55
Central Government/ State Government(s)/ President of India	96,130	0.12
Sub-Total (B)(2)	96,130	0.12
Category of Shareholder(s)		
(2) Non-Institutions		
(a) Bodies Corporate	63,78,867	7.69
(b) Individuals	-	-
(i) Individual shareholders holding nominal share capital up to ₹2 lakh	2,45,72,042	29.64
(ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lakh	69,09,752	8.33
(c) Non-Resident Indian (NRI) - Repatriable	33,85,694	4.08
(d) NBFCs Registered with RBI	-	-
(e) Corporate Bodies - Foreign Bodies	91,50,685	11.04
(f) Clearing Member	1,81,993	0.22
(g) Foreign National - FN	13,69,840	1.65
(h) Trust	4,000	0.00
(i) Non-Resident Indian (NRI) - Non Repatriable	7,26,012	0.88
Sub total(B)(3)	5,26,78,885	63.53
Total Public Shareholding (B)=(B)(1)+(B)(2)+ (B)(3)	5,57,23,988	67.21
Total (A)+(B)	8,29,13,915	100

Category-wise shareholding as on March 31, 2020:



DETAILS OF YOUR COMPANY'S DEMATERIALIZED SHARES AS ON 31ST MARCH, 2020:

Number of shares	% of total shares
81225705	97.9639

BREAK UP OF SHARES IN PHYSICAL AND DEMAT FORM AS ON 31ST MARCH, 2020:

Particulars	No. of Shares @ ₹.2/- each	% of Shares
Physical segment	1688210	2.03610
Demat segment	-	
-		
NSDL	53222561	64.19014
CDSL	28003144	33.77376
TOTAL	82913915	100.00

Dematerialization of shares

Shareholders who continue to hold shares in physical form are requested to dematerialize their shares at the earliest and avail of the various benefits of dealing in securities in electronic/dematerialized form. For any clarification, assistance or information, please contact M/s.Aarthi Consultants Private Limited.

The Company's shares are regularly traded on the National Stock Exchange of India Limited and the BSE Limited in electronic form. Under the depository system, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE526G01021.

Outstanding GDRs /ADRs/ Warrants /Convertible Instruments and their impact on equity:

Your Company has 25,00,000 (Twenty lakhs) outstanding employee stock options convertible into equity shares of ₹.2/- each as on 31st March, 2020.

PLANT LOCATIONS AS ON 31.03.2020:
SPECIALTY CHEMICALS DIVISION

- Plot No. 78/A, Kolhar Industrial Area, Bidar - 585403, State - Karnataka

PLANT LOCATIONS
PHARMA DIVISION

- D-125 & 128, Phase III, Jeedimetla Industrial Estate, Hyderabad - 500055, State - Telangana

- Plot No 44A & 41& 44B Anrich Industrial estate, Bollaram, Medak - 502325, State - Telangana
- Plot No. 25, Kundeshwari Village, Kashipur, Udham Singh Nagar - 244713, State - Uttarakhand,
- D-9, Industrial Area, Haridwar - 249401, State - Uttarakhand,
- Plot No: 8, Phase V,IDA Jeedimetla , Hyderabad, 500055, State - Telangana
- Kishlay, Kashipur, Uttarkhand 110001, State - Uttarakhand,
- 130, Shanta Indl. Estate, 1st Floor, IB Patel Road,, Goregaon Mumbai East - 63, State - Maharashtra

R&D CENTERS

- R&D Centre, Plot No: 181, Sy. No. 121/P, IDA Mallapur, Hyderabad -500076, State - Telangana
- H.No:A-1/ABC, Main Road, Opp: Surana Wires Pvt. Ltd. IDA, Nacharam, Hyderabad - 500076 State - Telangana

Address for Correspondence:

For any queries relating to the shares of your Company, correspondence may please be addressed at:

M/s.Aarthi Consultants Private Limited

1-2-285, Domalguda

Hyderabad, India - 500029

Phone : 040-27638111/27634445

Fax : 040-27632184, Email : info@aarthicconsultants.com



For the benefit of shareholders, documents will continue to be accepted at the following Corporate Office of the Company:

Yugandhar Kopparthi
Company Secretary & Compliance Officer
Vivimed Labs Limited
(CIN: L02411KA1988PLC009465)
Corporate Off: North End, Road No.2,
Banjara Hills, Hyderabad, India - 500034
Tel: 91-40-6608 6608
Fax: 91-40-6608 6699
E-mail: yugandhar.kopparthi@vivimedlabs.com
Website: www.vivimedlabs.com

Shareholders are requested to quote their folio no. / DP ID & Client ID, e-mail address, telephone number and full address while corresponding with the Company and its Registrar & Transfer Agent.

Addresses of Regulatory Authority/ Stock Exchanges:

Securities and Exchange Board of India

Plot No. C4-A, G Block, Bandra Kurla Complex
Bandra (East), Mumbai 400 051, Maharashtra, India
Tel.: +91 22 2644 9000
Fax: +91 22 2644 9019-22

National Stock Exchange of India

Exchange Plaza, Plot No. C/1, G Block,
Bandra Kurla Complex,
Bandra (East), Mumbai - 400 051, Maharashtra, India
Tel.: +91 22 2659 8100
Fax: +91 22 2659 8120

BSE Limited

Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai - 400 001, Maharashtra, India
Tel.: +91 22 2272 1233
Fax: +91 22 2272 1919

Green Initiative in the Corporate Governance

As part of the Green Initiative process, the Company has taken an initiative of sending documents like notice calling Annual General Meeting, Corporate Governance Report, Directors Report, Auditors Report, Audited Financial Statements, dividend intimations etc., by email. Physical copies are sent

only to those shareholders whose email addresses are not registered with the depositories / Registrar and Transfer Agent and for the bounced-mail cases. Shareholders are requested to register their email id with Registrar and Transfer Agent / concerned Depository to enable the Company to send the documents in electronic form or inform the Company in case they wish to receive the above documents in paper mode.

Transfer of unclaimed dividend to Investor Education and Protection Fund:

In terms of Section 123 of the Companies Act, 2013 and Sections 205A, 205C of the Companies Act, 1956 the amount of dividend remaining unclaimed or unpaid for a period of seven years from the date of transfer to the unpaid dividend account is required to be transferred to the Investor Education and Protection Fund (IEPF). Members are requested to ensure that they claim the dividend(s) from the Company before transfer of the said amounts to the IEPF. As per the provisions of Investor Education and Protection Fund (Uploading of Information regarding Unpaid and Unclaimed amounts lying with Companies) Rules, 2012, the Company has placed on its website (www.vivimedlabs.com), the information on dividend which remains unclaimed with the Company.

We have no equity shares Unclaimed Suspense Account'

Annexure to Report on Corporate Governance for the financial year ended 31st March, 2020

Declaration of Compliance with the Code of Conduct

I hereby confirm that:

the Company has obtained from all the members of the Board and Senior Management Personnel, affirmation(s) that they have complied with the Code of Conduct for Board Members and Senior Management Personnel in respect of the financial year ended 31st March, 2020.

Sd/-
Santosh Varalwar
Managing Director

Place: Hyderabad

Date: 04.12.2020



MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER CERTIFICATION

The Board of Directors

Vivimed Labs Limited

We hereby certify that on the basis of the review of the financial statements and the cash flow statement for the financial year ended 31st March, 2020 and that to the best of our knowledge and belief: these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations; certify that, to the best of our knowledge and belief, no transactions entered into during the year by the Company are fraudulent, illegal or violative of the Company's Code of Conduct.

We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.

We have indicated to the Auditors and the Audit Committee significant changes in internal control over financial reporting during the year; significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the internal control system over financial reporting.

Place: Hyderabad

Date: 14.07.2020

Sd/-
(Santosh Varalwar)
Managing Director

Sd/-
(Ramesh Krishnamurthy)
Chief Executive Officer



CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To
The Members,
Vivimed Labs Limited
Plot No.78-A, Kolhar Industrial Area,
Bidar – 585403, Karnataka.

I, have examined the relevant registers, records, forms, returns and disclosures received from the Directors of M/s. Vivimed Labs Limited having CIN: L02411KA1988PLC009465 and having its Registered Office at Plot No.78-A, Kolhar Industrial Area, Bidar – 585403, Karnataka State, India (the Company), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C sub clause (10)(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of our information and according to the verifications (including Director Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company and its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

S.No	Name of the Director	Designation	DIN No.
1	Santosh Varalwar	Managing director	00054763
2	Manohar Rao Varalwar	Whole-time director	00059815
3	Sandeep Varalwar	Whole-time director	01682951
4	Subhash Varalwar	Non-Executive Director	00054789
5	Bhagvanth Rao Mamidpalli	Independent Director	00117862
6	Hari Gopal Jamalapuram	Independent Director	08687353
7	Umanath Varahabhotla	Independent Director	06539204

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

Sd-
NVSS SURYANARAYANA RAO
Company Secretary in practice
ACS No.5868
CP NO.2886
UDIN: A005868B001296388

Place: Hyderabad,
Date: 24.11.2020



CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE

To,

The Members of Vivimed Labs Limited

- 1 This certificate is issued in accordance with the terms of our engagement letter dated 14 November 2019.
- 2 Vivimed Labs Limited ('the Company') requires practicing Company Secretary (PCS) certificate on corporate governance as per Regulations 17-27, Clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') for the period 1 April 2019 to 31 March 2020.

Management responsibility

- 3 The preparation of the Corporate Governance Report is the responsibility of the Management of the Company along with the maintenance of all its relevant supporting records and documents. The Management is also responsible for compliance with conditions of corporate governance as stipulated in regulation 17-27, Clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Listing Regulations for the period 1 April 2019 to 31 March 2020. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance report and applying an appropriate basis of preparation.

PCS Responsibility

- 4 Pursuant to the requirements of the Listing Regulations, our responsibility is to certify whether the Company has complied with the above said compliances of the conditions of the Corporate Governance for the period 1 April 2019 to 31 March 2020.
- 5 We have examined the compliance of the conditions of Corporate Governance by the Company for the period 1 April 2019 to 31 March 2020 as per Regulations 17-27, Clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Listing Regulations. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance.
- 6 We conducted our examination in accordance with the Guidance Note on Certificates issued by the Institute of Company secretaries of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Company secretaries of India.
- 7 We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

- 8 In our opinion and to the best of our information and according to the explanations given to us and representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as specified in Regulations 17 to 27, Clauses (b) to (i) of sub-regulation (2) of Regulation 46 and paragraphs C, D and E of the Schedule V of the Listing Regulations, as applicable.
- 9 We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Restrictions on Use



10 This certificate is issued solely for the purpose of complying with regulation 17-27, Clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Listing Regulations for the period 1 April 2019 to 31 March 2020 and may not be suitable for any other purpose. Accordingly, we do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Sd-
NVSS SURYANARAYANA RAO
Company Secretary in practice
ACS No.5868
CP NO.2886
UDIN: A005868B001296454

Place: Hyderabad,

Date: 24.11.2020



Secretarial compliance report of Vivimed Labs Ltd
(CIN: L02411KA1988PLC009465) for the year ended 31st March, 2020

(Pursuant to SEBI- CIR/CFD/CMD/1/27/2019 Dated February 08, 2019)

To

The Members

Vivimed Labs Limited

78/A, Kolhar Industrial Area,

Bidar – 585403, Karnataka

I, N.V.S.S.Suryanarayana Rao, Practicing Company Secretary (ACS No.5868 & CP No.2886) have examined:

- (a) all the documents and records made available to us and explanation provided by Vivimed Labs Ltd (“the listed entity”),
 - (b) the filings/ submissions made by the listed entity to the stock exchanges,
 - (c) website of the listed entity,
 - (d) any other document/ filing, as may be relevant, which has been relied upon to make this certification,
- for the year ended 31st March, 2020 (“Review Period”) in respect of compliance with the provisions of :
- (a) the Securities and Exchange Board of India Act, 1992 (“SEBI Act”) and the
 - (b) the Securities Contracts (Regulation) Act, 1956 (“SCRA”), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India (“SEBI”);

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:-

- (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (Not applicable to the Company during the review period)
- (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; ;(Not applicable to the Company during the review period)
- (e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; ;(Not applicable to the Company during the review period)
- (g) Securities and Exchange Board of India (Issue and Listing of Non- Convertible and Redeemable Preference Shares) Regulations, 2013; ;(Not applicable to the Company during the review period)



(h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and based on the above examination, I/We hereby report that, during the Review Period:

(a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:-

Sr.No	Compliance Requirement (Regulations/ circulars / guidelines including specific clause)	Deviations	Observations/ Remarks of the Practicing Company Secretary
NONE			

(b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder insofar as it appears from my/our examination of those records.

(c) The following are the details of actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder:

Sr. No.	Action taken by	Details of violation	Details of action taken E.g. fines, warning letter, debarment, etc.	Observations/ remarks of the Practicing Company Secretary, if any.
NONE				

The listed entity has taken the following actions to comply with the observations made in previous reports:

Sr. No.	Observations of the Practicing Company Secretary in the previous reports	Observations made in the secretarial compliance report for the year ended... (The years are to be mentioned)	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
NONE				

Sd/-
NVSS SURYANARAYANA RAO
 Company Secretary in practice
 ACS No.5868
 CP NO.2886

Place: Hyderabad,

Date: 20.05.2020

UDIN number A005868B000275302



Independent Auditor's Report

TO THE MEMBERS OF VIVIMED LABS LIMITED

Report on the Audit of the Standalone Financial Statements

OPINION

We have audited the accompanying standalone financial statements of **VIVIMED LABS LIMITED** ("the Company"), which comprises the Standalone Balance Sheet as at March 31, 2020, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("IndAS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made there under, 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 standalone financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



We have determined the matters described below to be the key audit matters to be communicated in our report:

Key audit matters	How the matter was addressed in our audit
<p data-bbox="321 455 754 485">Contingent Liabilities and litigation Matters</p> <p data-bbox="321 491 924 590">Refer note 2.5 of the basis of preparation of financial statements and note 32 to the standalone financial statements.</p> <p data-bbox="321 617 924 821">The Company is subject to number of significant litigations. Major risks identified by the Company in that area related to Income Tax, BGs, LCs and corporate guarantee to its subsidiaries. The amount of litigation may be significant and estimates of the amounts of provisions or contingent liabilities are subject to significant Management judgment.</p> <p data-bbox="321 848 924 982">These provisions are based on judgements and accounting estimates made by management reflect in determining the likelihood and magnitude of an unfavorable outcome on the claims.</p> <p data-bbox="321 1010 924 1108">Accordingly, unexpected adverse outcomes could significantly impact the Company's reported profit and balance sheet position</p>	<p data-bbox="943 491 1386 520">Our audit procedures included the following:</p> <p data-bbox="943 548 1547 646">We evaluating the design and testing the operating effectiveness of controls in respect of the recognition and measurement of provisions towards litigation and claims;</p> <p data-bbox="943 674 1386 703">Corroborating management's assessment by:</p> <ul data-bbox="943 709 1547 1115" style="list-style-type: none"> <li data-bbox="943 709 1547 772">• making enquiries with the in-house legal counsel of the Company; <li data-bbox="943 779 1547 842">• verifying correspondence, orders and appeals in respect of open litigation; <li data-bbox="943 848 1547 947">• obtaining confirmations from internal legal counsel where relevant and/ or evaluating legal opinions obtained by the management; <li data-bbox="943 953 1547 1052">• evaluating significant adjustments to legal provisions recorded during the year to determine if they were indicative of management bias; and <li data-bbox="943 1058 1547 1115">• evaluating adequacy of disclosures given in Note 32 to standalone financial statements

INFORMATION OTHER THAN THE STANDALONE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexure to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

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

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

our audit or otherwise appears to be materially misstated.

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

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and



for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud

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

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

Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative





factors in: (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The 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 standalone financial statements comply with the IndAS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has pending litigations which would have impact on its standalone financial positions are disclosed in notes to the financial statements.



- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **PCN & Associates**

Chartered Accountants

FRN : 016016S

Sd/-

K Gopala Krishna

Partner

M.No: 203605

UDIN: 20203605AAAADR4833

Place: Hyderabad

Date: 25-07-2020



Annexure “A” to the Independent Auditor’s Report

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of **VIVIMED LABS LIMITED** of even date

REPORT ON THE INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 (“THE ACT”)

We have audited the internal financial controls over financial reporting of VIVIMED LABS LIMITED (“the Company”) as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

MANAGEMENT’S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITOR’S RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance

with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance





regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control

over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **PCN & Associates**
Chartered Accountants
FRN : 016016S

Sd/-

K Gopala Krishna

Partner

M.No: 203605

Place: Hyderabad
Date: 25-07-2020

UDIN: 20203605AAAADR4833



Annexure “B” to the Independent Auditor’s Report

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of **VIVIMED LABS LIMITED** of even date

- i. In respect of the Company’s fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) According to the information and explanations given to us, the records examined by us and based on the examination of the title deeds of immovable properties, they are held in the name of the company.
- ii. The physical verification of inventory has been conducted at reasonable intervals by the management during the year and no material discrepancies were noticed on such verification.
- iii. According to the information and explanations given to us, the Company has granted unsecured loans to corporate, covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:
 - (a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company’s interest.
 - (b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.
 - (c) There is no overdue amount remaining outstanding as at the year-end.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities.
- v. The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2020 and therefore, the provisions of the clause (v) of the Order are not applicable to the Company.
- vi. We have broadly verified the books of accounts and records maintained by the company in respect of products where, pursuant to the rules made by the central government of India, the maintenance of cost records has been specified under the sub-section (1) of section 148 of the Companies Act 2013, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company is not regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income Tax, Dividend distribution Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.





- (b) There were undisputed amounts payable in respect of TDS, Dividend Distribution Tax in arrears as at March 31, 2020 for a period of more than six months from the date they became payable which are given below:

S. No	Nature	Amount in ₹
1	Dividend Distribution Tax & Interest on delayed payment	1,16,27,202
2	TDS	2,01,66,625

- (c) According to the information and explanation given to us and based on the records of the company examined by us, there are no dues of Income Tax, Goods and Service Tax and Customs Duty which have not been deposited as at March 31, 2020 on account of any dispute except Income Tax which are given below:

S. No.	Nature	Period	Amount in ₹	Forum where the matter is pending
1	Income Tax, 1961	AY 2006-2007	7,06,057	ITAT
2	Income Tax, 1961	AY 2006-2007	Nil	CIT(A)
3	Income Tax, 1961	AY 2007-2008	73,96,750	CIT(A)
4	Income Tax, 1961	AY 2011-2012	1,88,92,271	ITAT
5	Income Tax, 1961	AY 2012-2013	7,61,020	ITAT
6	Income Tax, 1961	AY 2014-2015	4,02,68,920	ITAT

- viii. In our opinion and according to the information and explanations given to us, the Company has defaulted in the repayment of principal loan to EXIM Bank an amount of ₹2,50,00,000/- and interest & penal interest an amount of ₹3,45,72,750/- And loan account with EXIM bank has become NPA during the previous financial year. The Company has not issued any debentures.
- ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order is not applicable to the Company.
- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. In our opinion and according to the information and explanations given to us, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.
- xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **PC N & Associates**
Chartered Accountants
FRN : 016016S

Sd/-
K Gopala Krishna
Partner

Place: Hyderabad
Date: 25-07-2020

M.No: 203605
UDIN: 20203605AAAADR4833



Standalone Balance Sheet

as at 31 March 2020

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

	Note	As at 31 March 2020	As at 31 March 2019
Assets			
Non-current assets			
Property, plant and equipment	4	3,136.00	3,356.37
Capital work-in-progress		697.67	641.80
Goodwill		169.14	169.14
Other intangible assets	5	259.03	281.52
Financial assets			
Investments	6	875.01	875.31
		5,136.85	5,324.14
Current assets			
Inventories	7	2,633.71	2,824.47
Financial assets			
Trade receivables	8	896.69	1,018.86
Cash and cash equivalents	9 (A)	110.88	241.58
Bank balances other than cash and cash equivalents	9 (B)	-	8.00
Loans	10	641.63	684.23
Current tax assets	11	100.70	199.09
Other current assets	12	1,152.73	1,245.21
		5,536.34	6,221.44
Total assets		10,673.19	11,545.58
Equity and Liabilities			
Equity			
Equity share capital	13	165.83	165.05
Other equity	14	5,373.07	5,561.16
Total equity		5,538.90	5,726.21
Non-current liabilities			
Financial Liabilities			
Borrowings	15(A)	676.04	897.10
Other financial liabilities	16 (A)	1,252.60	1,244.95
Deferred tax liabilities, net	17	85.71	98.72
Other non current liabilities	18 (A)	66.45	97.99
Provisions	19 (A)	38.43	95.38
		2,119.23	2,434.14
Current liabilities			
Financial Liabilities			
Borrowings	15(B)	1,877.38	2,141.26
Trade payables	20	308.22	352.85
Other financial liabilities	16 (B)	617.64	532.34
Other current liabilities	18 (B)	7.76	7.77
Provisions	19 (B)	14.43	-
Current tax liabilities	21	189.63	351.01
		3,015.06	3,385.23
Total liabilities		5,134.29	5,819.37
Total equity and liabilities		10,673.19	11,545.58

Summary of significant accounting policies

3

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date attached
for **P C N & Associates**
Chartered Accountants
ICAI Firm Registration Number: 0160165

Sd/-

K Gopala Krishna

Partner
Membership No.: 203605

Place: Hyderabad
Date: 25 July 2020

for and on behalf of the Board of Directors of

Vivimed Labs Limited

CIN: L02411KA1988PLC009465

Sd/-

Santosh Varalwar

Managing Director
DIN: 00054763

Sd/-
Ramesh Krishnamurthy
Chief Executive Officer

Sd/-

Manohar Rao Varalwar

Whole -Time Director
DIN: 00059815

Sd/-
Yugandhar Kopparthi
Company Secretary
M. No. ACS19315





Standalone Statement of Profit and Loss

for the year ended 31 March 2020

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

	Note	Year ended 31 March 2020	Year ended 31 March 2019
Income			
Revenue from operations	22	2,766.06	2,518.08
Other income	23	65.35	85.35
Total income		2,831.41	2,603.43
Expenses			
Cost of materials consumed	24	1,551.68	1,277.04
Changes in inventories and work-in-progress	25	(48.68)	(474.04)
Employee benefit expenses	26	318.67	378.75
Other operating expenses	27	319.32	302.20
Depreciation and amortisation expense	28	165.68	182.59
Finance costs	29	429.99	524.03
Other expenses	30	302.15	361.55
Total expense		3,038.81	2,552.12
Profit before tax		(207.40)	51.31
Tax expenses			
Current tax	31	-	10.38
Deferred tax	31	(15.70)	(20.93)
Total tax expense		(15.70)	(10.55)
Profit for the year		(191.70)	61.86
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Re-measurement gains/ (losses) on defined benefit plan		(10.82)	(3.14)
Income-tax effect	31	-	1.03
Other comprehensive income for the year, net of tax		(10.82)	2.11
Total comprehensive income for the year		(180.88)	63.97
Earnings per equity share (nominal value of INR 2) in INR	39		
Basic		(2.31)	0.75
Diluted		(2.24)	0.72

Summary of significant accounting policies

3

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date attached
for **P C N & Associates**
Chartered Accountants
ICAI Firm Registration Number: 016016S

Sd/-

K Gopala Krishna

Partner
Membership No.: 203605

Place: Hyderabad
Date: 25 July 2020

for and on behalf of the Board of Directors of

Vivimed Labs Limited
CIN: L02411KA1988PLC009465

Sd/-

Santosh Varalwar
Managing Director
DIN: 00054763

Sd/-
Ramesh Krishnamurthy
Chief Executive Officer

Sd/-

Manohar Rao Varalwar
Whole-Time Director
DIN: 00059815

Sd/-
Yugandhar Kopparthi
Company Secretary
M. No. ACS19315



Standalone Statement of Changes in Equity

for the year ended 31 March 2020

a. Equity Share Capital

	No. of shares	Amount
Balance as at March 31, 2019	8,25,23,915	165.05
Changes in equity share capital during the year	3,90,000	0.78
Balance as at March 31, 2020	8,29,13,915	165.83

b. Other equity

Particulars	Reserves and Surplus					Total
	Securities premium	Capital reserve	General reserve	Revaluation reserve	Retained earnings	
Balance as of 31 March 2019	1,766.60	8.57	167.80	380.00	3,238.19	5,561.16
Profit for the year					(191.70)	(191.70)
Dividend paid during the year (including tax on dividend)						-
Ind AS Adjustment					(5.85)	(3.32)
Equity shares issued during the year	8.58	-	-	-		8.58
Other comprehensive income						
Other comprehensive income gains/ (losses) on defined , net of tax	-		-	-	(10.82)	(1.65)
Balance as of 31 March 2020	1,775.18	8.57	167.80	380.00	3,041.52	5,373.07

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date attached for **P C N & Associates**
Chartered Accountants
ICAI Firm Registration Number: 0160165

Sd/-
K Gopala Krishna
Partner
Membership No.: 203605

Place: Hyderabad
Date: 25 July 2020

for and on behalf of the Board of Directors of
Vivimed Labs Limited
CIN: L02411KA1988PLC009465

Sd/-
Santosh Varalwar
Managing Director
DIN: 00054763

Sd/-
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Chief Executive Officer

Sd/-
Manohar Rao Varalwar
Whole -Time Director
DIN: 00059815

Sd/-
Yugandhar Kopparthi
Company Secretary
M. No. ACS19315





Standalone Statement of Cash Flows

for the year ended 31 March 2020

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

	Year ended 31 March 2020	Year ended 31 March 2019
I. Cash flows from operating activities		
Profit before tax	(207.40)	51.31
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation of tangible assets	135.54	151.39
Amortisation of intangible assets	30.14	31.20
Finance income (including fair value change in financial instruments)	-	(78.45)
Finance costs (including fair value change in financial instruments)	429.99	524.03
Operating profit before working capital changes	388.27	679.48
Changes in working capital:		
Adjustment for (increase)/decrease in operating assets		
Trade receivables	122.17	657.85
Inventories	190.76	100.93
Loans - current	42.60	(102.12)
Other assets - current	92.48	12.72
Adjustment for (increase)/decrease in operating liabilities		
Trade payables	(44.63)	119.00
Other financial liabilities	92.95	(336.00)
Other liabilities	(31.55)	(67.00)
Provisions	(42.51)	18.17
Cash generated from operations	810.54	1,083.03
Income taxes paid	(60.30)	(262.61)
Net cash generated from/(used in) operating activities	750.24	820.42
II. Cash flows from investing activities		
Proceeds from sale/ (Purchase of) property, plant and equipment and intangibles (including capital work in progress), net	32.90	(160.14)
Investments made during the year	0.30	643.35
Interest received (finance income)	-	78.45
Net cash used in investing activities	33.20	561.66
III. Cash flows from financing activities		
Share issue proceeds	0.78	-
Dividend paid	-	-
Proceeds from/(repayment of) long-term borrowings, net	(221.06)	(262.47)
Proceeds from/(repayment of) short-term borrowings, net	(263.88)	(445.78)
Interest paid	(429.99)	(524.03)
Net cash provided by financing activities	(914.15)	(1,232.28)
Net increase in cash and cash equivalents (I+II+III)	(130.71)	149.80
Cash and cash equivalents at the beginning of the year	241.59	91.79
Cash and cash equivalents at the end of the year (refer note below)	110.88	241.59
Note:		
Cash and cash equivalents comprise:		
Cash on hand	2.41	2.37
Balances with banks:		
- in current accounts	108.47	239.22
	110.88	241.59

Summary of significant accounting policies

3

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date attached for **P C N & Associates**
Chartered Accountants
ICAI Firm Registration Number: 016016S

Sd/-
K Gopala Krishna
Partner
Membership No.: 203605

Place: Hyderabad
Date: 25 July 2020

for and on behalf of the Board of Directors of
Vivimed Labs Limited
CIN: L02411KA1988PLC009465

Sd/-
Santosh Varalwar
Managing Director
DIN: 00054763

Sd/-
Ramesh Krishnamurthy
Chief Executive Officer

Sd/-
Manohar Rao Varalwar
Whole -Time Director
DIN: 00059815

Sd/-
Yugandhar Kopparthi
Company Secretary
M. No. ACS19315



Notes to Standalone financial statements

for the year ended 31 March 2020

1 General Information

Vivimed Labs Limited ('the Company') is a Public Limited Company incorporated in India, having its registered office at Bidar, India. The Company is primarily engaged in the Business of Active Pharmaceuticals Ingredients, CDMO Finished Dosage Formulation, Specialty Chemicals and Retail Branded Formulation manufacturing. The Company is listed in the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE).

2 Basis of preparation of financial statements

2.1 Statement of Compliance

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules 2015 notified under Section 133 of Companies Act 2013 (the 'Act') and other relevant provisions of the Act.

These financial statements have been prepared for the Company as going concern on the basis of relevant Indian Accounting Standards (Ind AS) that are effective at the Company's annual reporting date, 31 March 2020. The financial statements were authorised for issue by the Company's Board of Directors on July 25, 2020.

2.2 Functional and presentation currency

The financial statements are presented in Indian rupees millions, which is the functional currency of the Company. Functional currency of an entity is the currency of the primary economic environment in which the entity operates.

All amounts are in Indian Rupee millions except share data, unless otherwise stated.

2.3 Basis of measurement

These financial statements have been prepared on the historical cost convention and on an accrual basis, except for the following material items in the statement of financial position:

- certain financial assets and liabilities are measured at fair value;
- employee defined benefit assets/(liability) are recognized as the net total of the fair value of plan assets, plus actuarial losses, less actuarial gains and the present value of the defined benefit obligation;
- long term borrowings are measured at amortized cost using the effective interest rate method.

2.4 Operating cycle

All the assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

Assets:

An asset is classified as current when it satisfies any of the following criteria:

- a) it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is expected to be realized within twelve months after the reporting date; or
- d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Liabilities:

A liability is classified as current when it satisfies any of the following criteria:

- a) it is expected to be settled in the Company's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is due to be settled within twelve months after the reporting date; or
- d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve



Notes to

forming part of the standalone financial statements

months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

2.5 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3, the management of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the areas of estimation uncertainty and critical judgements that the management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Provision and contingent liability

On an ongoing basis, Company reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss Contingencies that are considered possible are not provided for but disclosed as Contingent

liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Gain contingencies are not recognized until the contingency has been resolved and amounts are received or receivable.

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting. As at March 31, 2020 management assessed that the useful lives represent the expected utility of the assets to the Company. Further, there is no significant change in the useful lives as compared to previous year.

2.6 Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised 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 categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.



Notes to

forming part of the standalone financial statements

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

3 Significant accounting policies

3.1 Revenue recognition

Effective April 1, 2018, the Company has applied Ind AS 115: Revenue from Contracts with Customers which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue. The impact of the adoption of the standard on the financial statements of the Company is insignificant.

Revenue is recognised upon transfer of promised products or services to customer in an amount that reflect the consideration which the Company expects to receive in exchange of those products or services.

- Revenue is measured at the fair value of consideration received or receivable taking into account the amount of discounts, volume rebates and VAT/ GST are recognised when all significant risks and rewards of ownership of the goods sold are transferred.
- Revenue from the sale of goods includes excise duty.
- Export incentives are recognised as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds
- Dividend income is accounted for when the right to receive the income is established, which is generally when shareholders approve the dividend.
- Difference between the sale price and carrying value of investment is recognised as profit or loss on sale / redemption on investment on trade date of transaction.
- Interest income is accrued on, time basis, by reference to the principal 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 net carrying amount on initial recognition.

3.2 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalized at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Assets held under leases that do not transfer substantially all the risks and reward of ownership are not recognized in the balance sheet.

Lease payments under operating lease are generally recognised as an expense in the statement of profit and loss on a straight-line basis over the term of lease unless such payments are structured to increase in line with the expected general inflation to compensate for the lessor's expected inflationary cost increases.

Further, at the inception of above arrangement, the Company determines whether the above arrangement is or contains a lease. At inception or on reassessment of an arrangement that contains a lease, the Company separates a payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values.

If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Company's incremental borrowing rate.

Minimum lease payments made under finance leases are apportioned between the finance charge and the



Notes to

forming part of the standalone financial statements

reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3.3 Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

3.4 Borrowing costs

Specific borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of such asset till such time the asset is ready for its intended use and borrowing costs are being incurred. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred.

Borrowing cost includes interest expense, amortization of discounts, ancillary costs incurred in connection with borrowing of funds and exchange difference arising from foreign currency borrowings to the extent they are regarded as an adjustment to the Interest cost.

3.5 Taxation

Income tax expense consists of current and deferred tax. Income tax expense is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and taxable temporary differences arising upon the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.



Notes to

forming part of the standalone financial statements

3.6 Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. The basic earnings per share is computed by dividing the net profit attributable to equity shareholders for the period by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit attributable to equity shareholders for the year relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share.

3.7 Property, plant and equipment

Freehold land and buildings (property) held for use in the production or supply of goods or services, or administrative purposes are stated at cost less accumulated depreciation and accumulated impairment. Freehold land is not depreciated.

The initial cost of PPE comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use, including relevant borrowing costs and any expected costs of decommissioning, less accumulated depreciation and accumulated impairment losses, if any. Expenditure incurred after the PPE have been put into operation, such as repairs and maintenance, are charged to the Statement of Profit and Loss in the period in which the costs are incurred.

If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (major components) of PPE.

Material items such as spare parts, stand-by equipment and service equipment are classified as PPE when they meet the definition of PPE as specified in Ind AS 16 - Property, Plant and Equipment.

3.8 Expenditure during construction period

Expenditure during construction period (including financing cost related to borrowed funds for construction or acquisition of qualifying PPE) is included under Capital Work-in-Progress, and the same is allocated to the respective PPE on the completion of their construction. Advances given towards acquisition or construction of PPE outstanding at each reporting date are disclosed as Capital Advances under "Other non-current Assets".

3.9 Depreciation

Depreciation is the systematic allocation of the depreciable amount of PPE over its useful life and is provided on a straight-line basis over the useful lives as prescribed in Schedule II to the Act or as per technical assessment.

Depreciable amount for PPE is the cost of PPE less its estimated residual value. The useful life of PPE is the period over which PPE is expected to be available for use by the Company, or the number of production or similar units expected to be obtained from the asset by the Company

The Company has componentised its PPE and has separately assessed the life of major components. The Company depreciates its fixed assets over the useful lives as prescribed in Schedule II to the Act.

Depreciation on additions is provided on a pro-rata basis from the month of installation or acquisition and in case of Projects from the date of commencement of commercial production. Depreciation on deductions/disposals is provided on a pro-rata basis up to the date of deduction/disposal.



Notes to

forming part of the standalone financial statements

3.10 Intangible assets and amortisation

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective estimated useful lives on a straight-line basis, from the date that they are available for use.

Amortization

The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

3.11 Inventories

Inventories are valued at lower of cost, determined on “Weighted average” basis and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials, fuel, stores & spare parts and packing materials:
Valued at lower of cost and net realisable value (NRV). However, these items are considered to be realisable at cost, if the finished products, in which they will be used, are expected to be sold at or above cost. Cost is determined on FIFO basis.
- Work-in- progress (WIP), finished goods and stock-in-trade:
Valued at lower of cost and NRV. Cost of Finished goods and WIP includes cost of raw materials, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

3.12 Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand and short-term deposits with

banks that are readily convertible into cash which are subject to insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

3.13 Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated. Bank overdrafts are classified as part of cash and cash equivalent, as they form an integral part of an entity's cash management.

3.14 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the Company receives non-monetary grants, the asset and the grant are accounted at fair value and recognised in the statement of profit and loss over the expected useful life of the asset.

3.15 Impairment of non financial assets

The carrying amounts of the Company's non-financial assets, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit. For the purpose of impairment testing, assets are grouped together into the smallest group of



Notes to

forming part of the standalone financial statements

assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash-generating unit”). An impairment loss is recognized in the income statement if the estimated recoverable amount of an asset or its cash-generating unit is lower than its carrying amount. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Goodwill that forms part of the carrying amount of an investment in an associate is not recognized separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

An impairment loss in respect of equity accounted investee is measured by comparing the recoverable amount of investment with its carrying amount. An impairment loss is recognized in the income statement, and reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

3.16 Employee benefits

Short-term employee benefits

Short-term employee benefits comprise of employee costs such as salaries, bonus etc. is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee.

Defined contribution plans

The Company's contribution to provident fund and employee state insurance schemes is charged to the

statement of profit and loss. The Company's contributions towards Provident Fund are deposited with the Regional Provident Fund Commissioner under a defined contribution plan.

Defined benefit plans

The liability in respect of defined benefit plans and other post-employment benefits is calculated using the projected unit credit method consistent with the advice of qualified actuaries. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related defined benefit obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used. The current service cost of the defined benefit plan, recognized in the income statement in employee benefit expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs are recognized immediately in income. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the income statement. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Termination benefits

Termination benefits are recognized as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage



Notes to

forming part of the standalone financial statements

voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Other long-term employee benefits

The Company's net obligation in respect of other long term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and previous periods. That benefit is discounted to determine its present value. Re-measurements are recognized in the statement of profit and loss in the period in which they arise.

3.17 Provisions (other than for employee benefits)

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

3.18 Contingent liabilities & contingent assets

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

3.19 Financial instruments

a. Recognition and Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issues of financial assets and financial liabilities that are not at fair value through profit or loss, are added to the fair value on initial recognition.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through Profit and Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

b. Classification and Subsequent measurement Financial assets:

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.



Notes to

forming part of the standalone financial statements

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount



Notes to

forming part of the standalone financial statements

plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost: These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities: Classification, Subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

c. Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the

contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit.

d. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

e. Impairment

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost; At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income (FVOCI) are credit impaired. A financial asset is



Notes to

forming part of the standalone financial statements

'credit- impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit- impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum

contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward- looking information.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the trade receivable does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write- off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.



Notes to

forming part of the standalone financial statements

4 Property, plant and equipment

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

Particulars	Land	Buil- dings	Plant and Machinery	Electrical equipment	Labo- ratory equip- ment	Office equip- ment	Compu- ters	Furni- ture	Vehi- cles	Books and Perio- dicals	Total
Gross Carrying amount											
At March 31, 2019	1,117.89	831.37	1,924.67	57.97	43.77	18.89	12.15	19.12	36.66	0.04	4,062.53
Additions			2.92	0.03		0.18	0.10	5.25	-	-	8.47
Disposals/ adjustments	74.84	22.52	51.16	0.05		6.07	0.62	0.13	-	-	155.38
At March 31, 2020	1,043.05	808.85	1,876.44	57.95	43.77	13.00	11.63	24.24	36.66	0.04	3,915.62
Accumulated depreciation											
At March 31, 2019	0.08	147.37	501.85	25.67	20.13	13.54	4.50	(28.20)	21.19	0.03	706.16
Charge for the year	-	42.43	84.44	2.87	4.30	0.72	1.49	2.23	4.69	-	143.17
Less: Disposals / adjustments	-	9.63	53.39	-	-	6.07	0.62	-	-	-	69.70
At March 31, 2020	0.08	180.17	532.90	28.54	24.43	8.19	5.37	(25.97)	25.88	0.03	779.63
Net Carrying amount											
At March 31, 2019	1,117.80	684.01	1,422.82	32.31	23.64	5.35	7.65	47.32	15.47	0.01	3,356.37
At March 31, 2020	1,042.97	628.68	1,343.54	29.42	19.34	4.81	6.26	50.21	10.78	0.01	3,136.00

Note

a) Charge on Property, plant and equipment

All the property, plant and equipment are subject to a first charge, second charge and pari passu to secure the Company's working capital and Term loan bank loans.

Notes to

forming part of the standalone financial statements

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

5 Intangible assets

Particulars	Brands, Trademarks and Technical know how	Total
Gross Carrying amount		
At March 31, 2019	516.15	516.15
Additions		
	-	-
At March 31, 2020	516.15	516.15
Accumulated depreciation		
At March 31, 2019	234.63	234.63
Amortisation expense	22.49	22.49
Less: Disposals / adjustments	-	-
At March 31, 2020	257.12	257.12
Carrying amount		
At March 31, 2019	281.52	281.52
At March 31, 2020	259.03	259.03

6 Investments

	As at 31 March 2020	As at 31 March 2019
Non-current investments		
Investments carried at cost		
Unquoted equity shares		
Investments in subsidiaries		
1,015,000 (March 31, 2019: 1,015,000) equity shares of ₹10 each in Finoso Pharma Private Limited	100.00	100.00
10,000 (March 31, 2019: 10,000) equity shares of HKD 1 each in Vivimed Holdings Limited, Hong Kong	0.07	0.07
1,000 (March 31, 2019: 1,000) equity shares of USD 0.01 each in Vivimed Labs USA Inc, USA	246.98	246.98
900,000 (March 31, 2019: 900,000) equity shares of USD 1 each in Vivimed Labs Mauritius Limited, Mauritius	460.41	460.41
10,000 (March 31, 2019: 10,000) equity shares of ₹10 each in Vivimed Speciality Chemicals Private Limited	0.10	0.10





Notes to

forming part of the standalone financial statements

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

	As at 31 March 2020	As at 31 March 2019
Investments carried at fair value through profit and loss		
Investments in others		
Unquoted equity shares		
2,500,000 (March 31, 2019: 2,500,000) equity shares of ₹10 each in Yantra Green Power Private Limited	25.00	25.00
Others	0.99	1.29
Investments through fair value of corporate guarantees		
Vivimed Labs Mauritius Limited	20.96	20.96
Vivimed Labs USA Inc.	2.65	2.65
Finoso Pharma Private Limited	2.25	2.25
Yantra Green Power Private Limited	15.60	15.60
Total	875.01	875.31
Total investments carried at cost	807.56	807.56
Total investments carried at fair value through profit and loss	25.99	26.29
Other investments	41.46	41.46

7 Inventories

	As at 31 March 2020	As at 31 March 2019
Raw Materials	1,534.36	1,769.14
Packing Materials	84.74	84.69
Semi-finished & Work-in-process	237.78	206.54
Finished Goods (including Goods in transit)	776.83	764.10
Total	2,633.71	2,824.47

8 Trade receivables

	As at 31 March 2020	As at 31 March 2019
Unsecured, considered good	936.45	1,051.70
	936.45	1,051.70
Less: Allowance for doubtful receivables	(39.76)	(32.85)
Total	896.69	1,018.86



Notes to

forming part of the standalone financial statements

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

9 Cash and cash equivalents

	As at 31 March 2020	As at 31 March 2019
i) Balances with banks:		
- On current accounts	108.47	239.22
ii) Cash on hand	2.41	2.37
(A) Total -(i+ii)	110.88	241.59
iii) Bank balances other than cash and cash equivalents stated above		
- Unpaid dividend account	-	8.00
(B) Total (iii)	-	8.00
Total (i+ii+iii)	110.88	249.59

10 Loans (Unsecured, considered good unless otherwise stated)

	As at 31 March 2020	As at 31 March 2019
Current		
Security deposits	603.92	647.81
Loans and advances to related parties	37.71	36.41
Total	641.63	684.23

11 Current tax assets

	As at 31 March 2020	As at 31 March 2019
Advance tax and TDS receivable	100.70	199.09
Less: Provision for taxes		
Total	100.70	199.09

12 Other assets

	As at 31 March 2020	As at 31 March 2019
Current		
Unsecured, considered good		
Advances other than capital advances		
Staff advances	78.25	72.66
Other advances	868.48	966.98
Prepaid expenses	206.00	205.57
Total	1,152.73	1,245.21



Notes to

forming part of the standalone financial statements

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

13 Share Capital

	As at 31 March 2020	As at 31 March 2019
Authorised Share Capital		
1,110,000,000 (March 31, 2019: 1,110,000,000) comprising	400.00	400.00
2,00,000,000 (March 31, 2019: 2,00,000,000) equity shares of ₹2 each.	710.00	710.00
7,10,000 (March 31, 2019: 7,10,000) preference shares of ₹1,000 each.	1,110.00	1,110.00
Issued, subscribed and fully paid-up		
82,913,915 (March 31, 2019: 82,523,915) equity shares of ₹2/- each fully paid-up.	165.83	165.05
	165.83	165.05

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

Particulars	Number of Shares	Value
Balance at March 31, 2019 (Equity shares of ₹2/- each fully paid-up)	8,25,23,915	165.05
Issued during the year (Equity shares of ₹2/- each fully paid)	3,90,000	0.78
Balance at March 31, 2020 (Equity shares of ₹2/- each fully paid-up)	8,29,13,915	165.83

(b) Terms / rights attached to the equity shares

Equity shares of the Company have a par value of ₹2 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

	As at 31 March 2020	As at 31 March 2019
Equity shares of ₹2/- each fully paid		
BBR Projects Private Limited		
Number of shares held	1,23,12,000	1,23,12,000
% of holding	14.85%	14.92%
Kitara PIIN 1102		
Number of shares held	91,50,685	91,50,685
% of holding	11.04%	11.09%
Santosh Varalwar		
Number of shares held	55,99,050	55,99,050
% of holding	6.75%	6.78%



Notes to

forming part of the standalone financial statements

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

14 Other equity

	As at 31 March 2020	As at 31 March 2019
Securities premium		
Opening balance	1,766.60	1,766.60
Additions during the year	8.58	-
Closing balance	1,775.18	1,766.60
Securities premium consists of the difference between the face value of the equity shares and the consideration received in respect of shares issued.		
	As at 31 March 2020	As at 31 March 2019
Capital reserve		
Opening balance	8.57	8.57
Additions during the year	-	-
Closing balance	8.57	8.57
General reserve		
Opening balance	167.80	167.80
Add: Transfers during the year	-	-
Closing balance	167.80	167.80
The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.		
	As at 31 March 2020	As at 31 March 2019
Revaluation reserve		
Opening balance	380.00	380.00
Add: Additions from amalgamated entities	-	-
Closing balance	380.00	380.00
Retained earnings		
Opening balance	3,238.19	3,186.07
Profit/(loss) for the year	(191.70)	61.86
Additions from amalgamated entities		
Dividend paid during the year (including tax on dividend)		
Ind AS Adjustment	5.85	(11.85)
Other comprehensive income	(10.82)	2.11
Closing balance	3,041.52	3,238.19
Total other equity	5,373.07	5,561.16





Notes to

forming part of the standalone financial statements

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

15 Borrowings

	As at 31 March 2020	As at 31 March 2019
(A) Non-current Borrowings		
Secured loans		
Term loans		
- From banks (refer note A below)	106.91	276.03
- From financial institutions (refer note A below)	8.24	58.94
Other loans		
- From financial institutions	7.73	8.97
Unsecured loans		
Sales tax deferment loan (refer note B below)	-	-
FCCB's From Financial Institutions (refer note C below)	553.16	553.16
Total non-current borrowings	676.04	897.10
(B) Current Borrowings		
Secured loans repayable on demand		
Working capital loans		
- Cash credit and packing credit loans (refer note D below)	1,877.38	2,141.26
- Foreign bills discounting	-	-
Total current borrowings	1,877.38	2,141.26

A. Term loans:

Term loan from Banks consists of:

(i) Loan taken from SBI for Rs.700 mn (USD 10.1 mn) repayable in 16 instalments from October 2017 to June 2021. This loan carries an interest rate of 15.5%.

Term loan from Financial Institutions consists of:

(i) ECB loan taken from IFC for USD 12.5 million repayable in 10 instalments from June 2015 to December 2019 and Company has applied for extension and its under process. This loan carries an interest rate of 6.02%.

All the term loans are secured by a charge on the moveable and immovable assets of the Company, present and future, with a paripassu charge.

B. Sales tax deferrment loan:

The Company has been granted an interest free sales tax deferment loan by the Government of Andhra Pradesh. As per the terms of this scheme, the Company has to repay the amount till FY 2020-21. This loan is unsecured.



Notes to

forming part of the standalone financial statements

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

15 Borrowings (Contd.)

C. FCCB's from Financial Institutions:

The Company has obtained an FCCB from IFC in June 2011 for an amount of USD 7.5 million repayable in 5 years with a coupon rate of 0.55% per annum and an interest rate of 4.23% per annum compounded semi-annually if the conversion option is not exercised. Subsequently, during the year, the due date for payment has been extended upto 30 September 2019. The Company has applied for extension and its underprocess. The entire portion was classified under "Borrowings", and there is no equity portion of the instrument.

D. Cash credits and packaging credit loans:

The Company has working capital facilities in the form of cash credits and packaging credit from State Bank of India, Allahabad Bank, Bank of Bahrain and Kuwait and Exim with interest rates varying between 14.5% to 16.5%.

During the previous year, EXIM Bank have not renewed PCFC facility and the loan was called back during the previous year.

16 Other financial liabilities

	As at 31 March 2020	As at 31 March 2019
(A) Non-Current		
Creditors for capital goods	187.32	243.06
Payable to related parties	1,065.28	1,001.89
	1,252.60	1,244.95
(B) Current		
Current maturities of long-term debts	484.80	440.78
Employee salaries payable	65.11	57.53
Employee bonus payable	56.25	14.66
Provision for expenses	11.48	19.37
	617.64	532.34



Notes to

forming part of the standalone financial statements

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

17 Deferred tax liabilities, net

	As at 31 March 2020	As at 31 March 2019
Deferred tax asset		
- Tangible and Intangible assets		
- Provision allowed under tax on payment basis		
- Expected credit loss on financial assets	85.71	98.72
- MAT credit entitlement	-	-
Total	85.71	98.72
Deferred tax liability		
- Fair valuation of financial liabilities	-	-
Deferred tax asset, net	85.71	98.72

18 Other liabilities

	As at 31 March 2020	As at 31 March 2019
(A) Non-Current		
Deferred interest	53.49	70.45
Advances received	12.51	15.90
Grants receivable	-	-
Financial guarantee liability	0.45	11.65
	66.45	97.99
(B) Current		
Financial guarantee liability	7.76	7.77
	7.76	7.77

19 Provisions

	As at 31 March 2020	As at 31 March 2019
(A) Non-Current		
Provision for employee benefits		
- Gratuity (refer note 36)	36.35	50.92
- Compensated absences	-	21.80
Provision for others	2.08	22.66
	38.43	95.38
(B) Current		
Provision for employee benefits		
- Gratuity (refer note 36)	14.43	-
	14.43	-



Notes to

forming part of the standalone financial statements

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

20 Trade payables

	As at 31 March 2020	As at 31 March 2019
Trade payables		
- Total outstanding dues of micro enterprises and small enterprises (refer note 37)	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	308.22	352.85
	308.22	352.85

21 Current tax liabilities

	As at 31 March 2020	As at 31 March 2019
Provision for taxes	189.63	351.01
Less: Advance tax and TDS receivable	-	-
	189.63	351.01

22 Revenue from operations

	For the year ended 31 March 2020	For the year ended 31 March 2019
Revenue from sale of products		
Domestic	1,521.06	1,587.94
Export	714.57	552.63
	2,235.63	2,140.57
Other operating revenue	530.43	377.51
	2,766.06	2,518.08

23 Other income

	For the year ended 31 March 2020	For the year ended 31 March 2019
Unwinding of interest on assets discounted	-	78.45
Grants received	-	-
Guarantee income	3.88	3.88
Other income & Miscellaneous income	61.47	3.02
	65.35	85.35





Notes to

forming part of the standalone financial statements

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

24 Cost of materials consumed

	For the year ended 31 March 2020	For the year ended 31 March 2019
Opening Stock of Raw Materials and Consumables	1,769.14	1,838.00
Opening Stock of Packing Materials	84.69	112.09
Add : Opening Stock of Raw Material on Amalgamated Entities	-	-
Add : Opening Stock of Packing Material on Amalgamated Entities	-	-
Add : Purchases during the year	1,316.95	1,180.78
	3,170.78	3,130.87
Less : Closing Stock of Raw Materials and Consumables	1,534.36	1,769.14
Less : Closing Stock of Packing Materials	84.74	84.69
	1,551.68	1,277.04

25 Changes in inventories and Work-in-progress

	For the year ended 31 March 2020	For the year ended 31 March 2019
Finished Goods		
Inventories at the beginning of the year	759.40	735.56
Add : Amalgamated Entities Finished Goods	-	-
Less : Inventories at the end of the year	776.83	759.40
Sub Total (A)	(17.43)	(23.84)
Semi Finished Goods & Work-in-Progress		
Inventories at the beginning of the year	206.54	422.86
Less : Inventories at the end of the year	237.79	206.54
Sub Total (B)	(31.25)	216.32
Goods in transit		(666.52)
(Increase) / Decrease in Inventories	(48.68)	(474.04)

26 Employee benefits expense

	31 March 2020	31 March 2019
Salaries, wages and bonus	292.69	350.54
Contribution to provident and other funds	7.11	7.29
Staff welfare expenses	18.87	20.93
	318.67	378.75



Notes to

forming part of the standalone financial statements

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

27 Other operating expenses

	For the year ended 31 March 2020	For the year ended 31 March 2019
Consumption of Stores & Spares	25.37	48.32
Power & Fuel	89.86	89.20
Wages & Allowances	7.41	6.84
Labour Charges	69.75	72.17
Repairs to Building	0.54	0.94
Repairs to Machinery	14.10	19.25
Other Manufacturing Expenses	40.48	62.79
Loss on sale of asset	68.70	-
Job Work Charges	1.76	1.42
R & D Expenses	1.35	1.27
	319.32	302.20

28 Depreciation and amortisation expense

	For the year ended 31 March 2020	For the year ended 31 March 2019
Depreciation of tangible assets	135.54	151.39
Amortization of intangible assets	30.14	31.20
	165.68	182.59

29 Finance costs

	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest on term loans, ECB loans and vehicle loans	80.72	126.51
Interest on working capital loan and cash credit	333.92	323.57
Other borrowing cost	15.35	73.95
	429.99	524.03

30 Other expenses

	For the year ended 31 March 2020	For the year ended 31 March 2019
Business & Marketing Expenses	11.69	18.44
Bank charges	4.41	2.30
Commission & Discounts	18.57	24.35
Travelling Expenses - Foreign	0.05	1.59
Printing & Stationery	4.41	5.43
Telephone & Postage Expenses	4.24	5.65
Travelling Expenses	51.24	35.34





Notes to

forming part of the standalone financial statements

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

30 Other expenses (Contd.)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Rates & Taxes	3.46	21.98
Conveyance	8.62	9.10
Consultancy Charges	-	-
Directors' Sitting Fee	1.05	1.13
Insurance	10.26	3.95
Rent	16.67	17.45
Other Administrative Expenses	122.07	180.39
Processing fee on term loans	7.22	8.31
Provision against doubtful receivables	-	-
Fluctuation on Foreign exchange	8.80	0.14
Directors' Remuneration - Salary	27.50	24.13
Payment to Auditors:		
(i) As Auditor	1.82	1.82
(ii) For Taxation Matters	0.07	0.07
	302.15	361.55

31 Tax expenses

	For the year ended 31 March 2020	For the year ended 31 March 2019
Current income tax:		
Current income tax charge	(9.64)	10.38
Deferred tax:		
Relating to originating and reversal of temporary differences	-	(20.93)
Income tax expense recognised in the statement of profit or loss	(9.64)	(10.55)

Deferred tax related to items considered in OCI during the year

	For the year ended 31 March 2020	For the year ended 31 March 2019
Re-measurement gains/ (losses) on defined benefit plan	0.83	(1.03)
Income tax charge to OCI	0.83	(1.03)



Notes to

forming part of the standalone financial statements

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

32 Contingent liabilities and commitments

Particulars	As at 31-Mar-20	As at 31-Mar-19
i) Contingent liabilities:		
- Corporate guarantees given on behalf of others	24.30	414.35
- Letter of credit outstanding	-	58.60
- Bank guarantees	23.06	14.20
- Income tax demand	68.02	68.02
ii) Commitments:		
- Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances		-

33 Related party disclosures

a) Names of related parties and description of relationship

Subsidiary Companies	Finoso Pharma Private Limited Vivimed Specialty Chemicals Private Limited Vivimed Holdings Limited Vivimed Labs USA INC. Vivimed Labs Mauritius Limited
Step down subsidiary Companies	UQUIFA India Private Limited Vivimed Labs UK Limited Vivimed Labs Spain S.L. Union Quimico Farmaceutica S.A.U Holliday International Limited Uquifa Mexico S.A. de C.V. Uquifa Sciences (Mascarene) Ltd (Formerly known as Vivimed Labs (Mascarene) Ltd Soneas Chemical Ltd Soneas Research Ltd
Joint venture Company	-
Key Management Personnel ("KMP")	Santosh Varalwar (Managing Director) Manohar Rao Varalwar (Executive Director) Sandeep Varalwar (Executive Director) Raghunandan S (Whole -Time Director and CFO) (Demise) Yugandhar Kopparthi (Company Secretary)



Notes to

forming part of the standalone financial statements

33 Related party disclosures (Contd.)

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

b) Transactions with related parties

	For the year ended 31 March 2020	For the year ended 31 March 2019
Key Management Personnel		
Remuneration Paid*	27.50	26.31
Investments made		
In subsidiaries	-	-
Subsidiaries and step down subsidiaries		
Sale of goods	36.71	970.25
Purchase of goods	73.25	157.44
Advances given	580.61	796.54
Advances received	1,155.86	1,533.61

*Does not include insurance, which is paid for the Company as a whole and gratuity and compensated absences as this is provided in the books of accounts on the basis of actuarial valuation for the Company as a whole and hence individual amount cannot be determined.

c) Details of balances receivable from and payable to related parties are as follows:

Name of Related Party	As at 31-Mar-20	As at 31-Mar-19
Finoso Pharma Private Limited	(12.16)	(48.87)
Vivimed Labs USA Inc.USA	(232.14)	(232.14)
Vivimed Labs Mauritius Limited	(490.56)	(538.06)
Vivimed Labs Spain SL	(254.65)	(248.08)
Union Quimico Farmaceutica SAU,	(4.06)	(4.06)
Yantra Green Power Pvt Limited	(8.62)	(13.62)
Vivimed Holdings Ltd	220.23	(65.44)
Uquifa Mexico S.A. de. CV.	(2.95)	0.11
BBR Green fields Private Limited	(973.40)	(75.59)

d) Terms and conditions of transactions with related parties:

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free.

e) Others:

The Company has given Corporate Guarantee for the credit facilities of ₹24.30 Mn availed by the Subsidiaries.



Notes to

forming part of the standalone financial statements

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

34 Segment information

Ind AS 108 "Operating Segment" ("Ind AS 108") establishes standards for the way that public business enterprises report information about operating and geographical segments and related disclosures about products and services, geographic areas, and major customers. Based on the "management approach" as defined in Ind AS 108, Operating segments and geographical segments are to be reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM evaluates the Company's performance and allocates resources on overall basis.

The Company has two reportable segments - Speciality Chemicals Business and Pharma Business.

The segment revenue, profitability, assets and liabilities are as under:

Revenue by segment	For the year ended 31 March 2020	For the year ended 31 March 2019
a) Speciality Chemicals	626.83	520.97
b) Pharma	2,139.23	1,997.11
c) Others	-	-
Total revenue	2,766.06	2,518.08
Segment Results	For the year ended 31 March 2020	For the year ended 31 March 2019
(Profit before Tax & Interest)		
a) Speciality Chemicals	(142.39)	88.85
b) Pharma	364.98	486.49
c) Others	-	-
Total:	222.59	575.33
Less: (i) Interest	429.99	524.03
(ii) Unallocable expenditure (Net of Un allocable income)		
Total Profit before tax	(207.40)	51.30
	As at 31-Mar-20	As at 31-Mar-19
Segment Assets		
a) Speciality Chemicals	1,925	1,961
b) Pharma	8,748	9,585
Total	10,673	11,546
Segment Liabilities		
a) Speciality Chemicals	1,063	1,069
b) Pharma	4,072	4,750
Total	5,134	5,819
Capital Employed		
a) Speciality Chemicals	1,659	2,725
b) Pharma	5,999	5,435
Total	7,658	8,160



Notes to

forming part of the standalone financial statements

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

35 Auditors' remuneration include:

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Statutory audit fee (including limited review)	1.82	1.82
Taxation matters	0.07	0.07
Total	1.89	1.89

36 Gratuity

The Company provides its employees with benefits under a defined benefit plan, referred to as the "Gratuity Plan". The Gratuity Plan entitles an employee, who has rendered at least five years of continuous service, to receive 15 days salary for each year of completed service (service of six months and above is rounded off as one year) at the time of retirement/exit, restricted to a sum of ₹2,000,000.

The following tables summarize the components of net benefit expense recognised in the statement of profit or loss and the amounts recognised in the balance sheet for the plan:

Reconciliation of opening and closing balances of the present value of the defined benefit obligations:

Particulars	As at 31-Mar-20	As at 31-Mar-19
Opening balance	50.92	45.66
Current service cost	5.41	7.84
Interest cost	3.90	3.53
Benefits paid	(1.20)	(2.49)
Actuarial gain	10.34	(3.61)
Closing balance	69.37	50.92
Present value of projected benefit obligation at the end of the year	69.37	50.92
Fair value of plan assets at the end of the year	-	-
Net liability recognised in the balance sheet	69.37	50.92
Current provision	14.43	5.23
Non current provision	54.94	45.69
Expenses recognised in statement of profit and loss	As at 31-Mar-20	As at 31-Mar-19
Service cost	5.41	7.84
Interest cost	3.90	3.53
Gratuity cost	9.31	11.37
Re-measurement gains/ (losses) in OCI		
Actuarial gain / (loss) due to others	10.34	(3.61)
Remeasurement because of OB difference	0.38	0.38
Return on plan assets greater (less) than discount rate	0.10	0.10
Total expenses routed through OCI	10.82	(3.14)



Notes to

forming part of the standalone financial statements

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

36 Gratuity (Contd.)

Assumptions	As at 31-Mar-20	As at 31-Mar-19
Discount rate (per annum)	6.80%	7.36%
Future salary increases	5.00%	2.00%

A quantitative sensitivity analysis for significant assumption and its impact on projected benefit obligation are as follows:

	As at 31-Mar-20	As at 31-Mar-19
Impact of 1% increase in discount rate	(73.67)	(54.67)
Impact of 1% decrease in discount rate	65.56	47.64
Impact of 1% increase in salary growth rate	75.11	57.39
Impact of 1% decrease in salary growth rate	(64.28)	(45.47)
Impact of 1% increase in attrition rate	71.70	53.67
Impact of 1% decrease in attrition rate	(66.80)	(47.88)
Impact of 1% increase in mortality rate	69.43	51.10
Impact of 1% decrease in mortality rate	(69.30)	(50.84)

These sensitivities have been calculated to show the movement in projected benefit obligation in isolation and assuming there are no other changes in market conditions.

37 Dues to Micro, small and medium enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2020 has been made in the financial statements based on information received and available with the Company. Further in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Micro, Small and Medium Enterprises Development Act, 2006 ('The MSMED Act') is not expected to be material. The Company has not received any claim for interest from any supplier.

Particulars	As at 31-Mar-20	As at 31-Mar-19
a) the principal amount due thereon remaining unpaid to any supplier at the end of each accounting year.	Nil	Nil
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;	Nil	Nil
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 this MSMED Act	Nil	Nil
d) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
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.	Nil	Nil



Notes to

forming part of the standalone financial statements

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

38 Leases

Where the Company is a lessee:

The Company has taken various office premises under operating leases. The leases typically run for a term ranging from eleven months to five years, with an option to renew the lease after the term completion. The escalation clause in these arrangement ranges from 5% to 10%.

i) Future minimum lease payments under non-cancellable operating leases are as follows:

Particulars	As at 31-Mar-20	As at 31-Mar-19
Not later than 1 year	13.02	13.02
Later than 1 year and not later than 5 years	11.30	11.30
Later than 5 years	-	-

ii) Amounts recognised in statement of profit and loss:

Particulars	As at 31-Mar-20	As at 31-Mar-19
Cancellable lease expense	14.52	15.30
Non - cancellable lease expense	2.15	2.15
Total	16.67	17.45

39 Earnings per share

Basic EPS 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.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity Shares.

The following table sets out the computation of basic and diluted earnings per share:

Particulars	As at 31-Mar-20	As at 31-Mar-19
Profit for the year attributable to equity share holders	(191.70)	61.86
Shares		
Weighted average number of equity shares outstanding during the year – basic	8,29,13,915.00	8,25,23,915.00
Weighted average number of equity shares outstanding during the year – diluted	8,54,13,915.00	8,60,18,915.00
Earnings per share		
Earnings per share of par value ₹2 – basic (₹)	(2.31)	0.75
Earnings per share of par value ₹2 – diluted (₹)	(2.24)	0.72



Notes to

forming part of the standalone financial statements

40. COVID-19 Impact Analysis & Estimation of uncertainties relating to the global health pandemic

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, intangibles, inventories and investments. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information. The Company has performed sensitivity analysis on the assumptions used and based on current estimates, the company expects to fully recover the carrying amount of receivables, intangibles, inventories and investments. As the outbreak continues to evolve, the company will continue to closely monitor any material changes to future economic conditions.

41 Financial risk management objectives and policies

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

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and other price risk, such as commodity risk. Financial instruments affected by market risk include loans and borrowings and refundable deposits. The sensitivity analysis in the following sections relate to the position as at March 31, 2020 and March 31, 2019. The sensitivity analyses have been prepared on the basis that the amount of net debt and the ratio of fixed to floating interest rates of the debt.

The analysis excludes the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations; provisions.

The below assumption has been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2020 and March 31, 2019.

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 exposure to the risk of changes in market interest rates relates primarily to the Company's short-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of variable rate borrowings. The Company does not enter into any interest rate swaps.



Notes to

forming part of the standalone financial statements

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

41 Financial risk management objectives and policies (Contd.)

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and 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:

	Increase/decrease in interest rate
March 31, 2020	
INR	+1%
INR	-1%
March 31, 2019	
INR	+1%
INR	-1%

b) 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 credit risk arises principally from its operating activities (primarily trade receivables) and from its investing activities, including deposits with banks and financial institutions and other financial instruments.

Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom credit has been granted after obtaining necessary approvals for credit. The collection from the trade receivables are monitored on a continuous basis by the receivables team.

The Company establishes an allowance for credit loss that represents its estimate of expected losses in respect of trade and other receivables based on the past and the recent collection trend. The maximum exposure to credit risk as at reporting date is primarily from trade receivables amounting to ₹896.68 mn (March 31, 2019: 1,018.86). The movement in allowance for credit loss in respect of trade and other receivables during the year was as follows:

Allowance for credit loss	31-Mar-20	31-Mar-19
Opening balance	32.85	26.55
Credit loss provided/ (reversed)	6.92	6.30
Closing balance	39.77	32.85

No single customer accounts for more than 10% of the revenue as of March 31, 2020, March 31, 2019 and hence there is no significant concentration risk of revenue .

Credit risk on cash and cash equivalent is limited as the Company generally transacts with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

c) Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans



Notes to

forming part of the standalone financial statements

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

41 Financial risk management objectives and policies (Contd.)

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

	On demand
Year ended March 31, 2020	
Borrowings	1,877
Trade payables	308
Year ended March 31, 2019	
Borrowings	2,141
Trade payables	353

42 Capital management

The Company's policy is to maintain a stable capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors capital on the basis of return on capital employed as well as the debt to total equity ratio.

For the purpose of debt to total equity ratio, debt considered is long-term and short-term borrowings. Total equity comprise of issued share capital and all other equity reserves.

The capital structure as of March 31, 2020, March 31, 2019 was as follows:

Particulars	31-Mar-20	31-Mar-19
Total equity attributable to the equity shareholders of the Company	5,539	5,726
As a percentage of total capital	64.58%	62.21%
Long term borrowings including current maturities	1,161	1,338
Short term borrowings	1,877	2,141
Total borrowings	3,038	3,479
As a percentage of total capital	35.42%	37.79%
Total capital (equity and borrowings)	8,577	9,205

43 Recent Accounting pronouncements

Standards issued but not yet effective and not early adopted by the Company:

The Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 01, 2020.

44 Subsequent Events

There are no significant events that occurred after the balance sheet date.

45 Prior year comparatives

The figures of the previous year have been regrouped/reclassified, where necessary, to conform with the current year's classification.

As per our report of even date attached for **P C N & Associates**
Chartered Accountants
ICAI Firm Registration Number: 016016S

Sd/-

K Gopala Krishna

Partner
Membership No.: 203605

for and on behalf of the Board of Directors of
Vivimed Labs Limited
CIN: L02411KA1988PLC009465

Sd/-

Santosh Varalwar
Managing Director
DIN: 00054763

Sd/-

Manohar Rao Varalwar
Whole -Time Director
DIN: 00059815

Sd/-

Ramesh Krishnamurthy
Chief Executive Officer

Sd/-

Yugandhar Kopparthi
Company Secretary
M. No. ACS19315

Place: Hyderabad
Date: 25 July 2020





Independent Auditor's Report

TO THE MEMBERS OF VIVIMED LABS LIMITED

Report on the Audit of the Consolidated Financial Statements

OPINION

We have audited the accompanying consolidated financial statements of **VIVIMED LABS LIMITED** ("the Company") and its subsidiaries (the Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("IndAS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2020, the consolidated Loss, consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made there under, 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 consolidated financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters	How the matter was addressed in our audit
<p>Contingent Liabilities and litigation Matters</p> <p>Refer note 2.5 of the basis of preparation of financial statements and note 34 to the consolidated financial statements.</p> <p>The Company is subject to number of significant litigations. Major risks identified by the Company in that area related to Income Tax, BGs, LCs and corporate guarantee to its subsidiaries. The amount of litigation may be significant and estimates of the amounts of provisions or contingent liabilities are subject to significant Management judgment.</p> <p>These provisions are based on judgements and accounting estimates made by management reflect in determining the likelihood and magnitude of an unfavorable outcome on the claims.</p> <p>Accordingly, unexpected adverse outcomes could significantly impact the Company's reported profit and balance sheet position.</p>	<p>Our audit procedures included the following:</p> <p>We evaluating the design and testing the operating effectiveness of controls in respect of the recognition and measurement of provisions towards litigation and claims;</p> <p>Corroborating management's assessment by:</p> <ul style="list-style-type: none"> • making enquiries with the in-house legal counsel of the Company; • verifying correspondence, orders and appeals in respect of open litigation; • evaluating significant adjustments to legal provisions recorded during the year to determine if they were indicative of management bias; and • we evaluating the adequacy of disclosures given in Note 34 to consolidated financial statements.

INFORMATION OTHER THAN THE CONSOLIDATED 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 Management Discussion and Analysis, Board's Report including Annexure to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our auditor's report thereon.
- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

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

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED 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 consolidated 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 IndAS 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 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 respective Board of Directors of the companies included in the Group is also responsible for overseeing the financial reporting process of the Group.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial 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 and its subsidiary companies which are companies incorporated in India, 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 ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained upto the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements



may be influenced. We consider quantitative materiality and qualitative factors in : (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS:

We did not audit the financial statements / financial information of 15 subsidiaries, whose financial statements / financial information reflect total assets before elimination of ₹27,797.47 Millions as at 31 March 2020, total revenues of ₹8,758.09 Millions for the year ended on that date, as considered in the consolidated financial statements. These financial statements/financial information are prepared and submitted to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of subsection (3) of section 143 of the Act, in so far as it relates to the aforesaid

subsidiaries is based solely on the reports and information provided by the Management.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors of the company and its subsidiaries, none of the directors of the group companies is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the Auditor's reports of the Company and its subsidiary companies. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal





financial controls over financial reporting of those companies, for reasons stated therein.

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

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and its subsidiary companies.

For **PC N & Associates**

Chartered Accountants

FRN : 016016S

Sd/-

K Gopala Krishna

Partner

M.No: 203605

UDIN: 20203605AAAADR4833

Place: Hyderabad

Date: 25-07-2020



Annexure “A” to the Independent Auditor’s Report

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of **VIVIMED LABS LIMITED** of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 (“THE ACT”)

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of **VIVIMED LABS LIMITED** (herein after referred to as “Company”) and its subsidiary companies, which are companies incorporated in India, as of that date.

MANAGEMENT’S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Board of Directors of the Company and its subsidiary companies are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITOR’S RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company and its subsidiary companies based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.





We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company and its Subsidiary Companies.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls,

material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, to the best of our information and according to the explanations given to us, the Company and its subsidiary companies, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **PCN & Associates**
Chartered Accountants
FRN : 016016S

Sd/-

K Gopala Krishna

Partner

M.No: 203605

UDIN: 20203605AAAADR4833

Place: Hyderabad

Date: 25-07-2020



Consolidated Balance Sheet

as at 31 March 2020

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

	Note	As at 31 March 2020	As at 31 March 2019
Assets			
Non-current assets			
Property, plant and equipment	4	6,981.97	6,620.33
Capital work-in-progress		892.75	1,223.07
Goodwill		2,176.25	2,176.25
Other intangible assets	5	1,293.01	852.64
Financial assets			
Investments	6	857.13	25.10
Deferred tax assets, net	7	137.27	67.92
Other non-current assets	8(A)	5.03	20.26
		12,343.41	10,985.58
Current assets			
Inventories	9	5,019.08	5,636.86
Financial assets			
Trade receivables	10	2,490.67	3,561.10
Cash and cash equivalents	11(A)	504.89	945.04
Bank balances other than cash and cash equivalents	11(B)	-	8.00
Loans	12	792.77	756.88
Others	13	1.86	1.08
Current tax assets	14	182.30	199.10
Other current assets	8(B)	761.21	1,198.04
		9,752.78	12,306.09
Total assets		22,096.19	23,291.67
Equity and Liabilities			
Equity			
Equity share capital	15	165.83	165.05
Instruments entirely equity in nature	16	3,252.21	3,252.21
Other equity	17	4,927.87	6,020.69
Equity attributable to the owners of the Company		8,345.91	9,437.94
Non-controlling interests		-	-
Total equity		8,345.91	9,437.94
Non-current liabilities			
Financial Liabilities			
Borrowings	18(A)	4,703.94	4,248.01
Other financial liabilities	19(A)	935.03	308.55
Other non current liabilities	20(A)	356.34	315.71
Provisions	21(A)	51.39	92.11
		6,046.70	4,964.38
Current liabilities			
Financial Liabilities			
Borrowings	18(B)	4,185.15	3,323.01
Trade payables	22	2,265.01	2,944.24
Other financial liabilities	19(B)	795.69	2,193.39
Other current liabilities	20(B)	222.10	77.70
Provisions	21(B)	33.38	-
Current tax liabilities	23	202.25	351.01
		7,703.58	8,889.35
Total liabilities		13,750.28	13,853.73
Total equity and liabilities		22,096.19	23,291.67

Summary of significant accounting policies

3

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date attached
for **P C N & Associates**
Chartered Accountants
ICAI Firm Registration Number: 0160165

Sd/-

K Gopala Krishna
Partner
Membership No.: 203605

Place: Hyderabad
Date: 25 July 2020

for and on behalf of the Board of Directors of

Vivimed Labs Limited
CIN: L02411KA1988PLC009465

Sd/-

Santosh Varalwar
Managing Director
DIN: 00054763

Sd/-
Ramesh Krishnamurthy
Chief Executive Officer

Sd/-

Manohar Rao Varalwar
Whole -Time Director
DIN: 00059815

Sd/-
Yugandhar Kopparthi
Company Secretary
M. No. ACS19315





Consolidated Statement of Profit and Loss

for the year ended 31 March 2020

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

	Note	For the year ended 31 March 2020	For the year ended 31 March 2019
Income			
Revenue from operations	24	10,587.97	13,151.70
Other income	25	82.58	229.61
Total income		10,670.55	13,381.31
Expenses			
Cost of materials consumed	26	4,832.44	5,619.12
Changes in inventories and work in progress	27	(206.91)	(435.13)
Employee benefits expense	28	2,333.57	2,417.60
Other operating expenses	29	2,445.56	2,580.96
Depreciation and amortisation expense	30	669.46	667.90
Finance costs	31	588.92	672.62
Other expenses	32	1,102.26	1,197.78
Total expense		11,765.30	12,720.86
Profit before tax		(1,094.75)	660.45
Tax expenses			
Current tax	33	37.99	78.03
Deferred tax	33	(41.58)	8.77
Total tax expense		(3.60)	86.80
Profit/(Loss) for the year before non-controlling interest		(1,091.15)	573.65
Profit/(Loss) attributable to non controlling interest		-	-
Profit/(Loss) attributable to owners of the Parent		(1,091.15)	573.65
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Re-measurement gains/ (losses) on defined benefit plan		(10.82)	(3.11)
Income-tax effect	33	-	1.03
Total		(10.82)	2.08
Other comprehensive income before non-controlling interest		(10.82)	2.08
Other comprehensive income attributable to non controlling interest		-	-
Other comprehensive income attributable to owners of the Parent		(10.82)	2.08
Total comprehensive income for the year before non controlling interest		(1,080.33)	575.74
Total comprehensive income attributable to non controlling interest		-	-
Total comprehensive income attributable to owners of the Parent		(1,080.33)	575.74
Earnings per equity share (nominal value of INR 2) in INR			
Basic	41	(13.16)	6.95
Diluted		(12.77)	6.67

Summary of significant accounting policies

3

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date attached
for **P C N & Associates**
Chartered Accountants
ICAI Firm Registration Number: 016016S

Sd/-
K Gopala Krishna
Partner
Membership No.: 203605

Place: Hyderabad
Date: 25 July 2020

for and on behalf of the Board of Directors of
Vivimed Labs Limited
CIN: L02411KA1988PLC009465

Sd/-
Santosh Varalwar
Managing Director
DIN: 00054763

Sd/-
Ramesh Krishnamurthy
Chief Executive Officer

Sd/-
Manohar Rao Varalwar
Whole -Time Director
DIN: 00059815

Sd/-
Yugandhar Kopparthi
Company Secretary
M. No. ACS19315



Consolidated Statement of Changes in Equity

for the year ended 31 March 2020

a. Equity Share Capital

	No. of shares	Amount
Balance as at March 31, 2019	8,25,23,915	165.05
Changes in equity share capital during the year	3,90,000	0.78
Balance as at March 31, 2020	8,29,13,915	165.83

b. Instruments entirely equity in nature

	No. of shares	Amount
Compulsorily convertible preference shares		
Balance as at March 31, 2019	50,00,000	3,252
Add: NIL	-	-
Balance as at March 31, 2020	50,00,000	3,252

c. Other equity

Particulars	Reserves and Surplus					Retained earnings	Total equity attributable to the owners of the Company	Non-controlling interest	Total equity
	Securities premium	Capital reserve	General reserve	Revaluation reserve	Foreign currency adjustment				
Balance as of 31 March 2019	2,305.22	8.57	141.16	380.00	(156.30)	3,342.04	6,020.69	-	6,143.51
Profit for the year						(1,091.16)	(1,091.16)	-	(1,091.16)
Additions during the year	8.58					-	8.58	-	8.58
Ind AS Adjustment						-	-		
Dividend paid & capital reduction of subsidiaries						(0.59)	(0.59)	-	(0.59)
Other comprehensive income									-
Re-measurement gains/ (losses) on defined benefit plans, net of tax						(10.82)	(10.82)	-	(10.82)
Balance as of 31 March 2020	2,313.80	8.57	141.16	380.00	(156.30)	2,240.65	4,927.88	-	5,050.70

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date attached for **P C N & Associates** Chartered Accountants ICAI Firm Registration Number: 0160165

Sd/-
K Gopala Krishna
Partner
Membership No.: 203605

for and on behalf of the Board of Directors of **Vivimed Labs Limited**
CIN: L02411KA1988PLC009465

Sd/-
Santosh Varalwar
Managing Director
DIN: 00054763

Sd/-
Manohar Rao Varalwar
Whole -Time Director
DIN: 00059815

Sd/-
Ramesh Krishnamurthy
Chief Executive Officer

Sd/-
Yugandhar Kopparthi
Company Secretary
M. No. ACS19315

Place: Hyderabad
Date: 25 July 2020





Consolidated Statement of Cash Flows

for the year ended 31 March 2020

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

	For the year ended 31 March 2020	For the year ended 31 March 2019
I. Cash flows from operating activities		
Profit before tax	(1,094.75)	660.45
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation of tangible assets	438.73	403.71
Amortisation of intangible assets	230.63	264.19
Finance costs (including fair value change in financial instruments)	589.51	672.62
Operating profit before working capital changes	164.13	2,000.97
Changes in working capital:		
Adjustment for (increase)/decrease in operating assets		
Trade receivables	1,070.43	(806.80)
Inventories	617.78	(235.20)
Loans - current	(35.89)	90.26
Other assets	451.28	1,287.46
Adjustment for (increase)/decrease in operating liabilities		
Trade payables	(679.23)	924.30
Other financial liabilities	(771.22)	870.18
Other liabilities	185.03	223.78
Provisions	(7.34)	16.30
Cash generated from operations	994.97	4,371.26
Income taxes paid	(199.37)	(149.88)
Net cash generated from/(used in) operating activities	795.60	4,221.38
II. Cash flows from investing activities		
Proceeds from sale/ (Purchase of) property, plant and equipment and intangibles (including capital work in progress), net	(1,128.08)	(890.61)
Investments made during the year	(832.02)	1.89
Net cash used in investing activities	(1,960.10)	(888.72)
III. Cash flows from financing activities		
Share issue proceeds	9.36	-
Movement in non-controlling interest		
Dividend paid & sale of subsidiaries	(13.57)	(3,172.77)
Proceeds from/(repayment of) long-term borrowings, net	455.93	996.04
Proceeds from/(repayment of) short-term borrowings, net	862.14	(528.60)
Interest paid	(589.51)	(672.62)
Net cash provided by financing activities	724.35	(3,377.95)
Net increase in cash and cash equivalents (I+II+III)	(440.15)	(45.29)
Cash and cash equivalents at the beginning of the year	945.04	990.33
Cash and cash equivalents at the end of the year (refer note below)	(504.89)	945.04
Note:		
Cash and cash equivalents comprise:		
Cash on hand	6.42	3.42
Balances with banks:		
- in current accounts	498.46	941.62
	504.89	945.04

Summary of significant accounting policies

3

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date attached
for **P C N & Associates**
Chartered Accountants
ICAI Firm Registration Number: 016016S

Sd/-
K Gopala Krishna
Partner
Membership No.: 203605

Place: Hyderabad
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Sd/-
Yugandhar Kopparthi
Company Secretary
M. No. ACS19315



Notes to Consolidated financial statements

for the year ended 31 March 2020

1 GENERAL INFORMATION

Vivimed Labs Limited ('the Company') is a Public Limited Company incorporated in India, having its registered office at Bidder, India. The Company is primarily engaged in the Business of Active Pharmaceuticals Ingredients, CDMO Finished Dosage Formulation, Specialty Chemicals and Retail Branded Formulation manufacturing. The Company is listed in the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE).

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Statement of Compliance

The financial statements have been prepared in

accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules 2015 notified under Section 133 of Companies Act 2013 (the 'Act') and other relevant provisions of the Act.

These financial statements have been prepared for the Company as going concern on the basis of relevant Indian Accounting Standards (Ind AS) that are effective at the Company's annual reporting date, 31 March 2020. The financial statements were authorised for issue by the Company's Board of Directors on July 25, 2020.

2.2 Group information

The consolidated financial statements of the Group includes subsidiaries and step down subsidiaries listed in the table below:

Name of investee	Relationship	Country of incorporation	Percentage of ownership/ voting rights	
			31 March 20	31 March 19
Finoso Pharma Private Limited	Subsidiary	India	100%	100%
Vivimed Specialty Chemicals Private Limited	Subsidiary	India	100%	100%
Vivimed Holdings Limited	Subsidiary	India	100%	100%
Vivimed Labs USA INC.	Subsidiary	USA	100%	100%
Vivimed Labs Mauritius Limited	Subsidiary	Mauritius	100%	100%
UQUIFA India Private Limited	Step down Subsidiary	India	100%	100%
Vivimed Labs UK Limited	Step down Subsidiary	UK	100%	100%
Vivimed Labs Spain S.L.	Step down Subsidiary	Spain	100%	100%
Union Quimico Farmaceutica S.A.U	Step down Subsidiary	Spain	100%	100%
Holliday International Limited	Step down Subsidiary	UK	100%	100%
Uquifa Mexico S.A. de C.V.	Step down Subsidiary	Mexico	100%	100%
Uquifa Sciences (Mascarene) Ltd	Step down Subsidiary	Mauritius	100%	100%
Soneas Chemicals Ltd	Step down Subsidiary	Hungary	100%	100%
Soneas Research Ltd	Step down Subsidiary	Hungary	100%	100%

2.3 Basis of consolidation

- (i) The consolidated financial statements incorporate the financial statements of the Parent Company

and its subsidiaries. For this purpose, an entity which is, directly or indirectly, controlled by the Parent Company is treated as subsidiary. The Parent Company together with its subsidiaries



Notes to

forming part of the consolidated financial statements

constitute the Group. Control exists when the Parent Company, directly or indirectly, has power over the investee, is exposed to variable returns from its involvement with the investee and has the ability to use its power to affect its returns.

- (ii) Consolidation of a subsidiary begins when the Parent Company, directly or indirectly, obtains control over the subsidiary and ceases when the Parent Company, directly or indirectly, loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed off during the year are included in the consolidated Statement of Profit and Loss from the date the Parent Company, directly or indirectly, gains control until the date when the Parent Company, directly or indirectly, ceases to control the subsidiary.
- (iii) The consolidated financial statements of the Group combines financial statements of the Parent Company and its subsidiary line-by-line by adding together the like items of assets, liabilities, income and expenses. All intra-Group assets, liabilities, income, expenses and unrealised profits/losses on intra-Group transactions are eliminated on consolidation. The accounting policies of subsidiaries have been harmonised to ensure the consistency with the policies adopted by the Parent Company. The consolidated financial statements have been presented to the extent possible, in the same manner as Parent Company's standalone financial statements.

2.4 Functional and presentation currency

The financial statements are presented in Indian rupees millions, which is the functional currency of the Group. Functional currency of an entity is the currency of the primary economic environment in which the entity operates.

All amounts are in Indian Rupee millions except share data, unless otherwise stated.

2.5 Basis of measurement

These financial statements have been prepared on the historical cost convention and on an accrual basis, except for the following material items in the statement of financial position:

- certain financial assets and liabilities are measured at fair value;
- employee defined benefit assets/(liability) are recognized as the net total of the fair value of plan assets, plus actuarial losses, less actuarial gains and the present value of the defined benefit obligation;
- long term borrowings are measured at amortized cost using the effective interest rate method.

2.6 Operating cycle

All the assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

Assets:

An asset is classified as current when it satisfies any of the following criteria:

- a) it is expected to be realized in, or is intended for sale or consumption in, the Group's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is expected to be realized within twelve months after the reporting date; or
- d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Liabilities:

A liability is classified as current when it satisfies any of the following criteria:

- a) it is expected to be settled in the Group's normal operating cycle;
- b) it is held primarily for the purpose of being traded;



Notes to

forming part of the consolidated financial statements

- c) it is due to be settled within twelve months after the reporting date; or
- d) the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. Current assets/ liabilities include the current portion of non-current assets/ liabilities respectively. All other assets/ liabilities are classified as non-current.

2.7 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the management of the Group are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the areas of estimation uncertainty and critical judgements that the management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Provision and contingent liability

On an ongoing basis, Group reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss

is recorded as an accrual in financial statements. Loss Contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Gain contingencies are not recognized until the contingency has been resolved and amounts are received or receivable.

Useful lives of depreciable assets Management reviews the useful lives of depreciable assets at each reporting. As at March 31, 2019 management assessed that the useful lives represent the expected utility of the assets to the Group. Further, there is no significant change in the useful lives as compared to previous year.

2.8 Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

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

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

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised



Notes to

forming part of the consolidated financial statements

in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Revenue recognition

Effective April 1, 2018, the Company has applied Ind AS 115: Revenue from Contracts with Customers which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue. The impact of the adoption of the standard on the financial statements of the Company is insignificant.

Revenue is recognised upon transfer of promised products or services to customer in an amount that reflect the consideration which the Company expects to receive in exchange of those products or services.

- Revenue is measured at the fair value of consideration received or receivable taking into account the amount of discounts, volume rebates and VAT/ GST are recognised when all significant risks and rewards of ownership of the goods sold are transferred.
- Revenue from the sale of goods includes excise duty.
- Export incentives are recognised as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds
- Dividend income is accounted for when the right to receive the income is established, which is generally when shareholders approve the dividend.
- Difference between the sale price and carrying value of investment is recognised as profit or loss on sale / redemption on investment on trade date of transaction.

- Interest income is accrued on, time basis, by reference to the principal 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 net carrying amount on initial recognition.

3.2 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalized at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Assets held under leases that do not transfer substantially all the risks and reward of ownership are not recognized in the balance sheet.

Lease payments under operating lease are generally recognised as an expense in the statement of profit and loss on a straight-line basis over the term of lease unless such payments are structured to increase in line with the expected general inflation to compensate for the lessor's expected inflationary cost increases.

Further, at the inception of above arrangement, the Group determines whether the above arrangement is or contains a lease. At inception or on reassessment of an arrangement that contains a lease, the Group separates a payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values.

If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.



Notes to

forming part of the consolidated financial statements

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3.3 Foreign currencies

In preparing the financial statements of the Group, transactions in currencies other than the Group's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

3.4 Borrowing costs

Specific borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of such asset till such time the asset is ready for its intended use and borrowing costs are being incurred. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred.

Borrowing cost includes interest expense, amortization of discounts, ancillary costs incurred in connection with borrowing of funds and exchange difference arising from foreign currency borrowings to the extent they are regarded as an adjustment to the Interest cost.

3.5 Taxation

Income tax expense consists of current and deferred tax. Income tax expense is recognized in the income

statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and taxable temporary differences arising upon the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting



Notes to

forming part of the consolidated financial statements

date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.6 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. The basic earnings per share is computed by dividing the net profit attributable to equity shareholders for the period by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit attributable to equity shareholders for the year relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share.

3.7 Property, plant and equipment

Freehold land and buildings (property) held for use in the production or supply of goods or services, or administrative purposes are stated at cost less accumulated depreciation and accumulated impairment. Freehold land is not depreciated.

The initial cost of PPE comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use, including relevant borrowing costs and any expected costs of decommissioning, less accumulated depreciation and accumulated impairment losses, if any. Expenditure incurred after the PPE have been put into operation, such as repairs and maintenance, are charged to the Statement of Profit and Loss in the period in which the costs are incurred.

If significant parts of an item of PPE have different useful

lives, then they are accounted for as separate items (major components) of PPE.

Material items such as spare parts, stand-by equipment and service equipment are classified as PPE when they meet the definition of PPE as specified in Ind AS 16 – Property, Plant and Equipment.

3.8 Expenditure during construction period

Expenditure during construction period (including financing cost related to borrowed funds for construction or acquisition of qualifying PPE) is included under Capital Work-in-Progress, and the same is allocated to the respective PPE on the completion of their construction. Advances given towards acquisition or construction of PPE outstanding at each reporting date are disclosed as Capital Advances under "Other non-current Assets".

3.9 Depreciation

Depreciation is the systematic allocation of the depreciable amount of PPE over its useful life and is provided on a straight-line basis over the useful lives as prescribed in Schedule II to the Act or as per technical assessment.

Depreciable amount for PPE is the cost of PPE less its estimated residual value. The useful life of PPE is the period over which PPE is expected to be available for use by the Group, or the number of production or similar units expected to be obtained from the asset by the Group.

The Group has componentised its PPE and has separately assessed the life of major components. The Group depreciates its fixed assets over the useful lives as prescribed in Schedule II to the Act.

Depreciation on additions is provided on a pro-rata basis from the month of installation or acquisition and in case of Projects from the date of commencement of commercial production. Depreciation on deductions/



Notes to

forming part of the consolidated financial statements

disposals is provided on a pro-rata basis up to the date of deduction/disposal.

3.10 Intangible assets and amortisation

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective estimated useful lives on a straight-line basis, from the date that they are available for use.

Amortization

The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

3.11 Inventories

Inventories are valued at lower of cost, determined on "Weighted average" basis and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials, fuel, stores & spare parts and packing materials:

Valued at lower of cost and net realisable value (NRV). However, these items are considered to be realisable at cost, if the finished products, in which they will be used, are expected to be sold at or above cost. Cost is determined on FIFO basis.

- Work-in- progress (WIP), finished goods and stock-in-trade:

Valued at lower of cost and NRV. Cost of Finished goods and WIP includes cost of raw materials, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

3.12 Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand and short-term deposits with banks that are readily convertible into cash which are subject to insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

3.13 Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated. Bank overdrafts are classified as part of cash and cash equivalent, as they form an integral part of an entity's cash management.

3.14 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the Group receives non-monetary grants, the asset and the grant are accounted at fair value and recognised in the statement of profit and loss over the expected useful life of the asset.

3.15 Impairment of non financial assets

The carrying amounts of the Group's non-financial assets, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-



Notes to

forming part of the consolidated financial statements

generating unit. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash-generating unit”). An impairment loss is recognized in the income statement if the estimated recoverable amount of an asset or its cash-generating unit is lower than its carrying amount. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Goodwill that forms part of the carrying amount of an investment in an associate is not recognized separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

An impairment loss in respect of equity accounted investee is measured by comparing the recoverable amount of investment with its carrying amount. An impairment loss is recognized in the income statement, and reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

3.16 Employee benefits

Short-term employee benefits

Short-term employee benefits comprise of employee costs such as salaries, bonus etc. is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee.

Defined contribution plans

The Company’s contribution to provident fund and employee state insurance schemes is charged to the statement of profit and loss. The Company’s contributions towards Provident Fund are deposited with the Regional Provident Fund Commissioner under a defined contribution plan.

Defined benefit plans

The liability in respect of defined benefit plans and other post-employment benefits is calculated using the projected unit credit method consistent with the advice of qualified actuaries. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related defined benefit obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used. The current service cost of the defined benefit plan, recognized in the income statement in employee benefit expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs are recognized immediately in income. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the income statement. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Termination benefits

Termination benefits are recognized as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal



Notes to

forming part of the consolidated financial statements

detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Other long-term employee benefits

The Group's net obligation in respect of other long term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and previous periods. That benefit is discounted to determine its present value. Re-measurements are recognized in the statement of profit and loss in the period in which they arise.

3.17 Provisions (other than for employee benefits)

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

3.18 Contingent liabilities & contingent assets

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

3.19 Financial instruments

a. Recognition and Initial recognition

The Group recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issues of financial assets and financial liabilities that are not at fair value through profit or loss, are added to the fair value on initial recognition.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

b. Classification and Subsequent measurement

Financial assets:

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:



Notes to

forming part of the consolidated financial statements

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated
- e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).



Notes to

forming part of the consolidated financial statements

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost: These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities: Classification, Subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains

and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

c. Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit.



Notes to

forming part of the consolidated financial statements

d. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

e. Impairment

The Group recognises loss allowances for expected credit losses on financial assets measured at amortised cost;

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income (FVOCI) are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Group measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which

credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).



Notes to

forming part of the consolidated financial statements

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent

that there is no realistic prospect of recovery. This is generally the case when the Group determines that the trade receivable does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.



Notes to

forming part of the consolidated financial statements

4 Property, plant and equipment

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

Particulars	Land	Build- ings and Ma- chinery	Plant and Ma- chinery	Electrical equip- ment	Labo- ratory equip- ment	Office equip- ment	Com- puters	Furni- ture	Vehi- cles	Books and Periodicals	Lease- hold improve- ments	Total
Gross Carrying amount												
At March 31, 2019	1,517.60	2,268.49	3,941.59	54.56	167.03	36.56	58.91	63.82	46.39	0.29	1.95	8,157.20
Additions		244.96	313.66	0.96	51.12	11.36	8.82	7.19	5.75	-	0.08	643.91
Disposals/ adjustments	19.95	29.44	(233.33)	0.05	42.58	6.07	(4.18)	23.64	2.18			(113.61)
At March 31, 2020	1,497.65	2,484.02	4,488.58	55.48	175.58	41.85	71.91	47.37	49.97	0.29	2.03	8,914.72
Accumulated depreciation												
At March 31, 2019	0.00	233.79	1,137.68	18.05	42.33	29.88	57.25	(7.93)	25.49	0.16	0.18	1,536.88
Charge for the year		98.01	455.23	2.90	16.42	3.16	10.16	6.95	8.04	0.00	0.20	601.06
Disposals/ adjustments	25.17	25.30	53.39		29.81	6.07	33.26	30.02	2.18			205.19
At March 31, 2020	(25.16)	306.50	1,539.52	20.95	28.94	26.97	34.15	(31.01)	31.35	0.17	0.38	1,932.75
Net Carrying amount												
At March 31, 2019	1,517.60	2,034.70	2,803.91	36.51	124.70	6.69	1.66	71.75	20.91	0.13	1.76	6,620.33
At March 31, 2020	1,522.82	2,177.51	2,949.06	34.53	146.63	14.89	37.76	78.38	18.62	0.12	1.65	6,981.97

Note

a) Charge on Property, plant and equipment

All the property, plant and equipment are subject to a first charge to secure the Group's Bank loans.

Notes to

forming part of the consolidated financial statements

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

5 Intangible assets

Particulars	Brands, Trademarks and Technical know how	Total
At March 31, 2019	1,232.29	1,232.29
Additions	563.85	563.85
Disposals/ adjustments	176.42	176.42
At March 31, 2020	1,619.73	1,619.73
Accumulated depreciation		
At March 31, 2019	379.65	379.65
Amortisation expense	68.38	68.38
Disposals/ adjustments	121.32	121.32
At March 31, 2020	326.72	326.72
Carrying amount		
At March 31, 2019	852.64	852.64
At March 31, 2020	1,293.01	1,293.01

6 Investments

	As at 31 March 2020	As at 31 March 2019
Non-current investments		
Investments carried at fair value through profit and loss		
Investments in others		
Unquoted equity shares		
2,500,000 (March 31, 2019: 2,500,000) equity shares of ₹10 each in Yantra Green Power Private Limited	25.00	25.00
Others	832.13	0.10
Total	857.13	25.10
Total investments carried at fair value through profit and loss	857.13	25.10





Notes to

forming part of the consolidated financial statements

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

7 Deferred tax assets, net

	As at 31 March 2020	As at 31 March 2019
Deferred tax asset		
- Tangible and Intangible assets		
- Provision allowed under tax on payment basis		
- Expected credit loss on financial assets	137.27	67.92
- MAT credit entitlement		
Total	137.27	67.92
Deferred tax liability		
- Fair valuation of financial liabilities		
Deferred tax asset, net	137.27	67.92

8 Other assets

	As at 31 March 2020	As at 31 March 2019
(A) Non-current		
Unsecured, considered good		
Capital advances		15.23
Advances other than capital advances		-
Prepaid leases	5.03	5.03
	5.03	20.26
(B) Current		
Unsecured, considered good		
Advances other than capital advances		
Other advances	434.48	891.60
Prepaid expenses	298.00	277.71
Export incentives	28.73	28.73
	761.21	1,198.04

9 Inventories

	As at 31 March 2020	As at 31 March 2019
Raw Materials	2,261.20	2,570.06
Packing Materials	94.29	90.52
Semi-finished & Work in process	963.84	969.68
Finished Goods (including Goods in transit)	1,699.75	2,006.60
Total	5,019.08	5,636.86



Notes to

forming part of the consolidated financial statements

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

10 Trade receivables

	As at 31 March 2020	As at 31 March 2019
Unsecured, considered good	2,524.20	3,590.79
	2,524.20	3,590.79
Less: Allowance for doubtful receivables	(33.53)	(29.69)
Total	2,490.67	3,561.10

11 Cash and cash equivalents

	As at 31 March 2020	As at 31 March 2019
i) Balances with banks:		
- On current accounts	498.46	941.62
ii) Cash on hand	6.43	3.42
(A) Total -(i+ii)	504.89	945.04
iii) Bank balances other than cash and cash equivalents stated above		
- Unpaid dividend account	-	8.00
(B) Total (iii)	-	8.00
Total (i+ii+iii)	504.89	953.04

12 Loans (Unsecured, considered good unless otherwise stated)

	As at 31 March 2020	As at 31 March 2019
Current		
Security deposits	593.32	579.83
Loans and advances to related parties	121.20	104.39
Loans to employees and others	78.25	72.66
Total	792.77	756.88

13 Other financial assets

	As at 31 March 2020	As at 31 March 2019
Current		
Interest receivable	1.86	1.08
	1.86	1.08



Notes to

forming part of the consolidated financial statements

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

14 Current tax assets

	As at 31 March 2020	As at 31 March 2019
Advance tax and TDS receivable	182.30	199.10
Less: Provision for taxes	-	-
Total	182.30	199.10

15 Share Capital

	As at 31 March 2020	As at 31 March 2019
Authorised Share Capital		
1,110,000,000 (March 31, 2019: 1,110,000,000) comprising		
2,00,000,000 (March 31, 2019: 2,00,000,000) equity shares of ₹2 each.	400.00	400.00
7,10,000 (March 31, 2019: 7,10,000) preference shares of ₹1,000 each.	710.00	710.00
	1,110.00	1,110.00
Issued, subscribed and fully paid-up		
8,29,13,915 (March 31, 2019: 82,523,915) equity shares of ₹2/- each fully paid-up.	165.83	165.05
	165.83	165.05

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

Particulars	Number of Shares	Value
Balance at March 31, 2019 (Equity shares of ₹2/- each fully paid-up)	8,25,23,915	165.05
Issued during the year (Equity shares of ₹2/- each fully paid)	3,90,000	0.78
Balance at March 31, 2020 (Equity shares of ₹2/- each fully paid-up)	8,29,13,915	165.83

(b) Terms / rights attached to the equity shares

Equity shares of the Company have a par value of ₹2 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Particulars	As at 31 March 2020	As at 31 March 2019
Equity shares of ₹2/- each fully paid		
BBR Projects Private Limited		
Number of shares held	1,23,12,000	1,23,12,000
% of holding	14.85%	14.92%
Kitara PIIN 1102		
Number of shares held	91,50,685	91,50,685
% of holding	11.04%	11.09%
Santosh Varalwar		
Number of shares held	55,99,050	55,99,050
% of holding	6.75%	6.78%



Notes to

forming part of the consolidated financial statements

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

16 Instruments entirely equity in nature

	As at 31 March 2020	As at 31 March 2019
Compulsorily convertible preference shares		
Authorised Share Capital		
Issued, subscribed and fully paid-up	3,252.21	3,252.21
	3,252.21	3,252.21

17 Other equity

	As at 31 March 2020	As at 31 March 2019
Securities premium		
Opening balance	2,305.22	2,305.22
Additions during the year	8.58	-
Closing balance	2,313.80	2,305.22

Securities premium consists of the difference between the face value of the equity shares and the consideration received in respect of shares issued.

Capital reserve		
Opening balance	8.57	8.57
Additions during the year	-	-
Closing balance	8.57	8.57
General reserve		
Opening balance	141.16	141.16
Add: Transfers during the year	-	-
Closing balance	141.16	141.16

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

Revaluation reserve		
Opening balance	380.00	380.00
Add: Additions during the year	-	-
Closing balance	380.00	380.00





Notes to

forming part of the consolidated financial statements

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

17 Other equity (contd.)

	As at 31 March 2020	As at 31 March 2019
Foreign currency adjustment		
Opening balance	(156.30)	(65.08)
Add: Additions during the year	-	(91.22)
Closing balance	(156.30)	(156.30)
Retained earnings		
Opening balance	3,342.04	6,076.84
Profit/(loss) for the year	(1,091.16)	573.65
Additions during the year	-	-
Ind AS Adjustment	0.58	(11.85)
Dividend paid/sale of subsidiaries	-	(3,295.58)
Other comprehensive income	(10.82)	(1.03)
Closing balance	2,240.65	3,342.04
Total other equity	4,927.88	6,020.69

18 Borrowings

	As at 31 March 2020	As at 31 March 2019
(A) Non-current Borrowings		
Secured loans		
Term loans		
- From Banks (refer note A below)	4,138.78	3,559.10
- From Financial institutions (refer note A below)		127.21
Redeemable preference shares		
- From Financial institutions (refer note C below)		
Other loans		
- From Financial institutions	8.02	4.50
Unsecured loans		
Sales tax deferment loan (refer note B below)	4.04	4.04
FCCB's From Financial Institutions (refer note C below)	553.10	553.16
Total non-current borrowings	4,703.94	4,248.01



Notes to

forming part of the consolidated financial statements

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

18 Borrowings (contd.)

	As at 31 March 2020	As at 31 March 2019
(B) Current Borrowings		
Secured loans repayable on demand		
Working capital loans		
- Cash credit and packing credit loans (refer note D below)	4,152.68	3,147.23
- Foreign bills discounting		-
- Others	32.47	175.78
Total current borrowings	4,185.15	3,323.01

A. Term loans:

Term loan from Banks consists of:

- (i) Loan taken from SBI for ₹700 million (USD 10.1 million) repayable in 16 instalments from October 2017 to June 2021. This loan carries an interest rate of 15.50% p.a.

Term loan from Financial Institutions consists of:

- (i) ECB loan taken from IFC for USD 12.5 million repayable in 10 instalments from June 2015 to December 2019 and Company has applied for extension and it's under process. This loan carries an interest rate of 6.02%.
- (ii) Term loan from Santander - Syndicated for USD 35 million.
- (iii) Term loan from Ministry of Industries, Singapore for Euros 9.5 million.

All the term loans are secured by a charge on the moveable and immovable assets of the Group, present and future, with a paripassu charge.

B. Sales tax deferrment loan:

The Company has been granted an interest free sales tax deferrment loan by the Government of Andhra Pradesh. As per the terms of this scheme, the Company has to repay the amount till FY 2020-21. This loan is unsecured.

C. FCCB's from Financial Institutions:

The Company has obtained an FCCB from IFC in June 2011 for an amount of USD 7.5 million repayable in 5 years with a coupon rate of 0.55% per annum and an interest rate of 4.23% per annum compounded semiannually if the conversion option is not exercised. Subsequently, during the year, the due date for payment has been extended further more year. The entire portion was classified under "Borrowings", and there is no equity portion of the instrument.

D. Cash credits and packaging credit loans:

The Company has working capital facilities in the form of cash credits and packaging credit from multiple Banks with interest rates varying between 1.55% to 15.5%.

During the previous year, EXIM Bank have not renewed PCFC facility and the loan was called back during the previous year.





Notes to

forming part of the consolidated financial statements

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

19 Other financial liabilities

	As at 31 March 2020	As at 31 March 2019
(A) Non-Current		
Creditors for capital goods	144.41	308.55
Payable to others / related parties	790.62	-
	935.03	308.55
(B) Current		
Current maturities of long-term debts	537.84	1,976.09
Employee salaries payable	166.16	188.00
Employee bonus payable	56.25	14.66
Provision for expenses	35.44	14.64
	795.69	2,193.39

20 Other liabilities

	As at 31 March 2020	As at 31 March 2019
(A) Non-Current		
Deferred interest	39.02	18.96
Advances received	316.95	296.38
Grants receivable	0.37	0.37
	356.34	315.71
(B) Current		
Statutory liabilities	83.05	77.70
Advances received	139.05	-
	222.10	77.70

21 Provisions

	As at 31 March 2020	As at 31 March 2019
(A) Non-Current		
Provision for employee benefits		
- Gratuity (refer note 36)	47.36	53.30
- Compensated absences	-	23.66
Provision for others	4.03	15.15
	51.39	92.11
(B) Current		
Provision for employee benefits		
- Gratuity (refer note 36)	33.38	-
- Compensated absences	-	-
	33.38	-



Notes to

forming part of the consolidated financial statements

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

22 Trade payables

	As at 31 March 2020	As at 31 March 2019
Trade payables		
- Total outstanding dues of micro enterprises and small enterprises (refer note 37)		
- Total outstanding dues of creditors other than micro enterprises and small enterprises	2,265.01	2,944.24
	2,265.01	2,944.24

23 Current tax liabilities

	As at 31 March 2020	As at 31 March 2019
Provision for taxes	202.25	351.01
Less: Advance tax and TDS receivable	-	-
	202.25	351.01

24 Revenue from operations

	For the year ended 31 March 2020	For the year ended 31 March 2019
Revenue from sale of products		
Domestic	2,226.51	2,929.63
Export	7,755.33	9,719.47
	9,981.84	12,649.10
Other operating revenue	688.71	502.60
	10,670.55	13,151.70

25 Other income

	For the year ended 31 March 2020	For the year ended 31 March 2019
Grants received	0.38	0.38
Miscellaneous income	82.20	229.23
	82.58	229.61





Notes to

forming part of the consolidated financial statements

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

26 Cost of materials consumed

	For the year ended 31 March 2020	For the year ended 31 March 2019
Opening Stock of Raw Materials and Consumables	2,570.06	2,597.83
Opening Stock of Packing Materials	90.52	114.34
Opening Stock of Raw Materials (JDV)	-	-
Opening Stock of Packing Materials (JDV)	-	-
Add : Purchases during the year	4,771.28	5,567.53
	7,431.86	8,279.70
Less : Closing Stock of Raw Materials and Consumables	2,505.13	2,570.06
Less : Closing Stock of Packing Materials	94.29	90.52
	4,832.44	5,619.12

27 Changes in inventories and Work in progress

	For the year ended 31 March 2020	For the year ended 31 March 2019
Finished Goods		
Inventories at the beginning of the year	1,803.05	1,755.69
Less : Inventories at the end of the year	1,958.39	1,803.05
Sub Total (A)	(155.34)	(47.36)
Semi Finished Goods & Work in Progress		
Inventories at the beginning of the year	873.81	746.36
Less : Inventories at the end of the year	958.31	873.81
Sub Total (B)	(84.50)	(127.45)
Goods in transit and stock in trade		
Fluctuation in foreign exchange	32.93	(260.31)
(Increase) / Decrease in Inventories	(206.91)	(435.13)

28 Employee benefits expense

	For the year ended 31 March 2020	For the year ended 31 March 2019
Salaries, wages and bonus	2,240.98	2,344.48
Staff welfare expenses	92.60	73.12
	2,333.57	2,417.60



Notes to

forming part of the consolidated financial statements

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

29 Other operating expenses

	For the year ended 31 March 2020	For the year ended 31 March 2019
Consumption of Stores & Spares	193.49	229.12
Power & Fuel	424.60	427.67
Wages & Allowances	7.41	6.84
Labour Charges	176.78	174.40
Repairs to Building	7.77	23.29
Repairs to Machinery	220.63	244.56
Other Manufacturing Expenses	995.54	1,108.39
Loss on sale of asset	68.70	-
Job Work Charges	1.76	3.64
R & D Expenses	348.88	363.04
	2,445.56	2,580.96

30 Depreciation and amortisation expense

	For the year ended 31 March 2020	For the year ended 31 March 2019
Depreciation of tangible assets	601.06	607.77
Amortization of intangible assets	68.40	60.12
	669.46	667.90

31 Finance costs

	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest on term loans, ECB loans and vehicle loans	208.87	161.50
Interest on working capital loan and cash credit	372.62	408.76
Other borrowing cost	7.43	102.36
	588.92	672.62

32 Other expenses

	For the year ended 31 March 2020	For the year ended 31 March 2019
Business & Marketing Expenses	42.94	37.36
Bank charges	21.35	28.02
Commission & Discounts	66.89	74.93
Travelling Expenses - Foreign	22.73	32.41
Other selling expenses	28.37	31.81





Notes to

forming part of the consolidated financial statements

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

32 Other expenses (contd.)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Printing & Stationery	9.45	11.60
Telephone & Postage Expenses	17.52	23.76
Travelling Expenses	58.79	48.67
Rates & Taxes	47.73	71.68
Conveyance	8.62	9.10
Consultancy Charges	279.85	241.33
Insurance	50.88	50.20
Rent	78.62	68.46
Other Administrative Expenses	357.50	528.33
Processing fee on term loans	11.32	20.61
Provision against doubtful receivables	6.92	-
Fluctuation on Foreign exchange	(36.87)	(110.12)
Payment to Auditors:		
(i) As Auditor	26.34	26.34
(ii) For Taxation Matters	3.29	3.29
	1,102.26	1,197.78

33 Tax expenses

	31 March 2020	31 March 2019
Current income tax:		
Current income tax charge	37.99	78.03
Deferred tax:		
Relating to originating and reversal of temporary differences	(41.58)	8.77
Income tax expense recognised in the statement of profit or loss	(3.60)	86.80

Deferred tax related to items considered in OCI during the year

	31 March 2020	31 March 2019
Re-measurement gains/ (losses) on defined benefit plan	-	(1.03)
Income tax charge to OCI	-	(1.03)



Notes to

forming part of the consolidated financial statements

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

34 Contingent liabilities and commitments

Particulars	As at 31 March 2020	As at 31 March 2019
i) Contingent liabilities:		
- Corporate guarantees given on behalf of others	24.30	414.35
- Letter of credit outstanding	-	58.6
- Bank guarantees	23.06	14.2
- Income tax demand	68.02	68.02
ii) Commitments:		
- Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances		

35 Related party disclosures

a) Names of related parties and description of relationship

Joint venture Group	NIL
Key Management Personnel ("KMP")	Santosh Varalwar (Managing Director) Raghunandan S (Whole -Time Director cum CFO) Demised Manohar Rao Varalwar (Executive Director) Sandeep Varalwar (Executive Director) Yugandhar Kopparthi (Company Secretary)

b) Transactions with related parties

	For the year ended 31 March 2020	For the year ended 31 March 2019
Key Management Personnel		
Remuneration Paid*	27.50	27.85
Subsidiaries and step down subsidiaries		
Sale of goods	36.71	970.25
Purchase of goods	73.25	157.44
Advances given	580.61	796.54
Advances received	1,155.86	1,533.61

*Does not include insurance, which is paid for the Group as a whole and gratuity and compensated absences as this is provided in the books of accounts on the basis of actuarial valuation for the Group as a whole and hence individual amount cannot be determined.



Notes to

forming part of the consolidated financial statements

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

35 Related party disclosures (Contd.)

c) Details of balances receivable from and payable to related parties are as follows:

Name of Related Party	As at 31 March 2020	As at 31 March 2019
Yantra Green Power Pvt Limited	(8.62)	(13.62)
BBR Green fields Private Limited	(973.40)	(75.59)

d) Terms and conditions of transactions with related parties:

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free.

e) Others:

The Company has given Corporate Guarantee for the credit facilities of ₹24.3 Mn availed by the Subsidiaries.

36 Segment information

Ind AS 108 "Operating Segment" ("Ind AS 108") establishes standards for the way that public business enterprises report information about operating and geographical segments and related disclosures about products and services, geographic areas, and major customers. Based on the "management approach" as defined in Ind AS 108, Operating segments and geographical segments are to be reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM evaluates the Group's performance and allocates resources on overall basis.

The Group has two reportable segments - Speciality Chemicals Business and Pharma Business.

The segment revenue, profitability, assets and liabilities are as under:

Revenue by segment	For the year ended 31 March 2020	For the year ended 31 March 2019
a) Speciality Chemicals	1010.49	1,626.98
b) Pharma	9577.48	11,524.73
c) Others	-	-
Total revenue	10587.97	13,151.70



Notes to

forming part of the consolidated financial statements

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

Segment Results	For the year ended 31 March 2020	For the year ended 31 March 2019
(Profit before Tax & Interest)		
a) Speciality Chemicals	(53.06)	436.33
b) Pharma	(452.63)	896.75
c) Others		-
Total:	(505.69)	1,333.08
Less: (i) Interest	588.92	672.62
(ii) Unallocable expenditure (Net of Un allocable income)		
Total Profit before tax	(1,094.60)	660.46
	As at 31 March 2020	As at 31 March 2019
Segment Assets		
a) Speciality Chemicals	1,925	14,681
b) Pharma	20,171	8,611
Total	22,096	23,292
Segment Liabilities		
a) Speciality Chemicals	1,063	5,243
b) Pharma	12,687	8,611
Total	13,750	13,854
Capital Employed		
a) Speciality Chemicals	1,659	4,083
b) Pharma	12,734	10,319
Total	14,393	14,402
37 Auditors' remuneration include:		
Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Statutory audit fee (including limited review)	26.34	26.34
Taxation matters	3.29	3.29
Total	29.63	29.63



Notes to

forming part of the consolidated financial statements

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

38 Gratuity

The Group provides its employees with benefits under a defined benefit plan, referred to as the “Gratuity Plan”. The Gratuity Plan entitles an employee, who has rendered at least five years of continuous service, to receive 15 days salary for each year of completed service (service of six months and above is rounded off as one year) at the time of retirement/exit, restricted to a sum of ₹2,000,000.

The following tables summarize the components of net benefit expense recognised in the statement of profit or loss and the amounts recognised in the balance sheet for the plan:

Reconciliation of opening and closing balances of the present value of the defined benefit obligations:

Particulars	As at 31 March 2020	As at 31 March 2019
Opening balance	50.92	45.66
Current service cost	5.41	7.84
Interest cost	3.90	3.53
Benefits paid	(1.20)	(2.49)
Actuarial gain	10.34	(3.61)
Closing balance	69.37	50.92
Present value of projected benefit obligation at the end of the year	69.37	50.92
Fair value of plan assets at the end of the year	-	-
Net liability recognised in the balance sheet	69.37	50.92
Current provision	14.43	5.23
Non current provision	54.94	45.69
Expenses recognised in statement of profit and loss	As at 31 March 2020	As at 31 March 2019
Service cost	5.41	7.84
Interest cost	3.90	3.53
Gratuity cost	9.31	11.37
Re-measurement gains/ (losses) in OCI		
Actuarial gain / (loss) due to others	10.34	(3.61)
Remeasurement because of OB difference	0.38	0.38
Return on plan assets greater (less) than discount rate	0.10	0.10
Total expenses routed through OCI	10.82	(3.14)
Assumptions	As at 31 March 2020	As at 31 March 2019
Discount rate (per annum)	6.80%	7.36%
Future salary increases	5.00%	2.00%



Notes to

forming part of the consolidated financial statements

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

38 Gratuity (Contd.)

A quantitative sensitivity analysis for significant assumption and its impact on projected benefit obligation are as follows:

	31 March 2020	31 March 2019
Impact of 1% increase in discount rate	(73.67)	(54.67)
Impact of 1% decrease in discount rate	65.56	47.64
Impact of 1% increase in salary growth rate	75.11	57.39
Impact of 1% decrease in salary growth rate	(64.28)	(45.47)
Impact of 1% increase in attrition rate	71.70	53.67
Impact of 1% decrease in attrition rate	(66.80)	(47.88)
Impact of 1% increase in mortality rate	69.43	51.10
Impact of 1% decrease in mortality rate	(69.30)	(50.84)

These sensitivities have been calculated to show the movement in projected benefit obligation in isolation and assuming there are no other changes in market conditions.

39 Dues to Micro, small and medium enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2020 has been made in the financial statements based on information received and available with the Group. Further in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Micro, Small and Medium Enterprises Development Act, 2006 ('The MSMED Act') is not expected to be material. The Group has not received any claim for interest from any supplier.

Particulars	31 March 2020	31 March 2019
a) the principal amount due thereon remaining unpaid to any supplier at the end of each accounting year.	Nil	Nil
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;	Nil	Nil
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 this MSMED Act	Nil	Nil
d) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
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.	Nil	Nil



Notes to

forming part of the consolidated financial statements

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

40 Leases

Where the Group is a lessee:

The Group has taken various office premises under operating leases. The leases typically run for a term ranging from eleven months to five years, with an option to renew the lease after the term completion. The escalation clause in these arrangement ranges from 5% to 10%.

i) Future minimum lease payments under non-cancellable operating leases are as follows:

Particulars	As at 31 March 2020	As at 31 March 2019
Not later than 1 year	13.02	13.02
Later than 1 year and not later than 5 years	11.30	11.30
Later than 5 years	-	-

ii) Amounts recognised in statement of profit and loss:

Particulars	As at 31 March 2020	As at 31 March 2019
Cancellable lease expense	76.47	66.31
Non - cancellable lease expense	2.15	2.15
Total	78.62	68.46

41 Earnings per share

Basic EPS 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.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity Shares.

The following table sets out the computation of basic and diluted earnings per share:

Particulars	As at 31 March 2020	As at 31 March 2019
Profit for the year attributable to equity share holders	(1,091.15)	573.65
Shares		
Weighted average number of equity shares outstanding during the year – basic	8,29,13,915.00	8,25,23,915.00
Weighted average number of equity shares outstanding during the year – diluted	8,54,13,915.00	8,60,18,915.00
Earnings per share		
Earnings per share of par value ₹2 – basic (₹)	(13.16)	6.95
Earnings per share of par value ₹2 – diluted (₹)	(12.77)	6.67



Notes to

forming part of the consolidated financial statements

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

42 COVID-19 Impact Analysis & Estimation of uncertainties relating to the global health pandemic

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, intangibles, inventories and investments. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information. The Company has performed sensitivity analysis on the assumptions used and based on current estimates, the company expects to fully recover the carrying amount of receivables, intangibles, inventories and investments. As the outbreak continues to evolve, the company will continue to closely monitor any material changes to future economic conditions

43 Financial risk management objectives and policies

The Group's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance and support Group's operations. The Group's principal financial assets include inventory, trade and other receivables, cash and cash equivalents and refundable deposits that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and other price risk, such as commodity risk. Financial instruments affected by market risk include loans and borrowings and refundable deposits. The sensitivity analysis in the following sections relate to the position as at March 31, 2020 and March 31, 2019. The sensitivity analyses have been prepared on the basis that the amount of net debt and the ratio of fixed to floating interest rates of the debt.

The analysis excludes the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations; provisions.

The below assumption has been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2020 and March 31, 2019.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's short-term debt obligations with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of variable rate borrowings. The Group does not enter into any interest rate swaps.



Notes to

forming part of the consolidated financial statements

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

43 Financial risk management objectives and policies (contd.)

Interest rate sensitivity

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

	Increase/decrease in interest rate	Effect on profit before tax
March 31, 2020		
INR	+1%	(94.27)
INR	-1%	94.27
March 31, 2019		
INR	+1%	(94.72)
INR	-1%	94.72

b) 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 credit risk arises principally from its operating activities (primarily trade receivables) and from its investing activities, including deposits with banks and financial institutions and other financial instruments.

Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom credit has been granted after obtaining necessary approvals for credit. The collection from the trade receivables are monitored on a continuous basis by the receivables team.

The Group establishes an allowance for credit loss that represents its estimate of expected losses in respect of trade and other receivables based on the past and the recent collection trend. The maximum exposure to credit risk as at reporting date is primarily from trade receivables amounting to ₹2,524.79 mn (March 31, 2019: 3,591). The movement in allowance for credit loss in respect of trade and other receivables during the year was as follows:

Allowance for credit loss	As at 31 March 2020	As at 31 March 2019
Opening balance	29.69	26.55
Credit loss provided/ (reversed)	3.84	3.14
Closing balance	33.53	29.69

No single customer accounts for more than 10% of the revenue as of March 31, 2020, March 31, 2019 and hence there is no significant concentration risk of revenue .

Credit risk on cash and cash equivalent is limited as the Group generally transacts with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.



Notes to

forming part of the consolidated financial statements

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

43 Financial risk management objectives and policies (contd.)

c) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	On demand
Year ended March 31, 2020	
Borrowings	4,153
Trade payables	2,265
Year ended March 31, 2019	
Borrowings	3,147
Trade payables	2,944

44 Capital management

The Group's policy is to maintain a stable capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors capital on the basis of return on capital employed as well as the debt to total equity ratio.

For the purpose of debt to total equity ratio, debt considered is long-term and short-term borrowings. Total equity comprise of issued share capital and all other equity reserves.

The capital structure as of March 31, 2020, March 31, 2019 was as follows:

Particulars	31 March 2020	31 March 2019
Total equity attributable to the equity shareholders of the Group	8,346	9,438
As a percentage of total capital	46.96%	49.71%
Long term borrowings including current maturities	5,242	6,224
Short term borrowings	4,185	3,323
Total borrowings	9,427	9,547
As a percentage of total capital	53.04%	50.29%
Total capital (equity and borrowings)	17,773	18,985

45 Recent Accounting pronouncements

Standards issued but not yet effective and not early adopted by the Company:

The Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 01, 2020





Notes to

forming part of the consolidated financial statements

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

46 Subsequent Events

There are no significant events that occurred after the balance sheet date.

47 Prior year comparatives

The figures of the previous year have been regrouped/reclassified, where necessary, to conform with the current year's classification.

As per our report of even date attached
for **PCN & Associates**
Chartered Accountants
ICAI Firm Registration Number: 016016S

Sd/-
K Gopala Krishna
Partner
Membership No.: 203605

Place: Hyderabad
Date: 25 July 2020

for and on behalf of the Board of Directors of
Vivimed Labs Limited
CIN: L02411KA1988PLC009465

Sd/-
Santosh Varalwar
Managing Director
DIN: 00054763

Sd/-
Ramesh Krishnamurthy
Chief Executive Officer

Sd/-
Manohar Rao Varalwar
Whole -Time Director
DIN: 00059815

Sd/-
Yugandhar Kopparthi
Company Secretary
M. No. ACS19315



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NOTICE

NOTICE IS HEREBY GIVEN THAT THE 32ND ANNUAL GENERAL MEETING OF THE MEMBERS OF VIVIMED LABS LIMITED WILL BE HELD ON WEDNESDAY, 30TH DECEMBER, 2020 AT 3:00 P.M. THROUGH VIDEO CONFERENCING ("VC") / OTHER AUDIO VISUAL MEANS ("OAVM") TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To consider and adopt (a) the audited financial statement of the Company for the financial year ended March 31, 2020 and the reports of the Board of Directors and the Auditors thereon; and (b) the audited consolidated financial statement of the Company for the financial year ended March 31, 2020 and the report of Auditors thereon and in this regard, pass the following resolutions as Ordinary Resolutions:

- (a) "RESOLVED THAT the audited financial statement of the Company for the financial year ended March 31, 2020 and the reports of the Board of Directors and Auditors thereon laid before this meeting, be and are hereby considered and adopted."
- (b) "RESOLVED THAT the audited consolidated financial statement of the Company for the financial year ended March 31, 2020 and the report of Auditors thereon laid before this meeting, be and are hereby considered and adopted."

2. To appoint a Director in place of Mr.Subhash Varalwar [DIN: 00054789], who retires by rotation and, being eligible, seeks re-appointment and in this regard, pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr.Subhash Varalwar [DIN: 00054789], who retires by rotation at this meeting be and is hereby appointed as a Director of the Company, liable to retire by rotation."

SPECIAL BUSINESS:

3. **To ratify the remuneration payable to M/s.A.S.Rao & Co, Cost Accountants to audit the cost records for the financial year ending 31st March 2021.**

To consider and, if thought fit, with or without

modification, to pass the following resolution as an **ORDINARY RESOLUTION:**

"RESOLVED THAT pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) M/s.A.S.Rao & Co, Cost Accountants (Firm Registration No.000326) appointed as the Cost Auditors of the Company for conducting audit of the cost records, if required, for the financial year ending 31st March, 2021, be paid remuneration not exceeding Rs.1.1 lacs (Rupees One lac Ten thousand only) excluding GST and reimbursement of out of pocket expenses at actuals, if any, incurred in connection with the audit."

RESOLVED FURTHER THAT the Board of Directors and/ or the Company Secretary be and are hereby authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution".

4. **To re-appoint Mrs.Umanath Varahabhotla as an Independent Director.**

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

"RESOLVED THAT pursuant to the provisions of Section 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and





SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, Mrs. Umanath Varahabhotla (DIN:06539204), who was appointed as an Independent Director of the Company for a term of five years by the members at the 27th Annual General Meeting, in terms of Section 149 of the Companies Act, 2013, be and is hereby re-appointed as an Independent Director of the Company for a second term of five consecutive years commencing from 32nd Annual General Meeting up to 37th Annual General Meeting to be held in calendar year 2025, not liable to retire by rotation.”

5. **To re-appoint Mr. Santosh Varalwar as Managing Director of the Company in terms of provisions of Sections 196, 197, 203 read with schedule V to the Companies Act, 2013, and in this regard.**

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

RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and subject to such other approvals and consents as may be necessary including the approval of the Central Government, the consent of the members be and is hereby accorded for the reappointment of Mr.Santosh Varalwar (holding DIN 00054763), as Managing Director of the Company, being a director not liable to retire by rotation, for a period of five years effective from 14th August, 2020 on a remuneration inclusive of all perquisites and allowances aggregating to INR 1.2 Crore per annum (for each financial year) and in addition, commission on net profits provided however, that the said salary, commission and all perquisites together shall not exceed 4(four) percent of the net profits of the of Company calculated in accordance with the procedure laid down under section 198 of the Companies Act, 2013

RESOLVED FURTHER THAT the aggregate of above salary, perquisites and allowances taken together shall be subject to the overall ceilings laid down under Section 197 of the Companies Act, 2013 read with Schedule V to

the Companies Act, 2013.

RESOLVED FURTHER THAT in the event of any loss or inadequacy of profits in any financial year during his tenure, the Company shall pay to Mr. Santosh Varalwar, the remuneration by way of salary, perquisites, commission or any other allowances as specified above and in accordance with the limits and conditions specified under Section II of Part II of Schedule V to the Companies Act, 2013 or such other limits as may be prescribed by the Government from time to time in this regard, as minimum remuneration.

RESOLVED FURTHER THAT as Mr.Santosh Varalwar, Managing Director shall not be paid sitting fees for attending meetings of the Board of Directors or any Committee(s) thereof.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and matters and things as in its absolute discretion, it may consider necessary, expedient or desirable, and to settle any question, ambiguity or doubt that may arise in relation thereto, in order to give effect to the foregoing resolution.

The limits of the remuneration specified above are the maximum limits and the Board / Nomination and Remuneration Committee at its discretion may revise the above limits within the maximum limits to comply with the requirements of sections 197 and other applicable provisions of the Companies Act, 2013 read with Schedule V to the Act.

6. **To re-appoint Mr.Manohar Rao Varalwar as Whole Time Director of the Company in terms of provisions of Sections 196, 197, 203 read with schedule V to the Companies Act, 2013, and in this regard.**

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

RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and subject to such other approvals and consents as may be necessary including



the approval of the Central Government, the consent of the members be and is hereby accorded for the reappointment of Mr.Manohar Rao Varalwar (holding DIN.00059815) (Aged about 84 years), as Whole Time Director of the Company, being a director liable to retire by rotation, for a period of five years effective from 14th August, 2020 on a remuneration inclusive of all perquisites and allowances aggregating to INR 60 lakhs per annum (for each financial year) and in addition, commission on net profits provided however, that the said salary, commission and all perquisites together shall not exceed 2(two) percent of the net profits of the Company calculated in accordance with the procedure laid down under section 198 of the Companies Act, 2013

RESOLVED FURTHER THAT the aggregate of above salary, perquisites and allowances taken together shall be subject to the overall ceilings laid down under Section 197 of the Companies Act, 2013 read with Schedule V to the Companies Act, 2013.

RESOLVED FURTHER THAT in the event of any loss or inadequacy of profits in any financial year during his tenure, the Company shall pay to Mr.Manohar Rao Varalwar , the remuneration by way of salary, perquisites, commission or any other allowances as specified above and in accordance with the limits and conditions specified under Section II of Part II of Schedule V to the Companies Act, 2013 or such other limits as may be prescribed by the Government from time to time in this regard, as minimum remuneration.

RESOLVED FURTHER THAT as Mr.Manohar Rao Varalwar, Whole Time Director shall not be paid sitting fees for attending meetings of the Board of Directors or any Committee(s) thereof.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and matters and things as in its absolute discretion, it may consider necessary, expedient or desirable, and to settle any question, ambiguity or doubt that may arise in relation thereto, in order to give effect to the foregoing resolution.

The limits of the remuneration specified above are the maximum limits and the Board / Nomination and Remuneration Committee at its discretion may revise the above limits within the maximum limits to comply with

the requirements of sections 197 and other applicable provisions of the Companies Act, 2013 read with Schedule V to the Act.

7. **To re-appoint Mr.Sandeep Varalwar as Whole Time Director of the Company in terms of provisions of Sections 196, 197, 203 read with schedule V to the Companies Act, 2013, and in this regard.**

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

RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and subject to such other approvals and consents as may be necessary including the approval of the Central Government, the consent of the members be and is hereby accorded for the reappointment of Mr.Sandeep Varalwar (holding DIN.01682951), as Whole Time Director of the Company, being a director liable to retire by rotation, for a period of five years effective from 14th August, 2020 on a remuneration inclusive of all perquisites and allowances aggregating to INR 1 Crore per annum (for each financial year) and in addition, commission on net profits provided however, that the said salary, commission and all perquisites together shall not exceed 4(four) percent of the net profits of the Company calculated in accordance with the procedure laid down under section 198 of the Companies Act, 2013

RESOLVED FURTHER THAT the aggregate of above salary, perquisites and allowances taken together shall be subject to the overall ceilings laid down under Section 197 of the Companies Act, 2013 read with Schedule V to the Companies Act, 2013.

RESOLVED FURTHER THAT in the event of any loss or inadequacy of profits in any financial year during his tenure, the Company shall pay to Mr.Sandeep Varalwar, the remuneration by way of salary, perquisites, commission or any other allowances as specified above and in accordance with the limits and conditions specified under Section II of Part II of Schedule V to the Companies



Act, 2013 or such other limits as may be prescribed by the Government from time to time in this regard, as minimum remuneration.

RESOLVED FURTHER THAT as Mr.Sandeep Varalwar, Whole Time Director shall not be paid sitting fees for attending meetings of the Board of Directors or any Committee(s) thereof.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and matters and things as in its absolute discretion, it may consider necessary, expedient or desirable, and to settle any question, ambiguity or doubt that may arise in relation thereto, in order to give effect to the foregoing resolution.

The limits of the remuneration specified above are the maximum limits and the Board / Nomination and Remuneration Committee at its discretion may revise the above limits within the maximum limits to comply with the requirements of sections 197 and other applicable provisions of the Companies Act, 2013 read with Schedule V to the Act.

8. **To consider ratification of the special resolutions passed through postal ballot and electronic mode on 29th February, 2020 regarding (1) issue Convertible Warrants to Promoter(s)/Promoter Group of the Company on preferential basis, and (2) To issue Convertible Warrants to Non-Promoter(s)/Non-Promoter Group of the Company on preferential basis in this regard.**

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

“RESOLVED THAT pursuant to the provisions of Section 62 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force), the Memorandum and Articles of Association of the Company, Listing Regulations and Listing Agreements entered into by the Company with the stock exchanges where the securities of the Company are listed, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (“SEBI Regulations”) or any other relevant authority from time to time, the Company has passed a Special Resolutions

through postal ballot and electronic mode on 29th February, 2020 regarding (1) to issue 1,50,00,000 (One hundred Fifty Lakhs only) convertible warrants to promoter(s)/promoter group of the company on preferential basis (2) to issue 1,00,00,000 (One Crore only) convertible warrants to non-promoter(s)/non-promoter group of the company on preferential basis, and. and now the resolutions so passed is ratified to the extent for (i) In promoters warrants post Issue % of 2 allottees i.e. Ashwini Gooty Agrapharam and Madhavi Varalwar, (ii) Intent of the Promoters/ Non- Promoters, the Directors or Key Managerial Personnel of the Company to subscribe to the offer and (iii) natural person behind Finman Global Private Limited and Essell Tradelinks India Limited under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

FURTHER RESOLVED THAT for the purpose of giving effect to this resolution, the Board (including any committee there off) be and is hereby authorized on behalf of the Company to do all such acts, deeds, things and matters as the Board may, in its absolute discretion, deem necessary, expedient or desirable for such purpose, including without limitation to issue clarifications on the offer, issue and allotment of the Convertible Warrants and conversion of Warrants into Equity Shares, to execute all such writings and instruments and enter into arrangement/ agreements as the Board may in its absolute discretion deem necessary or desirable for the purpose of this resolution, to settle all questions, difficulties or doubts that may arise in regard to the offer, issue and allotment of the Convertible Warrants, conversion of Warrants into Equity Shares and utilisation of proceeds of the Warrants, take all others steps which may be incidental, consequential, relevant or ancillary in this connection and to effect any modification to the foregoing in the best interest of the Company and its Shareholders.

FURTHER RESOLVED THAT the Board be and is hereby also authorised to delegate all or any of its powers to any officer(s) or authorized signatory (ies) of the Company to give effect to this resolution including execution of any documents on behalf of the Company and to represent the Company before any governmental/ statutory authorities etc. and to appoint any merchant





bankers or other professional advisors, consultants and legal advisors, if required, to give effect to the aforesaid resolution.”

By order of the Board
for Vivimed Labs Limited
Sd/-

Place: Hyderabad
Date: 04.12.2020

K.Yugandhar
Company Secretary

NOTES:

1. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its Circular dated June 15, 2020 read with Circulars dated May 5, 2020, April 13, 2020 and April 8, 2020 (collectively referred to as “MCA Circulars”) permitted to conduct the Annual General Meeting (“AGM”) through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 (“Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and MCA Circulars, the AGM of the Company shall be held through VC / OAVM. In accordance with the Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India (“ICSI”) read with Clarification/Guidance on applicability of Secretarial Standards - 1 and 2 dated April 15, 2020 issued by the ICSI, the proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company which shall be the deemed venue of the AGM.
 2. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
 3. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA and SEBI Circulars through VC / OAVM, physical attendance of Members has been dispensed with.
- Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this AGM Notice.**
4. This AGM Notice is being sent to all the Members, whose names appear in the Register of Members/ List of Beneficial Owners as received from National Securities Depository Limited (“NSDL”) / Central Depository Services (India) Limited (“CDSL”) as on 4th December, 2020.
 5. The Board of Directors of the Company (the “Board”) has appointed Mr.N.V.S.Suryanarayana Rao, Practicing Company Secretary (Membership No.5868, CP No.2886), as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
 6. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting or voting during the AGM. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to csnvss@gmail.com with a copy marked to helpdesk.evoting@cDSLindia.com.
 7. The Member's log-in to the Video Conferencing platform using the remote e-voting credentials shall be considered for record of attendance at the AGM and such Member attending the Meeting will be counted for the purpose of reckoning the quorum under Section 103 of the Act.
 8. Since the AGM will be held through VC/OAVM, the route map is not annexed to this AGM Notice.
 9. The business set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means. Instructions and other information relating to Remote e-voting are given in this Notice under Note No. 20. The Company will also send communication relating to Remote e-voting which inter alia would contain details about User ID and password along with a copy of this Notice to the members, separately.
 10. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect



from, April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrars and Transfer Agents, Aarthi Consultants Private Limited ("RTA") for assistance in this regard.

11. The Ministry of Corporate Affairs, Government of India (vide its circular nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively), has undertaken a 'Green Initiative in Corporate Governance' by allowing paperless compliances and recognizing delivery of Notices / Documents / Annual Reports, etc., to the shareholders through electronic medium. In view of the above the Company will send Notices / Documents / Annual Reports, etc., to the shareholders through email, wherever the email addresses are available; and through other modes of services where email addresses have not been registered. Accordingly, members are requested to support this initiative by registering their email addresses in respect of shares held in dematerialized form with their respective Depository Participants and in respect of shares held in physical form with the Company's RTA.
12. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held by them in electronic form and to RTA in case the shares are held by them in physical form.
13. The Securities and Exchange Board of India (SEBI) vide circular ref no. MRD/DoP/CIR- 05/2007 dated April 27, 2007, made PAN the sole identification number for all participants transacting in the securities market, irrespective of the amount of transaction. In continuation of the aforesaid circular, it is hereby clarified that for securities market transactions and off market/private transactions involving transfer of shares of listed companies in physical form, it shall be mandatory for the transferee(s) to furnish a copy of their PAN card to the Company / RTAs for registration of such transfer of shares.
14. In terms of Section 72 of the Companies Act, 2013, a member of the Company may nominate a person on whom the shares held by him / her shall vest in the event of his / her death. Members desirous of availing this facility may submit nomination in prescribed Form SH - 13 to the Company / RTA, in case of shares held in physical form, and to their respective depository participant, if held in electronic form.
15. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or RTA, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.
16. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
17. Members seeking any information with regard to the accounts or any matter to be placed at the AGM are requested to write to the Company on or before December 15, 2020 through email on yugandhar.kopparthi@vivimedlabs.com. The same will be replied by the Company suitably.
18. No Dividend on equity shares as recommended by the Board of Directors for the financial year ended March 31, 2020.
19. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website www.Vivimedlabs.com, websites of the Stock Exchanges i.e. BSE Limited at www.bseindia.com.
20. Instructions for e-voting and joining the AGM are as follows:



A. VOTING THROUGH ELECTRONIC MEANS:

1. In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, and Regulation 44 of the SEBI Listing Regulations, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by CDSL, on all the resolutions set forth in this Notice. The instructions for e-voting are given herein below.
2. The Members who have cast their vote by remote e-voting prior to the AGM may also attend/ participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.
3. Voting rights shall be reckoned on the paid-up value of shares registered in the name of the member / beneficial owner (in case of electronic shareholding) as on the cut-off date, a person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, only shall be entitled to avail the facility of Remote e-voting / Poll.
4. Any person, who becomes members of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date, may obtain the User ID and password for Remote e-voting by sending email to CDSL intimating DP ID and Client ID / Folio No. at www.evotingindia.com.
5. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM/EGM has been uploaded on the website of the Company at www.Vivimedlabs.com. The Notice can also be accessed from the website of the Stock Exchanges i.e. BSE Limited at www.bseindia.com and NSE at www.nseindia.com. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM i.e. www.evotingindia.com).

6. The remote e-voting facility will be available during the following period:

Commencement of remote e-voting:	9:00 a.m. IST on Sunday, December 27, 2020
End of remote e-voting:	5:00 p.m. IST on Tuesday, December 29, 2020

During this period, Members holding shares either in physical form or in dematerialized form, as on **December 24, 2020 i.e. cut-off date**, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Those Members, who will be present in the AGM through VC / OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.

7. The Remote e-voting will not be allowed beyond the aforesaid date and time and the Remote e-voting module shall be disabled by CDSL upon expiry of aforesaid period.
8. The Scrutinizer, after scrutinizing the votes cast at the meeting (Poll) and through Remote e-voting, will, not later than 48 hours of conclusion of the Meeting, make a consolidated scrutinizer's report and submit the same to the Chairman. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company www.Vivimedlabs.com and on the website of CDSL at www.evotingindia.com. The results shall simultaneously be communicated to the Stock Exchanges.
9. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e. December 30, 2020.



B. THE DETAILS OF THE PROCESS AND MANNER FOR REMOTE E-VOTING ARE EXPLAINED HEREIN BELOW:

1. Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
2. The shareholders should log on to the e-voting website www.evotingindia.com.
3. Click on “Shareholders” module.
4. Now enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

OR

Alternatively, if you are registered for CDSL's **EASI/EASIEST** e-services, you can log-in at <https://www.cdslindia.com> from **Login - Myeasi** using your login credentials. Once you successfully log-in to CDSL's **EASI/EASIEST** e-services, click on **e-Voting** option and proceed directly to cast your vote electronically.

5. Next enter the Image Verification as displayed and Click on Login.
6. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
7. If you are a first time user follow the steps given below:

	For Shareholders holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none">• Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none">• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

8. After entering these details appropriately, click on “SUBMIT” tab.
9. Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.





10. For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
11. Click on the EVSN for the relevant <Company Name> on which you choose to vote.
12. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
13. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
14. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
15. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
16. You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
17. If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

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

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to Company/RTA email id.
2. For Demat shareholders -, please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested

scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to Company/RTA email id.

D. INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC / OAVM ARE AS UNDER:

1. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 5days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 5 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). These queries will be replied to by the company suitably by email.
6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

E. INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.





2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
3. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

18. Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the “Corporates” module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; csnvss@gmail.com and yugandhar.kopparthi@vivimedlabs.com if they have voted from individual tab &

not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or contact Mr. Nitin Kunder (022-23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

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

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

Item No.3: The Board of Directors at its meeting held on December 04, 2020, had approved the re-appointment of M/s.A.S.Rao & Co, Cost Accountants (Firm Registration No.000326), as the Cost Auditor for audit of the cost accounting records of the Company for the financial year ending 31st March, 2021, at a remuneration not exceeding Rs.1.1 lacs (Rupees One lac Ten thousand only) excluding GST and reimbursement of out of pocket expenses at actuals, if any, incurred in connection with the audit.

In accordance with the provisions of Section 148 (3) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and Companies (Cost Records and Audit) Rules, 2014, the remuneration payable to Cost Auditor shall be ratified by the members of the Company.

Accordingly, consent of the members is sought for approving the Ordinary Resolution as set out at Item No.3 for ratification of remuneration payable to the Cost Auditor for conducting the audit of the cost records of the Company, if required, for the financial year ending 31st March, 2021.

None of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested in the proposed Ordinary Resolution as set out at Item No.3 of the Notice, except to the extent of their shareholding, if any, in the Company.

The Board recommends the Ordinary Resolution as set out at Item No.3 of the Notice for approval by the members.

Item No.4: Mrs.Umanath Varahabhotla (DIN:06539204) was appointed as a Director on the Board of the Company on 21/03/2015. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, members of the Company at the 27th Annual General Meeting held on September 30, 2015 approved the appointment of Mrs. Umanath Varahabhotla as an Independent Director of the Company for a period of 5 years up to 32nd Annual General Meeting to be held in calendar year 2020.

As per the provisions of Section 149 of the Companies Act, 2013, an Independent Director shall hold office for a term upto five consecutive years on the Board of a Company but shall be eligible for re-appointment, for another term of upto five years, on passing of a special resolution by shareholders.

The Company has received intimation in Form DIR-8 from Mrs.Umanath Varahabhotla that, she is not disqualified from being re-appointed as an Independent Director in terms of Section 164 of the Act, declaration that he meets with the criteria of independence as prescribed under Section 149 (6) of the Companies Act, 2013 & Regulation 16(1)(b) of SEBI Listing Regulations and her consent to continue as an Independent Director.

The resolution seeks the approval of members for the re-appointment of Mrs.Umanath Varahabhotla as an Independent Director of the Company commencing from 32nd Annual General Meeting to be held in calendar year 2020 up to 37th Annual General Meeting to be held in calendar year 2025 in terms of Section 149 and other applicable provisions of the Act and Rules made there under. She is not liable to retire by rotation.

In the opinion of the Board, Mrs.Umanath Varahabhotla fulfills the conditions for her re-appointment as an Independent Director as specified in the Act and the SEBI Listing Regulations and is independent of the management.

Based on the recommendations of the Nomination & Remuneration Committee and keeping in view the expertise of Mrs.Umanath Varahabhotla, the Board of Directors at its meeting held on August 13, 2020 approved the continuance of office of Mrs.Umanath Varahabhotla as mentioned in the resolution.

She is recognized by clients and colleagues, a consummate professional with a high degree of personal integrity. She is known for contagious passion for innovation, visionary thinking, and excellence in execution with a capacity for motivational leadership.

PROFESSIONAL EXPERIENCE:

Mrs.Umanath Varahabhotla aged 58 is a Doctorate (Ph.D) in Business Administration, She has 32+ years of experience in Healthcare, Hospital systems management, Corporate Social Responsibility. Creating organizational systems, processes and SoPs from Conceptualization to Operationalization for piloting and scaling-up of strategically important initiatives. Acknowledged to have built organizations and people. Served as Start-up incubator – LVP, EMRI, ELBIT, Health & CSR at Athena Energy . Vice-president at Tata Business Support Services, CEO AT Park Specialties Hospitals, Lead Partner – Alliances & Partnerships (Corporate Center) at EMRI, CEO at Elbit Medical Diagnostics Ltd, Administrator AT L V Prasad Eye Institute.

Mrs.Umanath Varahabhotla does not hold any shares of Vivimed Labs Limited. She is not related to any other Directors/KMPs of the Company. She is the Member of Nomination & Remuneration Committee, and Charperson of Audit Committee of the Company. She has attended the five (5) meeting of the Board held during the year 2019-20.

The Nomination & Remuneration Committee and the Board evaluated the performance of Mrs.Umanath Varahabhotla, rated her satisfactory on all parameters and recommended her re-appointment.

Copy of the draft letter for re-appointment of Mrs.Umanath Varahabhotla as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

None of the Directors or Key Managerial Personnel of the Company and / or their relatives except Mrs.Umanath Varahabhotla, to whom the resolution relates, is in any way, concerned or interested, financially or otherwise, in the resolution.

Board recommends the resolution set-forth in Item No.4 for approval of the members, by way of Special Resolution.

Item No.5: Mr. Santosh Varalwar aged 58 years is a Management Graduate. He is the driving force behind the





phenomenal growth of Vivimed Labs Limited. He worked in Shipping Corporation of India (SCI) and had an opportunity to understand in depth mercantile trade and had immense global exposure, which helped him subsequently to focus on international marketing. He served Mercantile Marine for about seven years before embarking on a highly successful entrepreneurial journey. He has played an active role in VVS Pharmaceuticals from the year 1985 and later on expanded the business to manufacture of APIs by acquiring EMGI Pharmaceuticals and Chemicals Private Limited, Bidar, which was later converted into a public limited company and named as Vivimed Labs Limited. Vivimed Labs Limited was listed on BSE/ NSE in the year 2005 and the public issue was all time success having been oversubscribed 40 times. Since then, he steered the Company to various successful milestones and merged VVS Pharmaceuticals in the year to consolidate and create a global entity. In the years 2008 and 2009 under his leadership, the Company successfully acquired two overseas companies namely James Robinson Europe Limited (now Vivimed Labs Europe Limited, UK) and Har – Met International Inc, US. In November, 2011, Mr Santosh Varalwar successfully led USD 55 million of the 75-year old prestigious Barcelona, Spain based API firm Uquifa. In the year 2013, acquired two Indian companies namely Vivimed Labs (Alathur) Pvt Ltd and Finoso Pharma Pvt Ltd and in 2018, acquired two Hungary companies namely Soneas Chemicals Ltd and Soneas Research Ltd .

In view of his expertise and managerial abilities, Mr. Santosh Varalwar was re-appointed as an MD by the members in the 27th Annual General Meeting held on 30th September 2015 for a period of five years w.e.f.14th August 2015. The current term of office of Mr. Santosh Varalwar as an MD expired on 13th August 2020. Considering the commitment consistently shown and results exhibited, the Board of Directors on the recommendation of the Nomination and Remuneration Committee, has decided to re-appoint Mr. Santosh Varalwar as an MD of the Company for a further period of 5 (five) years effective from 14th August 2020. The re-appointment of Mr.Santosh Varalwar is appropriate and in the best interest of the Company for the results shown and the efforts made by him to the improvement of the sales more particularly the expansion of markets abroad. The approval of the members is being sought to the terms and conditions of the re-appointment of Mr.Santosh Varalwar as an MD and the remuneration payable to him. The re-appointment

of Mr.Santosh Varalwar as an MD is subject to necessary approvals if any .

In the event of any loss or inadequacy of profits in any financial year during his tenure, the Company shall pay to Mr.Santosh Varalwar, the remuneration by way of salary, perquisites, commission or any other allowances in accordance with the limits and conditions specified under Section II of Part II of Schedule V to the Companies Act, 2013 or such other limits as may be prescribed by the Government from time to time in this regard, as minimum remuneration.

The resolution seeks the approval of the members in terms of Sections 196 and 197 read with Schedule V and other applicable provisions of the Companies Act, 2013, and the Rules made thereunder for the re-appointment of Mr.Santosh Varalwar as an MD of the Company for a period of five years commencing from 14th August 2020.

The Board recommends the Special Resolution set forth in Item No.5 for approval of the Members

Mr.Manohar Rao Varalwar, Mr.Sandeep Varalwar and Mr Subhash Varalwar Directors along with their relatives are deemed to be concerned or interested in the proposed Resolution. Save and except the above, none of the other Directors, Key Managerial Persons (KMPs) of the Company or any relatives of such Director or KMPs, are in any way concerned or interested financially or otherwise in the proposed Resolution

Item No.6: Dr.V.Manohar Rao aged 84 years, Retired as Joint Director of “The Veterinary Biological and Research Institute” (VBRI) has done his post-graduation in Veterinary Sciences from Edinburgh University, U.K. He has more than 31 years experience in The Municipal Corporation of Hyderabad and Department of Animal Husbandry, Government of Andhra Pradesh. During his tenure with Department of Animal Husbandry, he was involved in administration and production of various vaccines for livestock and poultry. He worked as a special officer for Meat and Poultry Department Corporation Andhra Pradesh Government Enterprises. He conceptualised and started VVS Pharmaceuticals and Chemicals Pvt. Ltd. (VVS), (Now stands merged with Vivimed Labs Limited). He is mainly responsible for developing a Sophisticated and well-equipped in-house Quality Control and introduced various cost control systems in production process. His expertise, knowledge and vision helped VVS to transform



from a Biological Processing Unit into a Pharmaceutical Manufacturing Unit for manufacturing of Liquid Orals, Tablets, Capsules, Ointments etc.

In view of his expertise, Mr. Manohar Rao Varalwar was re-appointed as a WTD by the members in the 27th Annual General Meeting held on 30th September 2015 for a period of five years w.e.f.14th August 2015. The current term of office of Mr. Manohar Rao Varalwar as a WTD expired on 14th August 2020. Considering the commitment consistently shown and results exhibited, the Board of Directors on the recommendation of the Nomination and Remuneration Committee, has decided to re-appoint Mr. Manohar Rao Varalwar as a WTD of the Company for a further period of 5 (five) years effective from 14th August 2020. The re-appointment of Mr. Manohar Rao Varalwar is appropriate and in the best interest of the Company. The approval of the members is being sought to the terms and conditions of the re-appointment of Mr. Manohar Rao Varalwar as WTD and the remuneration payable to him. The re-appointment of Mr. Manohar Rao Varalwar as a WTD is subject to necessary approvals if any.

In the event of any loss or inadequacy of profits in any financial year during his tenure, the Company shall pay to Mr. Manohar Rao Varalwar, the remuneration by way of salary, perquisites, commission or any other allowances in accordance with the limits and conditions specified under Section II of Part II of Schedule V to the Companies Act, 2013 or such other limits as may be prescribed by the Government from time to time in this regard, as minimum remuneration.

The resolution seeks the approval of the members in terms of Sections 196 and 197 read with Schedule V and other applicable provisions of the Companies Act, 2013, and the Rules made thereunder for the re-appointment of Mr. Manohar Rao Varalwar as a WTD of the Company for a period of five years commencing from 14th August 2020.

The Board recommends the Special Resolution set forth in Item No.6 for approval of the Members.

Mr. Sandeep Varalwar, Mr. Subhash Varalwar and Mr. Santosh Varalwar, Directors along with their relatives are deemed to be concerned or interested in the proposed Resolution. Save and except the above, none of the other Directors, Key Managerial Persons (KMPs) of the Company or any relatives of such Director or KMPs, are in any way concerned or

interested financially or otherwise in the proposed Resolution

Item No.7: Mr. Sandeep Varalwar, aged 51 years has completed his Graduation in B.Pharmacy. After completion of graduation, he gained more than 25 years of rich experience in manufacturing and marketing divisions of Pharma industry. He is the main strength behind the growth of Pharma division of the Company and took an active role in VVS Pharmaceuticals and Chemicals Pvt Ltd. After the Company's merger with Vivimed Labs Limited, Mr. Sandeep is appointed as a whole time Director on the Board of Vivimed Labs Limited

In view of his expertise, Mr. Sandeep Varalwar was re-appointed as a WTD by the members in the 27th Annual General Meeting held on 30th September 2015 for a period of five years w.e.f.14th August 2015. The current term of office of Mr. Sandeep Varalwar as a WTD expired on 13th August 2015. Considering the commitment consistently shown and results exhibited, the Board of Directors on the recommendation of the Nomination and Remuneration Committee, has decided to re-appoint Mr. Sandeep Varalwar as a WTD of the Company for a further period of 5 (five) years effective from 14th August 2020. The re-appointment of Mr. Sandeep Varalwar is appropriate and in the best interest of the Company. The approval of the members is being sought to the terms and conditions of the re-appointment of Mr. Sandeep Varalwar as a WTD and the remuneration payable to him. The re-appointment of Mr. Sandeep Varalwar as a WTD is subject to necessary approvals if any.

In the event of any loss or inadequacy of profits in any financial year during his tenure, the Company shall pay to Mr. Sandeep Varalwar, the remuneration by way of salary, perquisites, commission or any other allowances in accordance with the limits and conditions specified under Section II of Part II of Schedule V to the Companies Act, 2013 or such other limits as may be prescribed by the Government from time to time in this regard, as minimum remuneration.

The resolution seeks the approval of the members in terms of Sections 196 and 197 read with Schedule V and other applicable provisions of the Companies Act, 2013, and the Rules made thereunder for the re-appointment of Mr. Sandeep Varalwar as a WTD of the Company for a period of five years commencing from 14th August 2020.

The Board recommends the Special Resolution set forth in Item No.7 for approval of the Members.



Mr.Manohar Rao Varalwar, Mr.Subhash Varalwar and Mr.Santosh Varalwar, Directors along with their relatives are deemed to be concerned or interested in the proposed Resolution. Save and except the above, none of the other Directors, Key Managerial Persons (KMPs) of the Company or any relatives of such Director or KMPs, are in any way concerned or interested financially or otherwise in the proposed Resolution

Item No.8: The Company has passed the Special Resolutions through postal ballot and electronic mode on 29th February, 2020 regarding (1) to issue convertible warrants to promoter(s)/promoter group of the company on preferential basis, and (2) to issue convertible warrants to non-promoter(s)/ non-promoter group of the company on preferential basis. However, in explanatory statement of the resolutions the company not properly mentioned (printing/ pasting missing data) about (i) In promoters warrants post Issue % of 2 allottees i.e. Ashwini Gooty Agraharam and Madhavi Varalwar, (ii) Intent of the Promoters/ Non- Promoters, the Directors or Key Managerial Personnel of the Company to subscribe to the offer and (iii) natural person behind Finman Global Private Limited and Essell Tradelinks India Limited under SEBI (Issue of Capital and Disclosure Requirements) Regulations,

2009 But the correct data is mentioned below the Company has applied for the In-principle Approval to BSE Limited and National Stock Exchange of India Limited (The Stock Exchanges) . The Company has to pass Special resolutions for for above mentioned corrections and get the same ratified by the Shareholders in their meeting. Therefore, the Company has proposed the above resolution no.8 in compliance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009:

(i) In promoters warrants post Issue % of 2 allottees i.e. Ashwini Gooty Agraharam and Madhavi Varalwar

Name of proposed Allottee	Category	% of post- Preferential capital to be held	Change in Control, if any
Ashwini Gooty Agraharam	Promoters Group	2.32	N.A.
Madhavi Varalwar	Promoters Group	2.50	N.A.

(ii) Intent of the Promoters/ Non- Promoters, the Directors or Key Managerial Personnel of the Company to subscribe to the offer

The intention to subscribe to the offer by Promoters/ Non-Promoters is to participate in the growth prospects of the Company.

(iii) Natural person behind Finman Global Private Limited and Essell Tradelinks India Limited

Name of proposed Allottee	Category	Ultimate beneficial owners	% of post- Preferential capital to be held	Change in Control, if any
Finman Global Private Limited, a company incorporated in India Under the laws of India	Non Promoters Group	100% beneficial ownership is held by 1. Sivaprasad Rayavarapu 2. Chitta Pragada Kiran Kumar	4.63	N.A.
Essell Tradelinks India Limited, a company incorporated in India Under the laws of India	Non Promoters Group	100% beneficial ownership is held by 1.Rayavarapu Ananda Lakshmi, 2.R. Aruna Kumari, 3.R. Srinivas, 4.K. Ananda Sailaja, 5.Chitta Pragada Kiran Kumar, 6.Y. Venkateswara Rao, 7.P.Bhaskar Rao, 8.G.Satish Chandra, 9.Essell Consultants Pvt Ltd, 10.Yadlapalli Madan Mohan & 11.Finman Global Private Limited	4.63	N.A.

The Board recommends the Special Resolution set forth in Item No.8 for approval of the Members.





Vivimed

None of the Directors, Key Managerial Personnel & their Relatives are in any way, concerned or interested financially or otherwise in the said resolution except Mr.Santosh Varalwar, Mr.Sandeep Varalwar Mr.Subhash Varalwar and Mr.Manohar Rao Varalwar their relatives who are deemed to be concerned since one of the proposed resolution pertains to the preferential issue of Warrants to Promoter Group.

By order of the Board
for Vivimed Labs Limited

Sd/-
K.Yugandhar

Company Secretary

Place: Hyderabad

Date: 04.12.2020



ANNEXURE - A

FORM FOR REGISTRATION OF EMAIL ADDRESS FOR RECEIVING DOCUMENTS / NOTICES BY ELECTRONIC MODE

To

Aarthi Consultants Private Limited

1-2-285, Domalguda, Hyderabad - 500029

Phone : 040-27638111/27634445, Fax : 040-27632184

Email : info@arthiconsultants.com.

Company: Vivimed labs Limited

I agree to receive all documents / notices including the Annual Report of the Company in electronic mode. Please register my email address given below in your records for sending communication through email.

Name of Sole / First Holder : _____

DP ID / Client ID / Regd. Folio No. : _____

PAN No. : _____

E-mail Address : _____

Date:

Place:

(Signature of Member)



**ANNEXURE - B****DETAILS OF DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING**

Particulars	1
Name of the Director	Subhash Varalwar
Director Identification Number	00054789
Date of Birth	05/02/1948
Nationality	Indian
Date of Appointment	09/11/1989
Qualifications	Post Graduate in Chemical Engineering and a Management Graduate from Leeds University, U.K.
Shareholding in the Company	16,16,200 Equity shares
Expertise in specific functional areas	He has around 40 years of experience in Production, Quality control and R&D function
Chairmanships/ Directorships of other Companies (excluding Foreign Companies and Section 8 Companies)	NIL
Chairmanships/ Memberships of Committees of other Public Companies (includes only Audit Committee; and Shareholders/ Investors Grievance Committee)	NIL
Particulars	2
Name of the Director	Mrs. UMANATH VARAHABHOTLA
Director Identification Number	06539204
Date of Birth	04.03.1962
Nationality	Indian
Date of Appointment	21/3/2015
Qualifications	Doctorate (Ph.D) in Business Administration
Shareholding in the Company	NIL
Expertise in specific functional areas	She has 29+ years of experience in Healthcare, Hospital systems management, Corporate Social Responsibility, Creating organizational systems, finance, legal, general administration, processes and SoPs from Conceptualization to Operationalization for piloting and scaling-up of strategically important initiatives
Chairmanships/ Directorships of other Companies (excluding Foreign Companies and Section 8 Companies)	NIL
Chairmanships/ Memberships of Committees of other Public Companies (includes only Audit Committee; and Shareholders/ Investors Grievance Committee)	NIL
Particulars	3
Name of the Director	Mr. Santosh Varalwar
Director Identification Number	00054763
Date of Birth	29.03.1962



Nationality	Indian
Date of Appointment	09/11/1989
Qualifications	Management Graduate
Shareholding in the Company	55,99,050 Equity shares
Expertise in specific functional areas	He has around 35 years of experience in General Management, cost efficient, quality complaint pharmaceutical /chemicals products manufacturing and marketing
Chairmanships/ Directorships of other Companies (excluding Foreign Companies and Section 8 Companies)	NIL
Chairmanships/ Memberships of Committees of other Public Companies (includes only Audit Committee; and Shareholders/ Investors Grievance Committee)	NIL
Particulars	4
Name of the Director	Dr. Manohar Rao Varalwar
Director Identification Number	00059815
Date of Birth	01.09.1936
Nationality	Indian
Date of Appointment	10/11/1994
Qualifications	Post-graduation in Veterinary Sciences from Edinburgh University, U.K.
Shareholding in the Company	12,94,225 Equity shares
Expertise in specific functional areas	He has around 50 years of experience in Administration, Biotechnology, pharmaceutical /chemicals products manufacturing and marketing
Chairmanships/ Directorships of other Companies (excluding Foreign Companies and Section 8 Companies)	NIL
Chairmanships/ Memberships of Committees of other Public Companies (includes only Audit Committee; and Shareholders/ Investors Grievance Committee)	NIL
Particulars	5
Name of the Director	Mr. Varalwar Sandeep
Director Identification Number	01682951
Date of Birth	29.09.1968
Nationality	Indian
Date of Appointment	23/01/2008
Qualifications	Graduation in B.Pharmacy
Shareholding in the Company	18,75,647 Equity shares
Expertise in specific functional areas	He has more than 27 years of rich experience in manufacturing and marketing divisions of Pharma industry





Chairmanships/ Directorships of other Companies (excluding Foreign Companies and Section 8 Companies)	NIL
Chairmanships/ Memberships of Committees of other Public Companies (includes only Audit Committee; and Shareholders/ Investors Grievance Committee)	NIL

*Directorships and Committee memberships in Vivimed Labs Limited and its Committees are not included in the aforesaid disclosure. Also, alternate Directorship, Directorships in Private Limited Companies, Foreign Companies and Section 8 companies and their Committee memberships are excluded. Membership and Chairmanship of Audit Committees and Investor Grievance Committees of only public Companies have been included in the aforesaid table.

For and on behalf of the Board
Vivimed Labs Limited
Sd/-
Santosh Varalwar
Managing Director
(DIN: 00054763)

Place: Hyderabad
Date:04.12.2020





Vivimed

VIVIMED LABS LIMITED

(CIN: L02411KA1988PLC009465)

Plot No. 78-A, Kolhar Industrial Area

Bidar, Karnataka - 585403

www.vivimedlabs.com