

Date: 07.09.2019



Vivimed

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 31st Annual General Meeting (AGM), Annual Report for the financial year 2018-19 and Book Closure for AGM.

This is to inform you that the 31st Annual General Meeting (AGM) of the Company will be held on Monday, September 30, 2019 at 11.30 p.m. at Plot No.78-A, Kolhar Industrial Area, Bidar-585403, Karnataka.

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 2018-19 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 from Wednesday, September 25, 2019 to Monday, September 30, 2019 (both days inclusive) for the purpose of AGM.

Further, e-voting facility for the AGM will be made available to all the members of the Company. The date and time of remote e-voting facility are as under:


Date and time of commencement of remote e-voting	Friday, September 27, 2019 at 9:00 a.m
Date and time of end of remote e-voting	Sunday, September 29, 2019 at 5:00 p.m
Cut-off date for determining the eligibility to vote by electronic means or in the AGM	Friday, September 20, 2019

Please take the information on record.

Thanking you,

Yours faithfully,

For Vivimed Labs Limited


K.Yugandhar
Company Secretary



Encl: As above

Vivimed Labs Limited.

CIN: L02411KA1988PLC009465

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Bidar, Karnataka - 585 403, India.

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Vivimed

Committed
to **perform**

Vivimed Labs Limited
Annual Report 2018-19

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Vivimed

There are generally two categories of companies in the world.

First are the ones who're knocked down and resign to that fate. The second are those who get back up, repeatedly, despite everything.

**In other words,
the ones who're
committed to
perform. Just
like us.**



Our journey this far has been adventurous at best, each year being more challenging than the previous.

We struggled. We braved. We battled.

But, through it all, we also found the will power to rewrite strategies that could make a difference in the long run.

We invested our time and focus into making necessary adjustments and changes to strengthen our position, which would help in sustaining our successes.



In other words, we remained committed to perform, without once giving up on the future we've always had in our mind!

Committed to perform

Evolving to the next



This acquisition
positions
Vivimed as
an end-to-
end solutions
provider in the
global API-CDMO
business.

Having established our credentials with global pharmaceutical majors as a reliable supplier of quality APIs, we now focused on transitioning to a higher level – from a supplier to a developing partner.

This evolution was critical for us as it promised to cement a lasting bond with our customers. It provided revenue visibility. It added immense value to our API business. It made business growth increasingly sustainable.

In keeping with this belief, we acquired the Hungary-based CDMO company, Soneas, in May 2018. This is what it does for us.

It builds our technology tool box.

Vivimed can leverage Soneas' high level of competency in emerging technologies such as metal catalysis and heterocyclic chemistry.

It broadens our market offering in the CDMO space.

Vivimed can undertake preclinical, phase I, II and III NCE project development.

It adds to our end-usage capabilities.

Vivimed can leverage Soneas' diverse end-usage capabilities in neurology, dermatology, metathesis catalysts and synthetic hormones.



It enhances our manufacturing footprint.

Soneas brings with it a cGMP pilot plant and over 180KL of key starting material (KSM) cGMP capacities to the assetblock.

It allows us to utilise our capacities better.

Soneas can potentially feed into UQUIFA's existing manufacturing facilities in Spain and Mexico.

It widens our geographic presence.

SONEAS has a significant presence in important

regulated markets namely the US, Europe and Japan.

It increases our customer base.

SONEAS enjoys multi-year relationships with innovator companies based in Japan and Europe.

It contributes to our financials right away.

Soneas has a pipeline of multiple projects where it is collaborating with customers in Phase 2 and Phase 3 of a new drug development.



We are establishing a flanking business vertical – asset-light model

- Idea is to create a brand that is a store house of IP assets using our extensive knowledge pool in pharma industry - formulations that will allow us to explore new geographies, breakthrough in complex molecules and also new dosage forms
- A model in which the Company collaborates with strategic partners who develop the formulations and/or manufacture and market the products in regulated markets; Vivimed earns revenue from a profit-sharing model and co-owns the IP asset..





Statement from the Managing Director

“My singular message to my shareholders is that I remain committed to grow this business. Because when commitment to grow is at the heart of any journey, success is a natural corollary.”

Dear shareholders,

Fiscal 2018-19 was an important milestone in our journey from a strategic perspective. We achieved some important successes which showcase our commitment to grow our organisation amidst economic headwinds and sectoral challenges. Because when commitment to growth is at the heart of any journey, success is a natural corollary.

Our defining step was the acquisition of Soneas, a dedicated CDMO player, at the start of fiscal 2018-19. CDMO is an interesting space to be in owing to its inherent characteristics such as customer stickiness, revenue visibility and superior margins. But it has its challenges too – extensive research expertise and a long gestation for investments to transform into returns.

Vivimed, through UQUIFA, has established its presence in the global CDMO space having successfully delivered projects to global pharmaceutical players. The CDMO business grew exponentially over the last five years. – from <5% of UQUIFAs business in 2012 to ~25% in 2017.

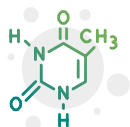
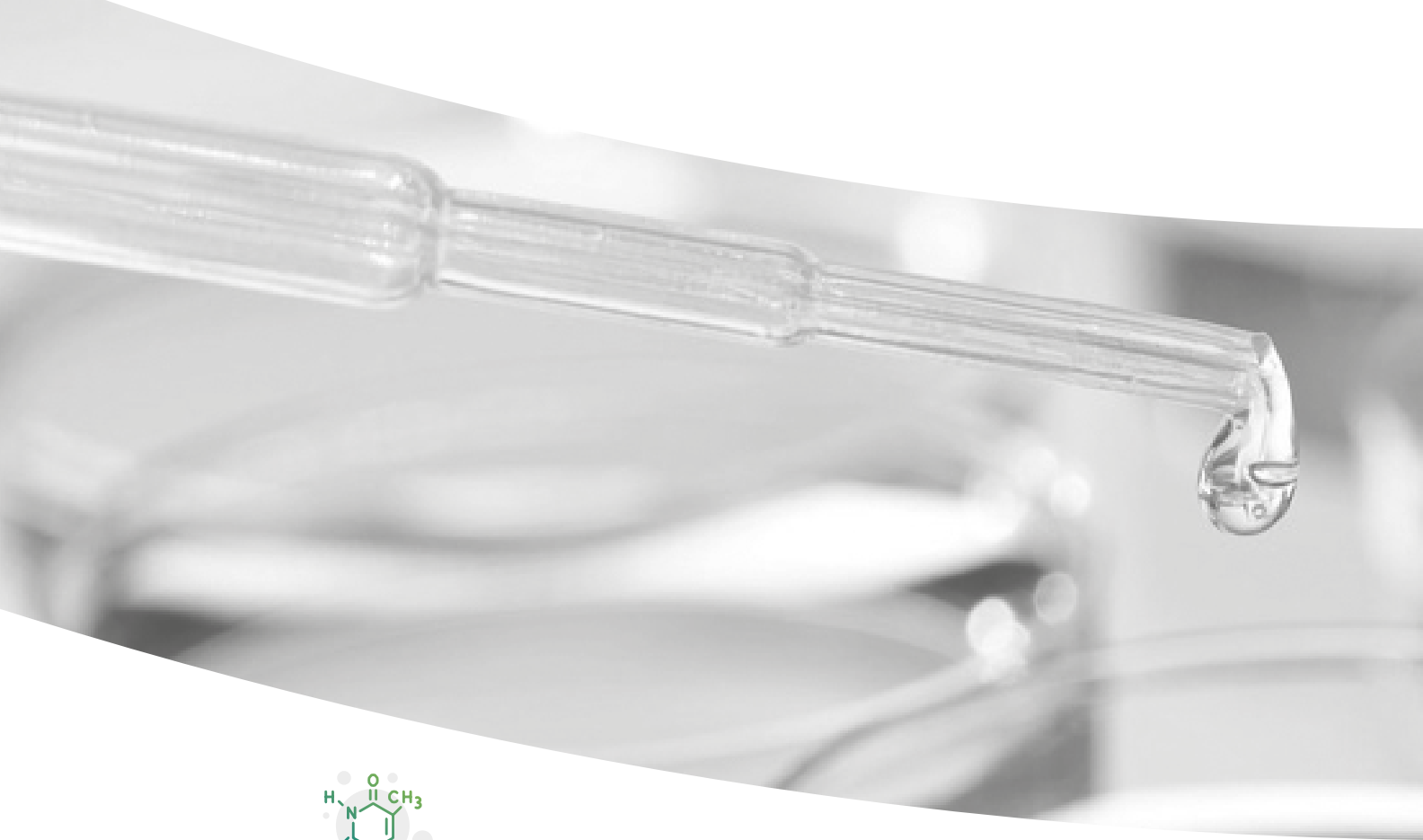
Interestingly, CDMO business opportunities are increasing as global players are focused on optimising costs in keeping with the clarion call across the global of reducing healthcare costs. According to a report by Credence Research, Inc.’ Pharmaceutical CDMO Services Market - Growth, Future Prospects, Competitive Analysis, 2018-2026, the global Pharmaceutical CDMO Services Market was estimated at US\$65.6 Bn in 2017; it is expected to expand at a CAGR of 6.5% from 2018 to 2026, to

reach US\$116.2 Bn by 2026.

To capitalise effectively of the growing market opportunities, we needed to widen our technology pool, expand our capability matrix and our service offering across product development value chain. This is where Soneas appears as a best fit to our API business spearheaded by UQUIFA.

Hence, Soneas, I am confident, will add considerable value to UQUIFA’s operating model. Moreover, it will bring to fruition Vivimed’s vision of making UQUIFA an integrated global CDMO player and catapult the combined CDMO piece into a new growth orbit.

The other important move was the exit from the joint venture with Strides Shasun in the Finished Dosage space. It was a win-win for both partners. For us, it released critical



management bandwidth to sharpen our focus on certain markets of our choice. For Strides, it strengthened their presence in the US market. Moreover, we utilised the funds received owing to the exit to pare down our debt.

Having said that, I must mention that debt management has been foremost on our minds. Between March 2017 and June 2018, we have reduced our debt burden from ₹1010 crore to ₹837 crore (includes ₹111 crore added in 2018-19 owing to the acquisition of Soneas). We will continue to focus on debt reduction in the coming years.

The road ahead

I am particularly optimistic about our prospects over the medium term.

Our API business is gaining healthy traction. I believe that with team's efforts in seeding multiple markets, we may soon be faced with a capacity shortfall for some of our key products. We would need to debottleneck our infrastructure to release capacity to accommodate additional volumes.

Our CDMO segment is also picking up momentum with a healthy uptick in orders in the first quarter of the current year (2019-20). I am hopeful of sustaining this momentum in the current year.

Our finished dosage business should experience a healthy uptick in volumes over starting from the current year as the team has worked tirelessly in expanding their footprint in new markets. I feel these new markets would start delivering

returns in the next 12-18 months.

One of the most heartening facts is that we have replicated the CDMO model in our formulations space, but with a difference. We call it the Virtual Pharma segment. This is an interesting concept. We will create a pool of high value, high risk molecules using are extensive knowledge in the pharma industry. On successful development, we will enter into a profit-sharing alliance with a large pharmaceutical majors for manufacturing and marketing the product in regulated markets of the US, Europe and Canada. This asset-light operating model would open a new, profitable and sustainable revenue stream for the Company.



In closing

I feel we are well positioned on our performance journey. But I must admit that during this journey, there will be ups and downs. We will be putting ourselves in uncomfortable, challenging positions. But the point is, regardless of outcome, it's the focus on each step and each moment of the learning that is critical.

Because, these learnings are the essentials we will need to rely on to develop, progress and perform. Because these learning will help us challenge status quo, push ourselves outside our comfort zone and take on new challenges and opportunities with a vision of a better tomorrow.

Acknowledgment

As we move forward into 2019-20, I would like to express my

sincere gratitude to my fellow Directors for their commitment and professionalism in paving the Company's long-term path.

I would like to thank our esteemed shareholders, partners and other stakeholders for believing in our story and reposing their confidence in our capability and extending their support in our long journey of endurance.

And most importantly, I place on record my gratitude to our management team and staff for their valuable and ongoing dedication in contributing to the Company's growth

Warm regards

Santosh Varalwar
A fellow shareholder



About Vivimed Labs

A globally renowned partner that touches the lives of millions through its expertise in chemistry



Three of
Vivimed's
manufacturing
facilities
are US- FDA
approved

Over nearly three decades, Vivimed Labs has metamorphosed from a domestic small, entrepreneurial family-operated business to a globally renowned supplier of niche molecules and formulations across Healthcare, Pharmaceuticals and Specialty Chemicals consumers in nearly 50 countries.

Vivimed has, over its business journey, established, 12 manufacturing facilities, 6 R&D centres and global support offices in India, China, Europe and USA. The Company's focus

on quality and compliance reflects in aligning its systems and processes with stringent global standard – three of its manufacturing facilities are US- FDA approved; the Company has also gained PIC/S GMP approval for the supply of finished pharmaceutical formulations.



Vivimed

Our Presence



Shareholder information

(as on March 31, 2019)

Promoters' stake: **34.39%**

Market capitalisation: **₹1,931.05** million

Face value per share: **₹2/-**

BSE Code: 532660

NSE Code: VIVIMED

Earnings per share: **₹6.67 (diluted)**

Our reputed global clientele



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.



About our business

A corporate with
**three
revenue
streams**



Vivimed

1

Active Pharmaceutical Ingredients

UQUIFA, an API franchisee of the Vivimed Group, is a leading international supplier of active pharmaceutical ingredients (APIs) and intermediates to the Pharmaceutical Industry.

Headquartered in Barcelona, with state-of-the-art production facilities spread across three continents. The Company enjoys a strong market share some niche molecules which

are Etofenamate, Doxylamine Succinate, Ranitidine, Omeprazole, Pantoprazole and Quetiapine.

4

Manufacturing facilities

3

R&D facilities

70

Global footprint (nations)

150+

Active DMF's

20+

Approved COS

73

Contribution to revenue (%)



2

Finished Dosage Forms

Vivimed manufactures niche formulations based on multiple delivery platforms at its two manufacturing sites which are widely accepted in pharmerging markets across the globe. Within this vertical the Company has two segments:

Proprietary products

- Branded – marketed in India
- Generic - find acceptance in India and in multiple pharmerging markets across the globe

Custom manufacturing for large formulators in India

6

Manufacturing facilities

1

R&D facilities

50+

Customers

15

Contribution to revenue (%)



Vivimed



3

Specialty Chemicals

The Company is a global supplier of active ingredients for home and personal care, hair dyes, imaging chemicals and photochromic. It Maintains leadership position through captive manufacturing

(Bidar-Karnataka) or with other partnerships. The current portfolio consists of 100+ products serving 300 + Customers with supply expertise for any volumes. The Company maintains

world-class R&D capabilities in Huddersfield-UK and Hyderabad-India with scientists having a combined dye chemistry experience of more than 100 years.

1

Manufacturing facilities

1

R&D facilities

12

Contribution to revenue (%)

2018-19 in a nutshell



Performance

(in FY2018-19)

13,151

Revenue
(₹ million)

2,001

EBITDA
(₹ million)

574

Net Profit
(₹ million)

Position

(as on March 31, 2019)

9,437

Networth
(₹ million)

13,480

Tangible Assets
(₹ million)

Key events

(in FY2018-19)

May 2018

Vivimed Labs Spain S.L, the parent of UQUIFA S.A, has signed definitive agreements to facilitate the acquisition of SONEAS, a Budapest (Hungary) headquartered CDMO company, focussed on the Innovator Pharmaceutical and Fine Chemical sectors. The business has been acquired from Lochlomond and Euroventures which are both based out of Hungary. SONEAS has for the year 2017, reported revenues of €12.2mn.

October 2018

Vivimed's API manufacturing facility located in CUERNAVACA, Mexico was recently inspected by the US FDA in compliance with their requirements. The inspection was successful and company obtained EIR.

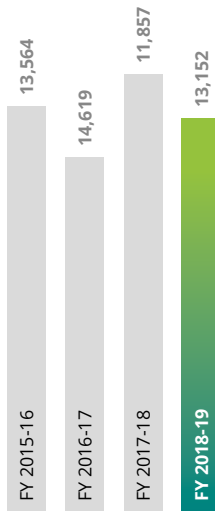
January 2019

Vivimed's Board approved to sell its stake in 50:50 JV with Strides. Consequently, VLL will Sell balance 50% stake in Vivimed Life Sciences Private Limited, India to Strides

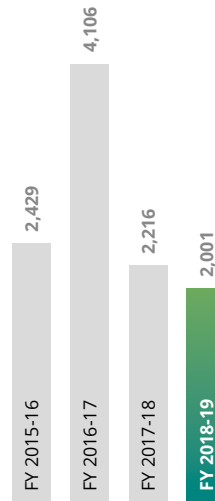
Pharma Science Limited and the balance 50% stake in Strides Vivimed Pte Ltd, Singapore to Strides Pharma Global Pte, Singapore.



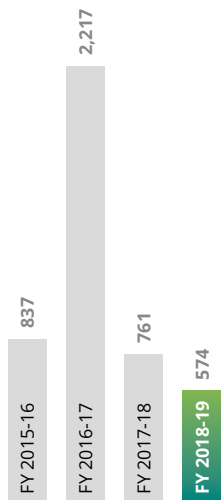
Financial progress



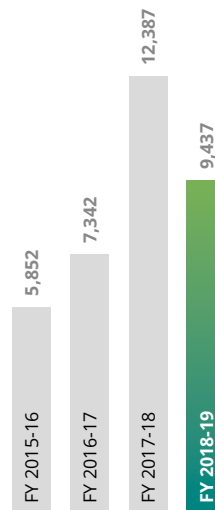
Revenue
(₹ million)



EBITDA
(₹ million)



Profit for the year
(₹ million)



Networth
(₹ million)

Management Discussion & Analysis

Global economy

One year ago, economic activity was accelerating in almost all regions of the world and the global economy was projected to grow at 3.9% in 2018 and 2019. And in that one year, a lot has changed which has contributed to a significantly weakened global expansion, especially in the second half of 2018. With this weakness expected to persist into the first half of 2019, the World Economic Outlook projects a decline in growth in 2019 for 70% of the global economy. Global growth, which peaked at close to 4% in 2017, softened to 3.6% in 2018, and is projected to decline further to 3.3% in 2019.

Changes that derailed the world from becoming better

- The escalation of US-China trade tensions
- Macroeconomic stress in Argentina and Turkey
- Disruptions to the auto sector in Germany
- Tighter credit policies in China
- Financial tightening in the larger advanced economies

Indian economy

Fiscal 2018-19 was a year of benign growth for the Indian economy. Growth dropped to 6.8% in FY19.

So what led to the decline? India started on a healthy note with an 8% GDP growth in the first quarter and a 7% growth in the second. But in the second half growth slipped to below 6.5%. This was due to the poor performance of farm, mining and manufacturing sectors – it led to an overall deceleration in economic progress.

During the year private final consumption expenditure grew 8.1% and capital investment as measured by gross fixed capital formation expanded from 9.3% to 10% in FY19. However, the slowdown in Agriculture and Manufacturing has been a major cause of concern.

On the investment front, FY19 witnessed a rebound with fixed investment growing 12.2% from 7.6% in FY18. The investment ratio has also seen an uptick from 30-31% in FY18 to 32.9% in FY19. The impetus has come in the form of huge Government spending

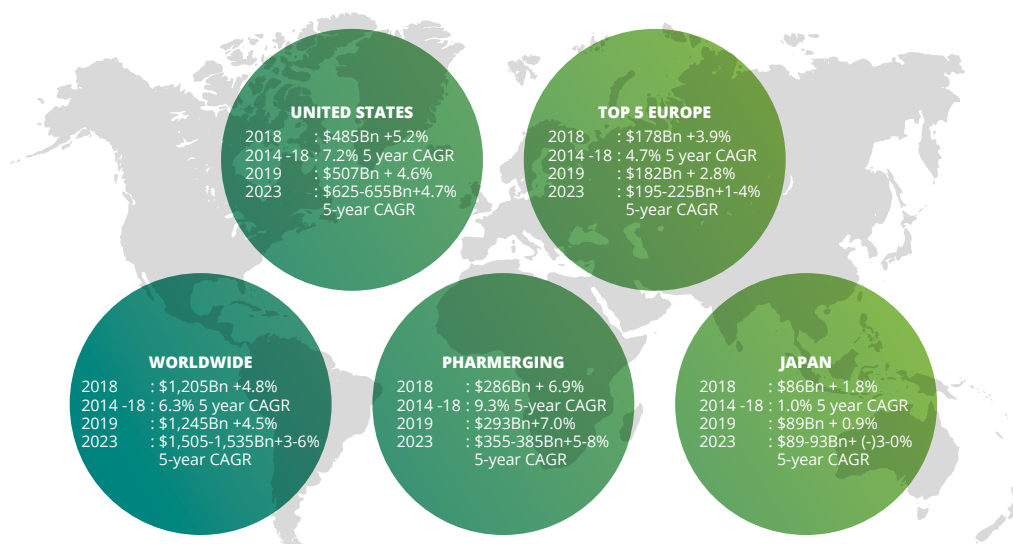
(both Centre and State) on construction of rural roads, highways, and affordable housing.

Outlook for FY20

- Food Inflation could be a reason for worry for policymakers in FY20, given that it has remained subdued for a considerable period.
- Fuel Inflation might be under control in FY20 given the trend in global crude oil prices, which have come off their peak in October'18 with low probability of rebounded to those high levels.
- Current account deficit is expected to reduce to 2.4% of GDP in FY20, compared to 2.6% in FY19. The import bill is expected to be lower, consequent to lower oil prices. However, exports will also languish on the back of weak global growth outlook and global trade impacted by escalating trade wars.
- The Indian rupee will remain volatile and settle at 72/\$ by March 2020. Again, the low oil prices and slowing rate of monetary policy normalisation will act as



Global Medicine Spending and growth in Selected Regions, 2018-2023



a support for the Indian currency.

- Domestic Interest rates are also expected to head southward, the dampening mood of consumption in household sector will be a key catalyst for rate to hover lower than FY19.

(Source: Ministry of Finance, The Economic Times, CRISIL Research)

The Indian economy is expected to grow at 7.0% in FY20 owing to internal challenges such as a weak domestic demand forecast.

Global pharmaceutical sector

The global pharmaceutical industry has remained in the spotlight in almost every nation for its strong correlation with the nation's economic strength and improved standards of healthcare. As a result, quality

of healthcare and spend continues to occupy sizeable mind space of policy makers, patients, payers and drug manufacturers.

The global market for pharmaceuticals reached US\$1.2 trillion in 2018, up US\$100 billion from 2017, according to the Global Use of Medicines report from the IQVIA Institute for Human Data Science. For the US specifically, the 2018 spending was US\$485 billion, up 5.2% over the previous year.

The growth phase of the Global Pharmaceuticals market is expected to continue unabated in the next five year cycle. Driven mainly by higher spending on medicines, it is expected that the market size will reach US\$1.5 trillion by 2023, growing at 3-6% CAGR which is comparatively lesser than the growth over the last five years (5-6% CAGR). This subdued demand is

owing to the impending slack economic conditions across the advanced economies which will have a spillover impact on the progress of the Global Pharmaceuticals Industry.



Trends expected to play out between 2019 and 2023

- Uptake of newer brands and products is expected to remain strong
- Lesser impact of price cuts on brand than other products
- Generic usage in the unprotected markets to exceed the target (80%) Product mix to continue its shift towards specialty and orphan products

Global API sector

China dominates the global API space is largely owing to consistent investment in business-critical factors such as chemistry expertise, technology and large infrastructure.

The global API market witnessed steady growth in 2018 in terms of volume and value despite disruptions from the conventional supplier base. The Chinese Government's efforts to curb pollution impacted certain API and intermediate manufacturing zones, mandating them to shut operations. The resultant production shortfall impacted the price and supply of these products across the pharmaceutical value chain globally.

Going forward: The market size of the Global active pharmaceutical ingredients market as of 2018 was valued at US\$165.74 billion; this size is expected to grow to US\$236.7 billion by 2024 growing at a CAGR of 6.1%.

The major forces that are driving the market include the increasing prevalence of infectious diseases, cardiovascular conditions, and other chronic disorders. Apart from these diseases, genetic disorders are significantly driving the usage of active ingredients worldwide.

Moreover, a significant number of drugs are in the pipeline to develop treatments for cancer, autoimmune disorder, and metabolic diseases. Given the extent of prevalence of cancer, many manufacturers are venturing into the development of highly potent APIs (HPAPI)

and specialty APIs, in order to cater to the rising demand for these products.

Indian pharmaceutical sector

The third largest in the world by dint of volume growth, the Indian Pharmaceutical industry supplies around 50% of the global demand for various vaccines, 40% of generic drugs in the US and 25% of all medicine demand in UK.

India's domestic pharmaceutical turnover reached ₹129,015 crore (US\$ 18.12 billion) in 2018-19, growing by 9.4% year-on-year from ₹116,389 crore (US\$ 17.87 billion) in 2017-18. The healthy uptick was owing to the lower base of the previous year (2017-18) and the limited impact of the Fixed-Dose combination ban during the period under review.

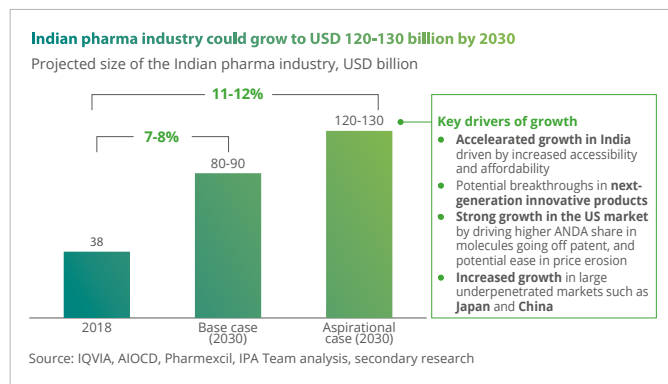
Fiscal 2018-19 was challenging for some of the leading Indian pharmaceutical companies having a sizeable exposure to the US markets. Regulatory challenges linked to plant-specific issues and/or price erosion in the base portfolio resulted in a decline in their US business.

Despite these headwinds, overall export of pharmaceutical products stood at an all-time high, crossing the US\$19 billion mark in 2018-19 against US\$17.27 in the previous fiscal.

Optimism and outlook: The Industry is expected to grow at a CAGR of 15% over the next few years from the value of \$38 billion in 2019. It has played a key role in bringing about better health outcomes across the world through its cost-effective and superior quality generics drugs. Better accessibility to reasonably priced drugs has been one of the key enablers for lowering the disease burden in India. India's per person disease burden measured as Disability Adjusted Life Years (DALYs) dropped by 36 percent between 1990 and 2016 after adjusting for changes in the population age structure.

The demand in the pharmaceutical industry will remain high and hence act as a market driver on account of the following:

- The expected spend on medical infrastructure in the next couple of years will be to the tune of US\$200 billion.





- New business models to envisage entry into tier-2 and 3 towns.
- Over 160,000 hospital beds expected to be added each year in the next decade.
- Patients with better education levels will be more prone to self-medicate, a huge catchment area for the OTC market.
- Medical tourism on the rise with patient inflow from foreign countries.
- Due to the growing population, patient pool will also increase by nearly 20% in the next 10 years.
- The Government plans to phenomenally increase the reach of generic medicines to half the population at an estimated outlay of US\$5.4 billion.
- An estimated 650 million citizens to have health insurance cover by 2020.

Domestic API sector

India produces a third of the world's medicines, mostly in the form of generic drugs. But, unfortunately it relies primarily on imports (from China) of Key Starting Materials, intermediates and APIs for manufacturing those generics. According to the Department of Pharmaceuticals, currently, over 70% of APIs are sourced from China; for some specific APIs, the dependence is over 80-90%.

The Government is proactively encouraging API manufacturing in India to offset reliance on imports. The major steps being considered are:

- Commissioning large scale SEZs that are located close

to the ports to foster global linkage and leasing these to the private sector as manufacturing units.

- Ease of operations in terms of extended environmental approvals and regulatory clearances.
- Enabling low cost borrowing to set up plant in such API hubs by collaborating with multilateral financing firms.
- Innovative land acquisition policies and commercialisation that aids reduced capital requirement for plant commissioning.

Exports of bulk drugs and intermediates from India grew in double digits during FY2019, a period that was marked by drug shortages in the global market owing to supply disruptions in China.

According to data released by the Pharmaceutical Exports Promotion Council (Pharmexcil), exports of bulk drugs and intermediates in FY19 stood at US\$3.9 billion, up 10.5% over the previous year. The category contributes accounts for about 20.3% of India's overall pharmaceutical exports.

Going forward: The API industry in India is expected to grow to US\$18.8 billion by FY22. In order to grow the domestic market for APIs, a high-level task force was entrusted with recommending policy roadmap to the government in April 2018.

The specialty chemical space

Mainly driven by the spurt in domestic demand, the Indian Specialty Chemicals sector

could be in more a long term growth trajectory.

Specialty chemical end-use industries such as textile, automotive, personal care, construction chemicals and agrochemicals, as well as application-driven segments such as surfactants, paints, coatings and colorants, to experience high growth in the medium-term.

According to a report by Crisil, the specialty chemicals market is likely to clock a compounded annual growth rate of 12-13% over the next five years, with the intensity of specialty chemicals in end-use domestic markets expected to rise.

The closure of plants in European Union and China, owing to increasing ,

...environmental concerns have opened doors for Indian manufacturers to invest further in specialty chemicals.

Moreover, global players are looking to diversify the supply risk, thereby improving export opportunities for Indian players.

Further, the per capita chemical consumption in the country remains low compared with that in developed countries and emerging economies such as China, indicating latent demand potential in the Indian market.

To capitalise on these opportunities, the domestic specialty companies have planned capacity expansions which are expected to be operational in the next 18-24 months.

The Company

Established in 1991 in Hyderabad, India, Vivimed Labs has metamorphosed from a domestic small, entrepreneurial family-operated business to a globally renowned supplier of niche molecules and formulations across Healthcare.

Within the healthcare space, the Company has two business divisions namely APIs and FDF – they contribute more than 80% of the Company's topline, the balance accrues from specialty chemicals.

Specialty Chemicals

Vivimed manufactures Hair Dyes, Photochromic Dyes, Anti-Microbials and Imaging Chemicals. The Company is a world leader in the development of innovative photochromic dyes. It has patented processes for novel dyes targeting a range of applications

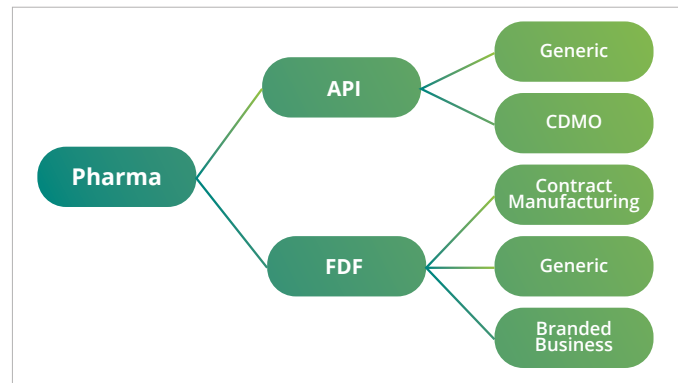
Revenue from the Specialty Chemical division stood at ₹1,627 million in 2018-19. EBIT declined to ₹436 million – a de-growth of 30.16%.

Pharmaceuticals

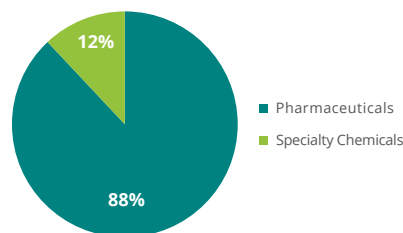
Vivimed has, over the years, created an integrated business model with product offering across the value chain. The manufacturing capabilities include APIs and formulations across varied therapeutic segments. The focus is mainly

on the niche category of APIs, generic and branded formulations with deep seated collaboration with globally acclaimed pharmaceutical brands in the contract manufacturing space.

In 2018-19, revenue from the Pharmaceutical segment grew by 16.9% y-o-y to reach ₹11,525 million. Its profitability de-grew by 13% registering an EBIT of ₹896 million in 2018-19.

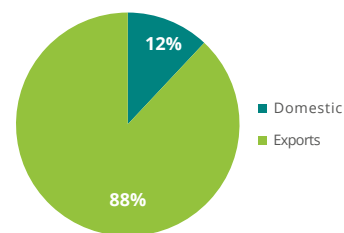


Vertical-wise revenue mix



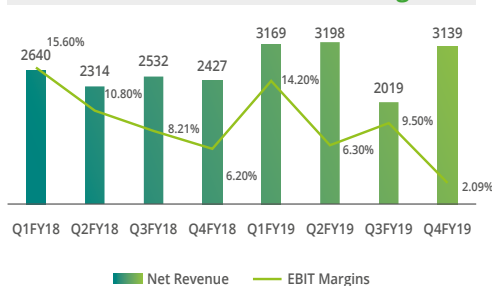
(₹ in Lakhs)

Geography-wise revenue mix

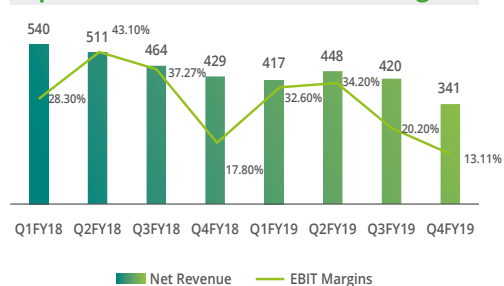


(₹ in Lakhs)

Pharma Revenue and EBIT Margins



Spec Chem Revenue and EBIT Margins





Business segment - 1

Active Pharmaceutical Ingredients (APIs)



This is the flagship division of the Company which is managed by its international subsidiary UQUIFA s.a. The Company has USFDA approved manufacturing units in Spain(2 units) and Mexico(1 unit) that manufactures APIs for Pharmaceuticals and animal health industry globally.

UQUIFA is well positioned in the Pharmaceutical industry, in Europe and the US with a diversified product portfolio,

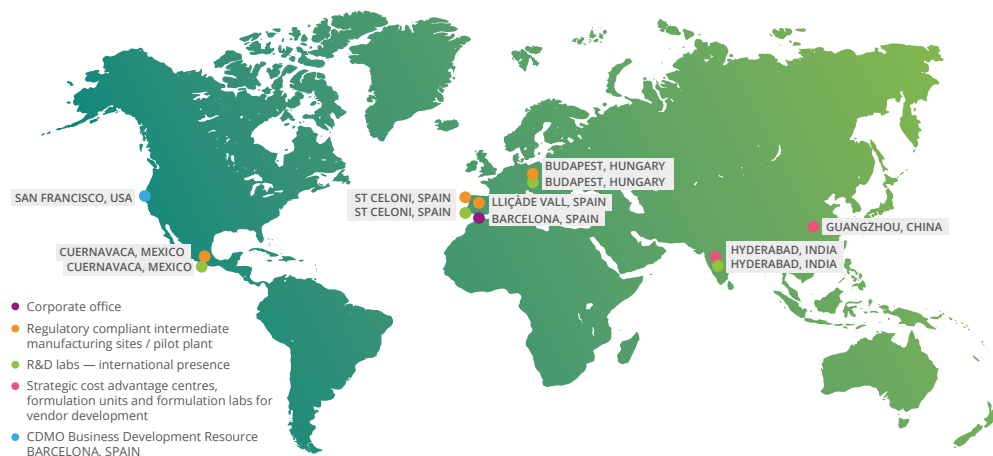
consistently compliant production infrastructure, over 80 years of experience and is a well-known supplier to the industry. In addition to manufacturing generic APIs, UQUIFA also undertakes CDMO (Contract Development and Manufacturing Operations) projects for numerous large and reputed global pharmaceutical companies. This segment accounts for about 73% of the Company's revenue.

Performance in 2018-19

Revenue from the API business stood at ₹962.02 crore in 2018-19 against ₹795.54 crore in the previous year. Increased cost of production hampered profitability as EBIT declined from ₹62.69 crore in 2017-18 to ₹41.03 crore in 2018-19.

Global presence: a strategic advantage

A global platform that combines quality with competitiveness



1) Generic APIs

The generic API business is the key revenue earner for the API segment accounting for more than 75% of UQUIFA's topline. The Company manufactures generic APIs which is marketed to a global customer base with clients in more than 70 countries worldwide.

Competitive advantage

- More than 75 years of experience in the pharmaceutical industry.
- Multi-regional manufacturing presence (Spain, Mexico, Hungary, and India) with a strong transnational management team.
- Global customer base with clients in more than 70 countries worldwide.
- Enjoys 42 distributor arrangements across 56 countries.
- Combination of quality manufacturing and track record of reliability with marquee clients.

- Rich intellectual property comprising more than 150 active DMFs filed and 20 CoS approved.
- A strong 'under-development' pipeline of new products.

Initiatives in 2018-19

- 1) Successful inspection at UQUIFA's facility in Mexico by USFDA; EIR obtained.
- 2) The Company executed capex projects at various facilities for debottlenecking and modernisation.
- 3) To capture better value addition, now evolving with a new go-to market strategy with the new pipeline of APIs which are going off-patent till 2023 on a finished formulation format by filing MAs and offering the finished formulation direct to customers thus bringing in value addition to the high value APIs.

Growth levers

- Growth from current products; more products per customer, more customers per product; improve market shares in Generic 50+ DMFs and 20+ approved CoS
- Leverage the molecule portfolio in capitalise on the growing demand in areas such as anti-ulcer, CNS, and CVS
- Operational and cost efficiency is improving market share Expansion in Japan, Korea, and India



Switching sources of API supply is not easy due to evolving industry dynamics and importance of compliance position. This is an important barrier to the benefit of UQUIFA.



2) CDMO

Based in Barcelona, Spain, UQUIFA is one of the first API/ advanced intermediates manufacturing companies offering R&D and cGMP manufacturing (at its three US FDA approved facilities) across three continents. This segment accounts for about 25% of UQUIFA's topline.

Post Soneas acquisition, the Company will also use manufacturing facilities in Budapest, Hungary. Over the last few years, the Company has built a reputation for itself as a trusted development partner for global pharmaceutical majors.

The services include:

- Development of novel synthetic routes and optimisation of existing laboratory processes
- Scale-up from Laboratory to Pilot Plant and from Pilot Plant to commercial
- Optimising laboratory developed routes of synthesis to reduce isolation steps, improve yield, reduce batch production time and eliminate the use of toxic and/or dangerous reagents
- Transfer of commercial scale processes

Competitive advantage

- Integrated solution provider following acquisition of Soneas.
- Protect clients' intellectual property.
- Strong quality-control system approved by regulators and customers.
- Technical expertise in

manufacturing a wide range of APIs benefits in the co-development of the CDMO products.

- Superior cost-efficiencies owing to backward integration in the business.

Initiatives in 2018-19

UQUIFA acquired the business of SONEAS from Lochlomond and Euroventures which are both based out of Hungary. The acquisition broadens UQUIFA's market offering in the CDMO space by enhancing its ability to now undertake preclinical, Phase I, II and III NCE project development.

Growth levers

- Leverage strengths of chemistry and manufacturing presence to gain market share in the European Union (EU) and North America.
- Scale up current relationships and leverage preferred supplier relationships with big pharma to increase wallet share
- Leverage new technologies and big pharma customer base in EU and Japan to widen growth opportunities
- Showcase the full range capabilities (Lab-Pilot-Commercial Production) to capitalise on opportunities

Finished Dosage Formulation



This is the value-added segment within the pharma business delivering quality formulations and offering novel drug systems across different delivery platforms. The offerings basket comprises generic, branded and contract manufacturing segments. The Company manufactures its formulations at its facilities in India.

Competitive advantages

- A dedicated team of 60 scientists working on formulation developments for USA / Australia / EU and

India market holding IP for more than 85 bio-equivalent products

- Manufactures formulations for leading companies like GSK, Dr Reddy's, Cipla, P&G, Wockhardt, Abott etc.
- Pan India presence in Institution Businesses like ESIC, Railways and many Central Government rate contracts

Performance in 2018-19

This value-added vertical registered revenue of ₹190.45 crore in 2018-19 against ₹189.77 crore in the previous

year. This high-margin vertical registered an EBIT of ₹48.64 crore in 2018-19 – a 20.7% growth over the previous year.

Initiatives in 2018-19

The Company has exited the joint venture with Strides towards the close of the year for which has received ₹75 crore. This fund was utilised for deleveraging the organisation and for funding existing verticals. This step will augment management focus to grow the FDF portfolio across India, RoW and CIS markets. Other initiatives during the year include:



CDMO business managed by Finoso Pharma Pvt Ltd.

- Total 25 projects signed for formulation development in 2018-19
- Signed the first out licensing deal (for Ranolazine) with Celltrion, Korea for the US market
- Signed an out licensing deal for two projects with Jubilant, Paliperidone ER and Sildenafil PFOS
- Signed six projects signed for Canadian market under the CDMO initiative; filings are targeted for March 2020.
- Multiple other projects for product development are under active consideration with multiple players for the Canadian and Russian markets.
- Completed the development of Bilastine; manufactured the exhibit batches and necessary work for filing was completed.
- Negotiating with a leading South East Asian company for collaborating on five products under the CDMO initiative.
- Initiated work on securing the EU GMP certification which has become necessary for establishing a meaningful presence in the Canadian, Australian and European markets.

Domestic generic business

- Sustainable CMO business and delivering growth in the branded segment
- Approved suppliers for many government institutions like AFMSD, Railways, RMSCL and Central Government Health Scheme.

Domestic branded business

- Expanded the Company's presence in three states namely Assam, Madhya Pradesh and Gujarat.
- Plan to launch 5-6 new products in the gynaecology, paediatric and dermatology segments in the current year.
- Launched new brands and new therapy segments in Maharashtra, Orissa and Chattisgarh territory with an additional field force of 80+ people to complement our existing team of 200+ people under the Viilberry division.

Growth drivers

- Developing and launching formulations based on UQUIFA APIs in India and other parts of the world.
- Developing innovative formulations across multiple delivery platforms for different parts of the world.
- Focusing on expanding into non – USA based regulated generic markets such as CIS and African countries

Specialty Chemicals



Vivimed is a globally renowned player in specialty chemicals space manufacturing active ingredients for home care, personal care and industrial products. The product range comprises of active ingredients for hair dyes, photochromic dyes, photochromic products, anti-microbials and imaging chemicals.

The Company's manufacturing unit at Bidar, Karnataka is designed in compliance with US FDA norms and the highest environmental standards. It maintains world-class R&D capabilities with scientists who have a combined dye chemistry experience of greater than 100 years, both in Huddersfield-UK and Hyderabad-India.

Competitive advantages

- Significantly large product portfolio
- Experience and expertise in manufacturing complex

products across multiple applications

- Capability in managing stringent expectations of global MNCs
- Regulatory compliant infrastructure

Performance in 2018-19

Revenue from the business declined by 19% from ₹200.34 crore in 2017-18 to ₹162.69 in 2018-19 while profitability dropped sharper – EBIT stood at ₹43.63 crore in 2018-19 against ₹62.23 crore in 2017-18. This performance was primarily owing to reduced offtake by customers and an increase in input costs which could not be passed on to customers owing to the dull environment.

Initiatives in 2018-19

- Initiated strategic manufacturing alliance with multi nationals poised for robust growth.

- The globally recognised trademark “Jaracol” catering to a £10 billion retail market notched up a growth of 5-6% y-o-y.
- Lateral shift into the Paint Industry by manufacturing Anti-fungal ingredients.
- Lateral shift into the Automotive Industry through manufacturing air bag actives.
- Ventured into Printable Electronics, water treatment, lens projects in India.
- Undertaken development efforts to bring in-house higher volumes products which have been traded from China.
- Strengthened relation with key customers in the Hair Dye space; new products being added to the basket which positions Vivimed as a key supply partner.



Financial performance

(based on Consolidated Financial Statements)

The Company financial performance was rather subdued during the financial year under review. The heartening aspect for the year was a conscious effort in reducing the debt burden and streamlining of day-to-day operations.

Statement of Profit and Loss

Revenue from operations increased from ₹11,856.60 million in 2017-18 to ₹13,151.70 million in 2018-19 primarily due to an increase in the pharmaceutical business; revenue from the specialty chemicals segment declined over the previous year levels.

Business profitability took a hit as raw material costs increased primarily owing to the spike in prices of Key Starting Material (KSM) (raw materials for making APIs and active ingredients) owing to the supply chain disruption originating from China.

Employee related expenses and other operating expenses have also increased owing to the acquisition of the Soneas.

As a result, EBITDA declined from ₹2,216.14 million in 2017-18 to ₹2,000.97 million in 2018-19. Interest liability during the year reduced owing to the Managements concerted efforts in reducing its borrowings – it declined from ₹794.83 million in 2017-18 to ₹672.62 million in 2018-19.

Net Profit slipped from ₹760.90 million in 2017-18 to ₹573.65 million in 2018-19.

Balance Sheet

The Capital Employed in the business declined from ₹11,116.87 million as on March 31, 2018 to ₹10,985.58 million as on March 31, 2019 owing to the Company's efforts in strengthening its core and exiting the non-remunerative, non-core businesses.

Shareholders' Fund declined from ₹12,386.78 million as on March 31, 2018 to ₹9,437.94 million as on March 31, 2019 owing to a reduction in reserves and surplus.

The Company's total debt (current and non-current) increased from ₹8,239.95 million as on March 31, 2018 to ₹9,547.10 million as on March 31, 2019. This is due to loans by offshore entities for operations.

Significant changes i.e. change of 25% or more in the key financial ratios

In accordance with the amendments notified by SEBI in Regulation 17 of the SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015 on 9th May, 2018, the details of significant changes i.e. change of 25% or more in the key financial ratios as compared to the immediately previous financial year along with detailed explanations are reported hereunder

Key ratios

Particulars	2018-19	2017-18	Change
Operating Profit Margin (%)	9.96%	13.82	386 Bps
Net Profit Margin (%)	4.28%	6.36%	208 Bps

Risk management

“If you don’t invest in risk management, it doesn’t matter what business you’re in, it’s a risky business.”

Gary Cohn

Risk management at Vivimed is an integral part of the business model and focuses on making the organisation emerge stronger and profitable.

The philosophy of risk management is underpinned by identifying, assessing, measuring and monitoring risks on an ongoing basis. The risk management framework goes beyond traditional boundaries and seeks to involve all key managers of the Company.

The risk management department is guided by well-established policies and procedures that are continuously benchmarked with national and global best practices. The key risks that challenge the Company progress and their mitigations are narrated for a better understanding of the Company’s risk management strategy.

Growth risk

The Company may not have the adequate levers to accelerate its growth momentum over the coming years.

Mitigation: The Company’s growth is not dependent on a single business segment – it’s

growth is being driven by two divisions within the healthcare space APIs and Finished Dosage Forms (FDFs). In both these segments, the Company has made strategic investments to grow each vertical.

API vertical: The Company has a pipeline of molecules which will be commercialised in the next 12-18 months. These should provide healthy volumes. Moreover, the Company has acquired SONEAS which will provide a shot in the arm to the CDMO vertical (within the API business) in terms of capability and geographic coverage. This acquisition is expected to accelerate growth over the medium term.

FDF vertical: The Company have developed new products for its existing markets which are to be launched in the current year and beyond. Moreover, the team is focused on extending its presence beyond its traditional markets to the pharmerging nations. As this strategy plays out, volumes are expected to increase.

Competition risk

The API segment is a competitive business space

with low margins. This could impede the overall profitability of the Company.

Mitigation: Globally, API manufacture is concentrated in the Asian countries, especially in China and India owing to cost efficiencies. Recently, China clamped down the operations of some API manufacturers owing to environmental concerns which impacted the global supply chain. Hence, global formulators are seeking for more reliable API partners in India. The Company becomes a preferred choice owing to the proximity of its manufacturing presence (in Spain and Mexico) with large global formulators.

Moreover, post-acquisition of the CDMO unit, the Company will remain focused on growing this vertical which is a high-margin vertical with long-term revenue visibility. More importantly, it reduces the pressure of competitive intensity on the Company.

Leverage risk

The Company’s high reliance on debt is eating into its profitability and hampering its ability to undertake growth initiatives.



Mitigation: The Company is cognizant of its leverage position and is making continuous efforts in deleveraging its financial statements. During 2018-19, the Company repaid borrowings which has helped in reducing its financial liability during the year under review. Further, the exit from the Strides joint venture has brought in funds which the Company has utilised in reducing its debt burden. Further increased scale of operations should generate adequate cash flow to repay its scheduled debts. This strategy will, over the near term, will strengthen the financial position of the Company.

Regulatory Risk

Regulatory non-compliance could threaten business continuity.

Mitigation: Vivimed has been at the forefront of complying

with stringent global regulatory standards. This is reflected in an important reality – its key customers for all its business verticals are global pharmaceutical giants. The Company's facilities, systems and processes regularly undergo customer audit. During the year under review, the Company API facility successfully cleared a USFDA audit without any observation. Further, the Company's endeavour in exploring the Japanese pharmaceutical market (the most stringent global market) bears testimony to its disciplined adherence to regulatory standards.

Geographic concentration risk

More than 80% of the Company's revenue accrues from exports. Increasing protectionist strategies adopted by lawmakers of various nations could impact the Company's performance.

Mitigation: Even though more than 80% of the Company's revenue accrues from exports, the Company enjoys a global presence across nations. Moreover, going forward, the Company is working on widening its global footprint for both its revenue verticals – APIs and FDFs. In addition, the Company is also trying to increase its domestic presence which, over a period of time, should mitigate any geographic concentration.

Further, healthcare is a topic which have always remained high on priority list of every government across the world for it impacts every individual across the societal pyramid. Hence, policies announcement are largely favourable towards the healthcare sector across the globe.

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 periodical review.

Corporate information

Board Of Directors

Mr. Santosh Varalwar – Managing Director
Dr. Manohar Rao Varalwar – Whole Time Director
Mr. Subhash Varalwar – Non Executive Director
Mr. Sandeep Varalwar – Whole Time Director
Mr. Raghunandan Srirambatla – Whole Time Director & Chief Financial Officer
Prof. Bhagvanth Rao Mamidpalli – Chairman (Independent Director)
Mr. Nixon Patel – Independent Director
Mrs. Umanath Varahabhotla – Independent Director

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. 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

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

Mr. Nixon Patel – 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
Mr. Nixon Patel – 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

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

Listing

BSE Limited
National Stock Exchange of India Limited

Bankers / Institutions

CORPORATION BANK
AXIS BANK LIMITED
Biotechnology Industry Research Assistance Council (BIRAC)
ALLAHABAD BANK
INTERNATIONAL FINANCE CORPORATION
STATE BANK OF INDIA
BANK OF BAHRAIN & KUWAIT B.S.C
EXPORT- IMPORT BANK OF INDIA
AMBIT FINVEST PRIVATE LIMITED



Board's Report

Dear Members,

Your Directors have pleasure in presenting the 31st Annual Report of your Company for the financial year ended 31st March, 2019.

Financial Results

The financial performance of your Company for the year ended 31st March, 2019 is summarized below:

	Standalone		Consolidated	
	Year ended 31.03.2019	Year ended 31.03.2018	Year ended 31.03.2019	Year ended 31.03.2018
Gross Income	2,603.42	2,633.16	13,381.30	11,952.70
Earnings Before Interest, Tax,	757.92	787.97	2,000.97	2,216.14
Depreciation and Amortization (EBITDA)	524.03	518.02	672.62	794.83
Finance Charges				
Depreciation/Amortization	182.59	181.43	667.90	564.20
Net Profit Before Tax	51.30	88.52	660.45	857.10
Provision for Tax	(10.55)	(10.15)	86.79	96.21
Net Profit After Tax carried to Balance Sheet	61.86	98.67	573.66	760.89
Proposed Dividend amount	-	32.79	-	-
Proposed Dividend Tax amount	-	6.68	-	-

(₹ in million)

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 FY2019. The Company has not paid the dividend for FY 2017-2018 declared at the Annual General Meeting held on 27.09.2019 with in time as per Companies Act, 2013.

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 7,10,000 (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 ₹16,50,27,830/- (Rupees Sixteen Crores Fifty lakhs Twenty seven thousand Eight hundred and thirty only) comprising 8,25,23,915 (Eight crores Twenty five lakhs twenty three thousand nine hundred and fifteen only) Equity Shares of ₹2/- (Rupees Two Only) each.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Extract of Annual Return as on 31st March, 2019 in Form MGT-9 in accordance with Section 92(3) of the Companies

Act, 2013 read with Companies (Management and Administration) Rules, 2014, are set out herewith as Annexure-1 to this report.

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 2' to the Consolidated Financial Statements forming part of the Annual Report.

During the year the Company's step down subsidiary acquired 100% stake of Soneas Chemicals Ltd and Soneas Research Ltd. The company sold its 50% stake held in Vivimed Life Sciences Pvt Ltd and Strides Vivimed Pte. Ltd

DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Retirement by Rotation and Subsequent Re-Appointment:

Shri. Sandeep Varalwar and Shri. S.Raghunandan, Whole Time Directors, are liable to retire by rotation at the ensuing AGM pursuant to the provisions of Section 152 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and the Articles of Association of your Company and being eligible have offered themselves for re- appointment. Prof. Bhagvanth Mamidpalli Rao (00117862) and Mr. Nixon Patel (01717281), has been appointed as Independent Directors of the Company at the 26th Annual General Meeting held on September 30, 2014 for a period of 5 years up to 31st Annual General Meeting to be held in calendar year 2019. 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 . Hence the Board proposes re-appointment of Prof. Bhagvanth Mamidpalli Rao (00117862) and Mr. Nixon Patel (01717281)as an

Independent Directors of the Company commencing from 31st Annual General Meeting to be held in calendar year 2019 up to 36th Annual General Meeting to be held in calendar year 2024. Your Directors recommend their re-appointment as Directors of your Company.

Shri.Santosh Varalwar, Managing Director, Shri.S.Raghunandan, Whole Time Director cum CFO 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 re-enactment(s) for the time being in force).

Declaration of Independence:

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 re-enactment(s) for the time being in force).

In the opinion of the Board, the Independent Directors of the Company fulfil the conditions specified in the Act and Listing Regulations and are independent of the management.

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-3 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.

BOARD MEETINGS:

The Board and Committee meetings are pre-scheduled and a tentative calendar of the meetings shall be finalized in consultation with the Directors to facilitate them to plan their schedule. However, in case of urgent business needs, approval is taken by passing resolutions through circulation. During the year under review, 7 (Seven) board meetings were held. The details of the meetings including composition of various committees are provided in the Corporate Governance Report.

EVALUATION OF BOARD'S PERFORMANCE:

Pursuant to the provisions of the Companies Act, 2013 read with the Rules issued thereunder and the Listing Regulations (including any statutory modification(s) or re-enactment(s) for the time being in force), the process for evaluation of the annual performance of the Directors/ Board/ Committees was carried out. The criteria applied in the evaluation process are detailed in the Corporate Governance Report which forms part of this report

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.

POLICY ON PREVENTION OF SEXUAL HARASSMENT:

The Company has formulated and implemented a policy for Prevention of Sexual Harassment of Women at workplace. During the year under review, the Company has not received any complaints under the policy.

The Company has many systems, processes and policies to ensure professional ethics and harmonious working environment. We follow Zero Tolerance towards Corruption and unethical conduct. These are ensured through Whistle Blower Policy, Anti-Corruption Policy, Gift Policy, Sexual Harassment Policy and Redressal Guidelines.

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, 2019, has been issued with an unmodified opinion, by the Statutory Auditors.

(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 2019-20. 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 2018-19. 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 non-payment of Dividend for FY 2018.

SECRETARIAL STANDARDS

The Company has complied with the applicable Secretarial Standards as amended from time to time.

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, 2019, are set out in the Standalone Financial Statements forming part of this report.

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-5. The details of related party disclosures as stated in the notes to the financial statements forms part of this annual report except non payment of dividend for FY 18.

AUDIT COMMITTEE COMPOSITION

The details pertaining to composition of Audit Committee are included in the Corporate Governance Report, which forms 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 and certified by their respective Statutory Auditors 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.

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 - 6 and forms part of this Report.

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).

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 FY2019.

CORPORATE GOVERNANCE REPORT:

A separate section on Corporate Governance practices followed by your Company, as stipulated under Schedule V(C) of the SEBI (LODR) Regulations, 2015 is

enclosed forming part of this report. The certificate of the auditors with regard to compliance of conditions of corporate governance as stipulated under Schedule V (E) of the SEBI (LODR) Regulations, 2015 is annexed to the Report on Corporate Governance Report.

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

The information required under Section 134 (3) (m) of the Companies Act, 2013, read with Rule 8(3) of Companies (Accounts) Rules, 2014, is appended hereto as Annexure -7 and forms part of this Report.

EMPLOYEES' STOCK OPTION SCHEMES

During the 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).

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.

WHISTLE BLOWER POLICY / VIGIL MECHANISM

Your Company is committed to highest standards of ethical, moral and legal business conduct. Accordingly, the Board of Directors have formulated a Whistle Blower Policy which is in compliance with the provisions of Section 177(10) of the Companies Act, 2013 and Regulation 22 of the Listing Regulations. employees can raise concerns regarding any discrimination, harassment, victimization, any other unfair practice being adopted against them or any instances of fraud by or against your Company.

Any incidents that are reported are investigated and

suitable action taken in line with the whistle blower policy. The Whistle Blower Policy is also available on your Company's website www.vivimedlabs.com.

DIRECTORS RESPONSIBILITY STATEMENT:

- a) in the preparation of the annual accounts for the financial year ended March 31, 2019, the applicable accounting standards 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, 2019 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;
- e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CONSOLIDATED ACCOUNTS

The Consolidated Financial Statements of your Company for the financial year FY2019 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.

MATERIAL CHANGES EFFECTING 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.

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.

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: 09.08.2019

**ANNEXURE -1** TO BOARD'S REPORT**EXTRACT OF ANNUAL RETURN AS ON 31ST MARCH, 2019
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@aarthiconsultants.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] - 16

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 HousingSocety, 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 Europe Limited PO BOX B3,Leeds Road, Huddersfield, HD1 6BU	Not Applicable	Subsidiary	a) 1,00,000 b) GB £ 1 each c)100% held through Vivimed Holdings Limited)	2(87)
6	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)
7	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)
8	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 (Mascarene) 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
9	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)
10	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)
11	Holliday International Limited PO BOX B3,Leeds Road, Huddersfield,HD1 6BU	Not Applicable	Subsidiary	a) 101 ordinary shares b) E 1 each c) 100% held through Vivimed Labs Spain, S.L.	2(87)
12	Uquifa Mexico S.A. de C.V. 37 Este, No 126, Cívac, 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)
13	Vivimed Labs (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)
14	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)
15	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					
1	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-2018]@ ₹2/- each			No. of Shares held at the end of the year [As on 31-March-2019]@ ₹2/- each			% Change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical		Total
A. Promoters								
(1) Indian								
a) Individual/ HUF	1,70,72,045	-	1,70,72,045	20.7	1,60,72,045	-	1,60,72,045	19.48
b) Central Govt	0	-	0	0.00	0	-	0	0.00
c) State Govt(s)	0	-	0	0.00	0	-	0	0.00
d) Bodies Corp.	1,31,62,000	-	1,31,62,000	15.95	1,23,12,000	-	1,23,12,000	14.92
e) Banks / FI	0	-	0	0.00	0	-	0	0.00
f) Any other	0	-	0	0.00	0	-	0	0.00
Total shareholding of Promoter (A)	3,02,34,045	-	3,02,34,045	36.64	2,83,84,045	-	2,83,84,045	34.39
B. Public Shareholding								
1. Institutions								
a) Mutual Funds	0	-	0	0.00	0	-	0	0.00
b) Banks / FI	2,43,311	-	2,43,311	0.29	3,95,555	-	3,95,555	0.48
c) Central Govt	96,130	-	96,130	0.12	96,130	-	96,130	0.12
d) State Govt(s)	0	-	0	0.00	0	-	0	0.00
e) Venture Capital Funds	0	-	0	0.00	0	-	0	0.00
f) Insurance Companies	0	-	0	0.00	0	-	0	0.00
g) FIs	0	-	0	0.00	0	-	0	0.00
h) Foreign Venture Capital Funds	0	-	0	0.00	0	-	0	0.00
i) Others (specify) -Foreign Portfolio Investor	43,25,548	-	43,25,548	5.24	33,57,497	-	33,57,497	4.07
Sub-total (B)(1):-	46,64,989	-	46,64,989	5.65	38,49,182	-	38,49,182	4.66
2. Non-Institutions								
a) Bodies Corporate								
i) Indian	52,90,906	-	52,90,906	6.41	66,35,942	-	66,35,942	8.04
ii) Overseas	91,50,685	-	91,50,685	11.09	91,50,685	-	91,50,685	11.09



Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2018]@ ₹2/- each				No. of Shares held at the end of the year [As on 31-March-2019]@ ₹2/- each				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹2 lakh	2,24,91,250	1,07,060	2,25,98,310	27.45	2,35,92,066	40,870	2,36,32,936	28.64	(1.19)
ii) Individual shareholders holding nominal share capital in excess of ₹2 lakh	34,92,184	1,87,500	36,79,684	4.45	44,47,735	-	44,47,735	5.39	(0.94)
c) Others (specify)- NBFCs Registered with RBI	5,69,925	-	5,69,925	0.69	17,000	-	17,000	0.02	0.67
Non Resident Indians	34,68,266	-	34,68,266	4.2	40,48,647	-	40,48,647	4.91	(0.71)
Foreign Nationals	-	13,69,840	13,69,840	1.66	-	13,69,840	13,69,840	1.66	0.00
Clearing Members	14,41,015	-	14,41,015	1.75	9,55,116	-	9,55,116	1.16	0.59
Trusts	0	-	0	0.00	32,787	-	32,787	0.04	(0.04)
Foreign Bodies - D R	0	-	0	0.00	0	-	0	0.00	0.00
Sub-total (B)(2):-	4,59,04,231	17,20,650	4,76,24,881	57.71	4,88,79,978	14,10,710	5,02,90,688	60.94	(3.23)
Total Public Shareholding (B)=(B)(1)+ (B)(2)	5,05,69,220	17,20,650	5,22,89,870	63.36	5,27,29,160	14,10,710	5,41,39,870	65.61	(2.25)
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	8,08,03,265	17,20,650	8,25,23,915	100.00	8,11,13,205	14,10,710	8,25,23,915	100.00	0

B. Shareholding of Promoter-

SN	Shareholder's Name	Shareholding at the beginning of the year (As on 01.04.2018) @₹2/- each			Shareholding at the end of the year (As on 31.03.2019) @₹2/- each			% change in sharehold- ing during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	BBR PROJECTS PRIVATE LIMITED	1,31,62,000	15.94	10.08	1,23,12,000	14.92	7.46	1.02
2	SANTOSH VARALWAR	60,99,050	7.39	6.96	55,99,050	6.78	6.36	0.61
3	VARALWAR SANDEEP	30,69,765	3.72	3.63	30,69,765	3.72	3.64	0
4	MANOHAR RAO VARALWAR	17,94,225	2.17	1.42	12,94,225	1.57	1.42	0.61
5	SUJATHA VARALWAR	18,93,995	2.3	2.3	18,93,995	2.30	2.30	0
6	VITHABAI VARALWAR	9,73,345	1.18	1.18	9,73,345	1.18	1.18	0
7	VARALWAR SUBHASH	16,16,200	1.96	1.51	16,16,200	1.96	1.51	0
8	SHEETAL VARALWAR	5,68,985	0.69	0	5,68,985	0.69	0	0
9	S RAGHUNANDAN	3,17,500	0.38	0	3,17,500	0.38	0	0
10	VIJAYKUMAR VARALWAR	1,50,000	0.18	0	1,50,000	0.18	0	0
11	MADHAVI VARALWAR	2,00,000	0.24	0	2,00,000	0.24	0	0
12	MAMATHA GURNUKAR	1,50,000	0.18	0.18	1,50,000	0.18	0.18	0
13	VARALWAR PADMA	33,250	0.04	0	33,250	0.04	0	0
14	NEELIMA VIJAYA VARALWAR	1,00,000	0.12	0	1,00,000	0.12	0	0
15	SATISH GOOTY AGRAHARAM	55,635	0.07	0	55,635	0.07	0	0
16	CHANDRASHEKHARAO SUDIGALI	50,095	0.06	0	50,095	0.06	0	0
		3,02,34,045	36.64	27.27	2,83,84,045	34.39	24.04	2.25

* 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)

SN	Particulars	Shareholding	Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2018 to 31.03.2019)	% of total Shares of the Company
		No. of Shares at the beginning (01.04.2018) / end of the year (31.03.219)				No. of Shares	% of total Shares of the Company
		1,31,62,000	01.04.2018	-	-	1,31,62,000	15.95
		1,31,62,000	25.05.2018	5,00,000	Buy/ Transfer	1,36,62,000	16.55
1	BBR PROJECTS PRIVATE LIMITED	1,36,62,000	03.08.2018	(50,000)	Buy/ Transfer	1,36,12,000	16.49
		1,36,12,000	18.01.2019	(13,00,000)	Buy/ Transfer	1,23,12,000	14.91
		1,23,12,000	31.03.2019	-	-	1,23,12,000	14.91
2	NEELIMA VIJAYA VARALWAR	100000	01.04.2018	-	-	100000	0.12
		100000	31.03.2019	-	-	100000	0.12
3	VIJAYKUMAR VARALWAR	150000	01.04.2018	-	-	150000	0.18
		150000	31.03.2019	-	-	150000	0.18
4	VARALWAR SUBHASH	16,16,200	01.04.2018	-	-	16,16,200	1.96
		16,16,200	31.03.2019	-	-	16,16,200	1.96
5	MADHAVI VARALWAR	200000	01.04.2018	-	-	200000	0.24
		200000	31.03.2019	-	-	200000	0.24
6	VITHABAI VARALWAR	9,73,345	01.04.2018	-	-	9,73,345	1.18
		9,73,345	31.03.2019	-	-	9,73,345	1.18
7	VARALWAR SANDEEP	30,69,765	01.04.2018	-	-	30,69,765	3.72
		30,69,765	31.03.2019	-	-	30,69,765	3.72
		60,99,050	01.04.2018	-	-	60,99,050	7.39
8	SANTOSH VARALWAR	60,99,050	18.01.2019	(5,00,000)	Buy/ Transfer	55,99,050	6.78
		55,99,050	31.03.2019	-	-	55,99,050	6.78
		17,94,225	01.04.2018	-	-	17,94,225	2.17
9	MANOHAR RAO VARALWAR	17,94,225	25.05.2018	(5,00,000)	Buy/ Transfer	12,94,225	1.57
		12,94,225	31.03.2019	-	-	12,94,225	1.57
		1,50,000	01.04.2018	-	-	1,50,000	0.18
10	MAMATHA GURNUKAR	1,50,000	31.03.2019	-	-	1,50,000	0.18

SN	Particulars	Shareholding		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2018 to 31.03.2019)	
		No. of Shares at the beginning (01.04.2018) / end of the year (31.03.219)	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
11	SATISH GOOTY AGRAHARAM	55635	0.06	01.04.2018	-	-	55635	0.06
		55635	0.06	31.03.2019	-	-	55635	0.06
12	SUJATHA VARALWAR	18,93,995	2.30	01.04.2018	-	-	18,93,995	2.30
		18,93,995	2.30	31.03.2019	-	-	18,93,995	2.30
13	SHEETAL VARALWAR	568985	0.69	01.04.2018	-	-	568985	0.69
		568985	0.69	31.03.2019	-	-	568985	0.69
14	VARALWAR PADMA	33250	0.04	01.04.2018	-	-	33250	0.04
		33250	0.04	31.03.2019	-	-	33250	0.04
15	S RAGHUNANDAN	317500	0.38	01.04.2018	-	-	317500	0.38
		317500	0.38	31.03.2019	-	-	317500	0.38
16	CHANDRASHEKHARRAO SUDIGALI	50095	0.06	01.04.2018	-	-	50095	0.06
		50095	0.06	31.03.2019	-	-	50095	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	11.08	9150685	11.08
	Bought during the year	-	-	-	-
	Sold during the year	-	-	-	-
	At the end of the year	9150685	11.08	9150685	11.08
2	WILLIAM F HARVEY				
	At the beginning of the year				
	Bought during the year	1369840	1.66	1369840	1.66
	Sold during the year	-	-	-	-
	At the end of the year				
3	SAMEER MAHENDRA SAMPAT				
	At the beginning of the year	1359165	1.64	1359165	1.64
	Bought during the year	-	-	-	-
	Sold during the year	-	-	-	-



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
	At the end of the year	1359165	1.64	1359165	1.64
4	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
5	TUSHAR RAMESHCHANDRA MEHTA				
	At the beginning of the year	330923	0.40	330923	0.40
	Bought during the year	684052	0.82	684052	0.82
	Sold during the year	-	-	-	-
	At the end of the year	1014975	1.22	1014975	1.22
6	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
7	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
8	RAJASTHAN GLOBAL SECURITIES PRIVATE LIMITED				
	At the beginning of the year	38474	0.04	38474	0.04
	Bought during the year	560562	0.67	560562	0.67
	Sold during the year	-	-	-	-
	At the end of the year	599036	0.73	599036	0.73
9	EDELWEISS CUSTODIAL SERVICES LIMITED				
	At the beginning of the year	653604	0.79	653604	0.79
	Bought during the year	892544	1.08	892544	1.08
	Sold during the year	997855	1.20	997855	1.20
	At the end of the year	548293	0.66	548293	0.66

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
10	WINSTAR E-COM PRIVATE LIMITED				
	At the beginning of the year	490000	0.59	490000	0.59
	Bought during the year	-	-	-	-
	Sold during the year	-	-	-	-
	At the end of the year	490000	0.59	490000	0.59

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

SN	Particulars	Shareholding		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2018 to 31.03.2019)	
		No. of Shares at the beginning (01.04.2018) / end of the year (31.03.2019)	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
1	MANOHAR RAO VARALWAR	17,94,225 17,94,225	2.17 2.17	01.04.2018 25.05.2018	- (5,00,000)	- Buy/ Transfer	17,94,225 12,94,225	2.17 1.57
2	SANTOSH VARALWAR	12,94,225 60,99,050 60,99,050	1.57 7.39 7.39	31.03.2019 01.04.2018 18.01.2019	- - (5,00,000)	- - Buy/ Transfer	12,94,225 60,99,050 55,99,050	1.57 7.39 6.78
3	VARALWAR SUBHASH	55,99,050 16,16,200 16,16,200	6.78 1.96 1.96	31.03.2019 01.04.2018 31.03.2019	- - -	- - -	55,99,050 16,16,200 16,16,200	6.78 1.96 1.96
4	VARALWAR SANDEEP	30,69,765 30,69,765	3.72 3.72	01.04.2018 31.03.2019	- -	- -	30,69,765 30,69,765	3.72 3.72
5	S RAGHUNANDAN	317500 317500	0.38 0.38	01.04.2018 31.03.2019	- -	- -	317500 317500	0.38 0.38

2. KEY MANAGERIAL PERSONNEL

SN	Particulars	Shareholding		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2018 to 31.03.2019)	
		No. of Shares at the beginning (01.04.2018) / end of the year (31.03.2019)	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
1	YUGANDHAR KOPPARTHI	- -	- -	01.04.2018 31.03.2019	- -	- -	- -	- -
2	S RAGHUNANDAN	317500 317500	0.38 0.38	01.04.2018 31.03.2019	- -	- -	317500 317500	0.38 0.38

V) INDEBTEDNESS –

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness (₹ In Millions)
Indebtedness at the beginning of the financial year (As on 01.04.2018)				
i) Principal Amount	1860.23	-	-	1860.23
ii) Interest due but not paid	4.12	-	-	4.12
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	1864.35	-	-	1864.35
Change in Indebtedness during the financial year				
• Addition	-	-	-	-
• Reduction	626.56	-	-	626.56
Net Change	(626.56)	-	-	(626.56)
Indebtedness at the end of the financial year (As on 31.03.2019)				
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)	1237.80	-	-	1237.80

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/MTD			Total Amount (Amount in ₹)
		Dr. V. Manohar Rao	Santosh Varalwar	Sandeep Varalwar	
	Gross salary (excluding Commission)			Raghunandhan S (WTD cum CFO)	
	(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	2,90,00,020
1	(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	-	-	-	-

SN.	Particulars of Remuneration	Name of MD/MTD				Total Amount
		Dr. V. Manohar Rao	Santosh Varalwar	Sandeep Varalwar	Raghunandhan S (WTD cum CFO)	
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
	Commission	-	-	-	-	-
4	- 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

* 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	4,25,000	-	-	4,25,000
VENKATA RATNAM PALURI	25,000	-	-	25,000
VENKATESWARULU PEESAPATI	50,000	-	-	50,000
NIXON PATEL	25,000	-	-	25,000
UMANATH VARAHABHOTLA	3,75,000	-	-	3,75,000
Total	9,00,000	-	-	9,00,000
Ceiling as per the Act	36,00,000	-	-	36,00,000

2. Non-Executive Directors:

Name of Director	Fee for attending board / committee meetings	Commission	Others	Total
SUBASH VARALWAR	2,25,000	-	-	2,25,000
Total	2,25,000	-	-	2,25,000

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

SN.	Particulars of Remuneration	Key Managerial Personnel			Total
		K.Yugandhar Company Secretary	Raghunandhan S (WTD cum CFO)	CEO	
	Gross salary	22,92,863	50,00,004	-	72,92,867
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-
1	(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	22,92,863	50,00,004	-	72,92,867

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

Sd/-
Manohara Rao Varalwar
Whole-time Director

Sd/-
Santosh Varalwar
Managing Director

Place: Hyderabad
Date: 09.08.2019

ANNEXURE -2 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											(₹ 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
1	Finoso Pharma Private Limited 450 Alexandria Knowledge Park Turkapally, Hyderabad 500078	-	30.15	25.41	156.71	156.71	NIL	140.64	9.72	1.70	8.02	-
2	Vivimed Specialty Chemicals Private Limited Plot No. 78-A, Kolhar Industrial Area, Kolhar, Bidar - 585403, Karnataka, INDIA	-	0.10	-	-	-	NIL	-	-	-	-	-
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	-	0.10	-	-	-	NIL	-	-	-	-	-
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	(396.97)	2133.70	2133.70	8.95	-	-	-	-	-
5	Vivimed Labs Europe Limited PO BOX 83, Leeds Road, Huddersfield,HD1 6BU	-	8.18	716.92	1576.87	1576.87	NIL	1469.27	315.82	52.47	263.35	-
6	Vivimed Labs USA Inc 1100 Cornwall Road, Suite 160, Monmouth Junction, NJ 08852	-	0.0005	320.35	853.76	853.76	NIL	27.59	(28.77)	-	(28.77)	-

SL.No.	Name of the Subsidiary Company & Address	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Company Secretary K.Yugandhar	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
7	Vivimed Labs Mauritius Limited C/o First Island Trust Company Ltd, ST. James Court, Suite 308, ST. Denis Street, Port Louis, Mauritius	-		460.41	647.15	4138.23	4138.23	NIL	-	(2.49)	-	(2.49)	-
8	Vivimed Labs UK Limited PO BOX B3, Leeds Road Huddersfield, HD1 6BU	-		1178.54	(73.83)	1635.30	1635.30	NIL	31.38	(121.19)	-	(121.19)	-
9	Vivimed Labs Spain S.L c/ Mallorca, 262, 3º -08008 BARCELONA-SPAIN-	-		7.31	(10.94)	3212.74	3212.74	2724.30	39.50	(109.59)	(36.16)	(73.43)	-
10	Union Quimico Farmaceutica S.A.U c/ Mallorca, 262, 3º -08008 BARCELONA-SPAIN-	-		209.87	724.61	5040.53	5040.53	NIL	6153.15	182.01	45.96	136.05	-
11	Holiday International Limited PO BOX B3, Leeds Road, Huddersfield, HD1 6BU			0.0087	968.57	974.40	974.40	807.85	19.21	49.64	5.08	44.56	-
12	Uquifa Mexico S.A DE C.V 37 Este, No 126, Cívac, 62570 Jiutepec, Morelos, México	-		133.79	974.55	1532.04	1532.04	NIL	1756.93	129.35	1.19	128.15	-
13	Vivimed Labs (Mascarene) Ltd C/o First Island Trust Company Ltd, ST. James Court, Suite 308, ST. Denis Street, Port Louis, Mauritius	-		3252.20	15.95	4810.64	4810.64	3008.29	-	(0.088)	-	(0.088)	-
14	Soneas Chemicals Ltd Illatos út 33. H-1097 Budapest Hungary	-		464.92	253.58	1197.85	1197.85	NIL	901.80	306.64	29.57	277.07	-
15	Soneas Research Ltd Illatos út 33. H-1097 Budapest Hungary	-		291.37	(98.75)	621.26	621.26	NIL	304.07	(58.91)	0.56	(59.46)	-

Part B- Associates and Joint Ventures

(₹ 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
1	Yantra Green Power Pvt. Ltd., Plot No.1303&1304, 2nd Floor, Khanamet,Ayyappa Society, Madhapur,Hyderabad-500081	-	2.50	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

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

(₹ in Millions)

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

On behalf of the Board of Directors

for Vivimed Labs Limited

Place: Hyderabad,
Date: 09.08.2019

Sd/-
Santosh Varalwar
Managing Director

Sd/-
Manohar Rao Varalwar
Whole time Director

ANNEXURE - 3 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 2018-19 is as follows:

Name of Director(s)	Total Remuneration (₹)	Ratio of remuneration of Director to the Median remuneration
Santosh Varalwar	60,00,004	26.09
Manohar Rao Varalwar	60,00,004	26.09
Sandeep Varalwar	60,00,004	29.09
Srirambatla Raghunandan	50,00,004	21.74
Subhash Varalwar	2,25,000	0.97
Prof M Bhagvanth Rao	4,25,000	1.85
Nixon Patel	25,000	0.10
Umanath Varahabhotla	3,75,000	1.63
Venkata Ratnam Paluri	25,000	0.10
Venkateswarulu Peesapati	50,000	0.21

Notes:

1. Mr.Venkata Ratnam Paluri, Director of the Company demised on July 01, 2018 and Dr.Venkateswarulu Peesapati, has resigned from the Board.
2. The information provided above is on standalone basis.
3. The remuneration of Non-Executive Directors is sitting fees paid to them for the financial year 2018-19
4. Median remuneration of the Company for all its employees is ₹2,29,905 /- for the financial year 2018-19.

B Details of percentage increase in the remuneration of each Director and CEO, CFO & Company Secretary in the financial year 2018-19 are as follows:

Name(s)	Designation	Remuneration (in ₹)		Increase
		2018-19	2017-18	
Santosh Varalwar	Managing director	60,00,004	60,00,004	0
Subhash Varalwar	Whole-time director	-----	60,00,004	-
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	4,25,000	4,00,000	6.25
Nixon Patel	Director	25,000	50,000	(50.00)
Subhash Varalwar	Non Executive Director	2,25,000	-----	-
Venkata Ratnam Paluri	Director	25,000	4,25,000	(94.11)
Venkateswarulu Peesapati	Director	50,000	2,75,000	(81.81)
Umanath Varahabhotla	Director	3,75,000	2,50,000	50.00
Yugandhar Kopparthi	Company Secretary	22,92,863	21,78,262	5.26

**Notes:**

1. Mr.Venkata Ratnam Paluri, Director of the Company demised on July 01, 2018 and Dr.Venkateswarulu Peesapati, has resigned from the Board.
2. Change in designation of Mr.Subhash Varalwar from whole time Director to Non-Executive Director with effective from 31.03.2018
3. The remuneration to Non-Executive Directors is sitting fees paid to them for the financial year 2018-19.
4. The remuneration to Directors is within the overall limits approved by the shareholders of your Company.

C. Percentage increase in the median remuneration of all employees in the financial year 2018-19:

(Amount in ₹)

	2018-19	2017-18	Increase (in %)
Median remuneration of all employees per annum	2,29,905	2,19,209	4.88

D. Number of permanent employees on the rolls of your Company as on 31st March, 2019:

Executive/Manager cadre	88
Staff	501
Operators/Workmen	344
Total	933

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

The increase in average remuneration of all employees in the financial year 2018-19 as compared to the financial year 2017-18 was 4.88%.

The key indices of Company's performance are:

(₹ in millions)

	2018-19	2017-18	Growth (%)
Net Revenue from operations	2,603.43	2,633.15	(1.13)
Profit Before Tax and Exceptional Items	51.30	88.52	(42.04)
Profit After Tax	61.85	98.67	(37.31)

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 42.04% in 2018-19, compared to 2017-18. 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, 2019	As on 31st March, 2018	Increase/ (decrease) (%)
Price Earnings Ratio	31.2	59.20	(47.29)
Market Capitalization(₹ In millions)	1931.05	5,863.32	(67.06)

Comparison of share price at the time of first public offer and market price of the share of 31st March, 2019:

Market Price as on 31st March, 2019	23.40
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	67.14

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:

	2018-19 (₹)	2017-18 (₹)	Increase (%)
Avarage salary of all employees (other than Key Managerial Personnel)	3,32,995	3,37,748	(1.40)
Key Managerial Personnel			
- Salary of MD	60,00,004	60,00,004	0
- Salary of CEO #	-	12,78,560	-
- Salary of CFO	50,00,004	85,98,603	(41.85)
- Salary of CS	22,92,863	21,78,262	5.26

Note: # Retired and Resigned / worked during the referred financial year

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:

- 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.
- 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 2018-19 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	33	09/11/1989	57	Shipping Corporation of India
Manohar Rao Varalwar	Whole-time director	60,00,004	post-graduation in Veterinary Sciences	58	10/11/1994	82	Department of Animal Husbandry, Government of Andhra Pradesh
Sandeep Varalwar	Whole-time director	60,00,004	Graduation in B. Pharmacy	27	23/01/2008	50	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) 28384045 shares of ₹2/- each (34.39% 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 2018-19 at a rate which in aggregate was not less than ₹5 lakhs per month:

Name	Designa- tion	Remunera- tion (₹)	Qualifica- tion	Experience (years)	Joining Date	Age (years)	Last employ- ment
NIL							

On behalf of the Board of Directors
for **Vivimed Labs Limited**

Place: Hyderabad,
Date: 09.08.2019

Sd/-
Santosh Varalwar
Managing Director

Sd/-
Manohar Rao Varalwar
Whole time Director



ANNEXURE - 4 TO BOARD'S REPORT

FORM NO. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31STMARCH 2019

[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, 2019 ('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, 2019 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 non-payment of dividend declared at the Annual General Meeting 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.



Vivimed

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

Place: Hyderabad,
Date: 30.05.2019

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

Place: Hyderabad,
Date: 30.05.2019

ANNEXURE - 5 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 2018-19	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 2018-19	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 2018-19	Not exceeding ₹20 crore per annum	12.11.2014	nil	The transaction is at arm's length price
4	Uquifa Mexico S A de C.V	Sale of goods	FY 2018-19	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 2018-19	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 2018-19	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: 09.08.2019

Sd/-
Manohara Rao Varalwar
Whole-time Director

Sd/-
Santosh Varalwar
Managing Director

ANNEXURE - 6 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.Bhagvanth 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: ₹654.62 Millions

4. Prescribed CSR expenditure (2% of this amount as in Sr. No.3 above): ₹13.09 Millions

5. Details of CSR spent for the financial year:

a. Total amount spent for the financial year: ₹2.75 Millions

b. Amount unspent, if any: ₹10.34 Millions

c. Manner in which the amount spent during the financial year is detailed below:

Sl. No.	CSR projects / Activities	Sector in which the Project is covered	Location where project is undertaken	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. Over-heads		
1	Promoting Education	Education	Various Schools in Telangana & Andhra Pradesh	2.75	2.75	-	2.75	2.75
TOTAL				2.75	2.75	-	2.75	2.75

(₹ in million)



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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: 09.08.2019

Sd/-
Santosh Varalwar
Managing Director

Sd/-
Manohar Rao Varalwar
Chairman CSR Committee

ANNEXURE - 7 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 and Remuneration of Managerial Personnel) 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 2018-19	FY 2017-18
1. Electricity		
Unit (KWH)(in Mn)	6.15	6.94
Total amount (₹ in Mn)	51.40	57.85
Average rate/Unit (₹)	8.36	8.33
2. Own generation from Diesel generator set		
Unit (KWH)(in Mn)	1.68	1.90
Total amount (₹ in Mn)	14.45	16.26
Average rate/Unit (₹)	8.59	8.56
3. Coal		
Quantity (MT)	2407.14	2614.52
Total cost (₹ in Mn)	23.36	26.29
Average rate/MT (₹)	9705.01	9793.18

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 2018-19	FY 2017-18
Capital	-	-
Revenue	363.04	746.89
Total	363.04	746.89

Foreign exchange earnings and Outgo

(₹ In million)

Particulars	FY 2018-19	FY 2017-18
Foreign Exchange Earnings	1921.61	4375.87
Foreign Exchange Outgo	535.29	125.36

On behalf of the Board of Directors
for **Vivimed Labs Limited**

Place: Hyderabad,
Date: 09.08.2019

Sd/-
Santosh Varalwar
Managing Director

Sd/-
Manohar Rao Varalwar
Whole time Director



Corporate Governance Report

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, 2019.

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Vivimed Labs Limited's philosophy envisages reaching people touching lives globally by following the core values of the Company viz Quality, Reliability, Consistency, Trust, Humility, Integrity, Passion and Innovation which are also a way of life for the Company. These values form a base of the Corporate Governance practices of the Company. The Company ensures to work by these principles in all its interactions with stakeholders, including shareholders, employees, customers, consumers, suppliers and statutory authorities.

Vivimed Labs Limited is committed to learn and adopt the best practices of Corporate Governance.

BOARD:

At Vivimed Labs, the Board is at the core of the Corporate Governance practice. Your Company has an optimum mix of eminent personalities on the Board of Directors with members from diverse experience and expertise. Out of 8 members on its Board, 3 (Three) are Independent Directors, 4 (four) are Whole-time Directors / Promoter Directors and 1 (one) is Non-Executive Promoter Director. This appropriate composition of the Board of Directors enables in maintaining the independence of the Board and separates its functions of governance and management. Over a period of time, the Board has fostered a culture of leadership to sustain your Company's growth with a long-term vision and

ingenious policy to improve the degree of Corporate Governance.

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, 2019:

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 a Independent Chairman and has an optimum combination of Executive, Non- Executive and Independent Directors.

DISCLOSURE OF RELATIONSHIPS BETWEEN DIRECTORS INTER-SE

Mr.Santosh Varalwar (Managing Director) and Mr.Sandeep Varalwar (Whole Time Director) are the sons of Mr.Manohar Rao Varalwar (Whole Time Director) and Mr.Subhash Varalwar (Non Executive Director) is the brother of Mr.Manohar Rao Varalwar (Whole Time Director) other than Mr.Santosh Varalwar, Mr.Sandeep Varalwar, Mr.Manohar Rao Varalwar and Mr.Subhash Varalwar, none of the Directors are related to any other Director.

DETAILS OF SKILLS / EXPERTISE / COMPETENCE OF THE BOARD OF DIRECTORS:

Name	Category	Skills/ Expertise/ Competence
Santosh Varalwar	Managing Director	He 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.
Manohar Rao Varalwar	Whole Time Director	He is 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.
Sandeep Varalwar	Whole Time Director	He is a 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.



Name	Category	Skills/ Expertise/ Competence
Subhash Varalwar	Non-Executive Director	He is a Post Graduate in Chemical Engineering and a Management Graduate from Leeds University, U.K. After his post graduation he joined The Fertilizer Corporation of India (FCI) in 1974 as Asst. Project Engineer (Chemical). He held various positions in FCI and worked on various areas like designing and commissioning of fertilizer plant, production etc. He resigned from FCI in 1989 to join Vivimed. Mr. Subhash brings along with him an exposure to various aspects of Industrial Management, including production, planning and commissioning, gained from 15 years of his career span with FCI. Mr. Subhash is responsible for Technology and New Product Development in the chemical segment of the Company. He also heads Production, Quality control and R&D function. He successfully led the technical integration teams of UK/India after acquisition of James Robinson Limited and has successfully implemented the stringent regulatory compliances across all its manufacturing operations globally,
Raghunandan Srirambatla	Whole-time Director -cum- Chief Financial Officer	He is a Science Post Graduate, he began his career with Chandra Pharmaceuticals, at that time the largest producer of Ibuprofen in India and worked there handling various aspects of production.
Bhagvanth Rao Mamidpalli	Independent Director	<p>He is a PhD in chemical engineering from Indian Institute of Sciences, Bangalore and has done his post doctoral studies at Tokyo Institute of Technology, Japan. He has memberships to various professional associations including Fellowships in the Indian Institute of Chemical Engineers and A.P. Academy of Sciences, Life Membership in the Indian Society for Technical Education etc.</p> <p>He has over 32 years experience in research and teaching in the fields of chemical reaction engineering, catalysis, thermodynamics and biochemical engineering. He has been involved with Osmania University, Hyderabad in various position including the Dean of Development and UGC Affairs, Director of Regional Center for Urban and Environmental Studies and Director of Physical Education. He has various research publications to his credit some of which include articles in the Canadian Journal of Chemical Engineering, Industrial Engineering and Chemistry Fundamentals (USA), Journal of Polymer Sciences (USA) etc. He also acts as a research consultant to various laboratories like IICT, BHEL R&D NFC etc.</p>
Nixon Patel	Independent Director	He is B.Tech (Hons.) from Indian Institute of Technology, Kharagpur and has done his MS in Computer Science from New Jersey Institute of Technology. Mr. Nixon Patel, is a successful entrepreneur with a proven track record for growing 5 businesses from startup to millions of US\$ in annual sales, developed in a short span of 21 years. His businesses are spread across the globe in the fields of Information Technology, Telecom, Pharmaceutical and Renewable energy industries. He is a consummate professional with a high degree of personal integrity.
Umanath Varahabhotla	Independent Director	She is a Doctorate (Ph.D) in Business Administration; She has 27+ 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, Start-up incubator for LVP, EMRI, ELBIT, Health & CSR at Athena Energy.

NUMBER OF BOARD MEETINGS:

During the financial year 2018-19, 7 (Seven) 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, 2018	January 29, 2019
August 13, 2018	February 14, 2019
August 23, 2018	March 27, 2019
November 14, 2018	

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 2018-19 and at the Annual General Meeting (AGM) are detailed below:

Name of the Director	Designation	Number of Board Meetings		Attendance at AGM Held September 27, 2018
		Held	Attended	
Mr.Santosh Varalwar	Managing Director	7	6	Yes
Mr.Subhash Varalwar	Non Executive Director	7	7	No
Dr.Manohar Rao Varalwar	Whole Time Director	7	7	No
Prof. Bhagvanth Rao Ma-midpalli	Independent Director	7	7	No
Mr.Sandeep Varalwar	Whole Time Director	7	5	No
Mr.Nixon Patel	Independent Director	7	1	No
Mr.Srirambatla Raghunan-dan	Whole Time Director	7	7	Yes
Dr.Venkateswarulu Peesa-pati *	Independent Director	7	1	No
Mr.Venkata Ratnam Paluri *	Independent Director	7	0	No
Mrs.Umanath Varahabhotla	Independent Director	7	6	Yes

* Mr.Venkata Ratnam Paluri, Director of the Company demised on July 01, 2018 and Dr.Venkateswarulu Peesapati, has resigned from the Board.

BOARD PROCEDURES:

The dates for meetings of the Board of Directors and its Committees are scheduled in advance. The Agenda and the explanatory notes are circulated well in advance to the Directors in accordance with the Secretarial Standards.

The Managing Director and the members of the EMT / OMT make presentations to the Board on matters including but not limited to the Company's performance,

operations, plans, etc. The Board has complete access to any information within your Company which includes the information as specified in Regulation 17 of the Listing Regulations. Regular updates provided to the Board, inter alia, include:

- Minutes of meetings of Committees of the Board of Directors;
- The information on recruitment and remuneration of Senior Management Personnel just below the level of Board of Directors, including appointment or



removal of Chief Financial Officer and the Company Secretary;

- Show cause, demand, prosecution and penalty notices, which are materially important;
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems;
- Any material defaults in financial obligations to and by the Company;
- Any issue, which involves possible public or product liability claims of substantial nature;
- Details of any joint venture or collaboration agreement;
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property;
- Any significant labour problem involving human resource management;
- Sale of a material nature, or of investments, subsidiaries and assets which are not part of the normal course of business;
- Details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material;
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non- payment of dividend, delay in share transfer; and
- Any other information which is relevant for decision making by the Board.

The draft minutes of the Board and its Committees are sent to the members for their comments and then the minutes are entered in the minute's book within 30 days of the conclusion of the meeting.

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 2018-19.

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 27, 2019, 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.

INDEPENDENT DIRECTORS:

Prof.M.Bhagvanth Rao and Mr.Nixon Patel (Independent Directors) of your Company have been appointed for a tenure of 5 (five) years (upto 31st Annual General Meeting to be held in calendar year 2019). Their appointment was approved by the shareholders of your Company at their AGM held on 30th September, 2014. Mrs.Umanath Varahabhotla (Independent Director) of your Company have been appointed for a tenure of 5 (five) years (upto 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. 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/investor-relations>.

INDEPENDENT DIRECTORS' MEETING:

During the year under review, the Independent Directors met on March 27, 2019, 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.

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, 2019		
			No. of other Directorships*	Membership	Chairmanship
Mr.Santosh Varalwar	Managing Director	Son of Manohar Rao Varalwar, Brother of Sandeep Varalwar, Nephew of Subhash Varalwar	Nil	Nil	Nil
Mr.Subhash Varalwar	Non-Executive Director	Brother of Manohar Rao Varalwar, Uncle of Santosh Varalwar & Sandeep Varalwar	Nil	Nil	Nil
Dr.Manohar Rao Varalwar	Whole-time Director	Brother of Subhash Varalwar, Father of Santosh Varalwar & Sandeep Varalwar	Nil	Nil	Nil
Prof. Bhagvanth Rao Mamidpalli	Non-Executive/ Independent Director	No inter-se relationship with any of the Directors	Nil	Nil	Nil
Mr.Sandeep Varalwar	Whole-time Director	Son of Manohar Rao Varalwar, Brother of Santosh Varalwar, Nephew of Subhash Varalwar	Nil	Nil	Nil



Name of the Director	Nature of Directorships	Relationship with each other	As on 31st March, 2019		
			No. of other Directorships*	Membership	Chairmanship
Mr.Nixon Patel	Non-Executive/ Independent Director	No inter-se relationship with any of the Directors	Nil	Nil	Nil
Mr.Srirambatla Raghunandan	Whole-time Director	No inter-se relationship with any of the Directors	Nil	Nil	Nil
Dr. Venkateswarulu Peesapati ***	Non-Executive/ Independent Director	No inter-se relationship with any of the Directors	Nil	Nil	Nil
Mr. Venkata Ratnam Paluri ***	Non-Executive/ Independent Director	No inter-se relationship with any of the Directors	Nil	Nil	Nil
Mrs. Umanath Varahabhotla	Non-Executive/ Independent Director	No inter-se relationship with any of the Directors	Nil	Nil	Nil

* 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.Venkata Ratnam Paluri, Director of the Company demised on July 01, 2018 and Dr.Venkateswarulu Peesapati, has resigned from the Board.

The shareholding of the Non-Executive Directors of your Company as on 31st March, 2019 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
Dr.Venkateswarulu Peesapati	Non-Executive/ Independent Director	NIL	NIL
Mr.Venkata Ratnam Paluri	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

The shareholding of Executive Directors of your Company as on 31st March, 2019 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	6.78
Dr.Manohar Rao Varalwar	Whole-time Director	12,94,225	1.57
Mr.Sandeep Varalwar	Whole-time Director	30,69,765	3.72
Mr.Srirambatla Raghunandan	Whole-time Director	3,17,500	0.38

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 2018-19, 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, 2019 is detailed below:

Name of the Director	Nature of Membership	Number of Meetings	
		Held	Attended
Mr.Venkata Ratnam Paluri***	Chairman	6	0
Prof.Bhagvanth Rao Mamidpalli	Member	6	6
Dr.Venkateswarulu Peesapati***	Member	6	1
Mrs.Umanath Varahabhotla	Chairperson	6	6
Mr.Sandeep Varalwar **	Member	6	4
Mr.Srirambatla Raghunandan *	Member	6	1

*Vacated due to Re-Constitution of Audit Committee on 13th August, 2018

**Appointed due to Re-Constitution of Audit Committee on 13th August, 2018

***Mr.Venkata Ratnam Paluri, Director of the Company demised on July 01, 2018 and Dr.Venkateswarulu Peesapati, has resigned from the Board.



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

May 28, 2018	November 14, 2018
August 13, 2018	January 29, 2019
August 23, 2018	February 14, 2019

The Chairperson of the Audit Committee was present at the last AGM held on 27th September, 2018

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 2018-19 on April 05, 2018, and November 14, 2018. 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 2018-19 is detailed below:



Name of the Director	Nature of Membership	Number of Meetings	
		Held	Attended
Prof. Bhagvanth Rao Mamidpalli	Member	2	2
Mr. Venkata Ratnam Paluri**	Member	2	1
Dr. Venkateswarulu Peesapati**	Member	2	0
Mr. Nixon Patel	Chairman	2	0
Mrs.Umanath Varahabhotla	Member	2	1
Mr.Subhash Varalwar *	Member	2	1

*Appointed due to Re-Constitution of Nomination and Remuneration Committee on 13th August, 2018

**Mr.Venkata Ratnam Paluri, Director of the Company demised on July 01, 2018 and Dr.Venkateswarulu Peesapati, has resigned from the Board.

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.

POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION:

The Nomination and Remuneration Policy provides for appropriate composition of Executive, Non-Executive and Independent Directors on the Board of Directors of your Company along with criteria for appointment and remuneration including determination of qualifications, positive attributes, independence of Directors and other matters as provided under sub-section (3) of Section 178 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 your Company.

REMUNERATION TO THE MANAGING DIRECTOR & WHOLE -TIME DIRECTORS:

The shareholders of your Company at the 27th AGM held on 30th September, 2015 approved the re-appointment of Shri.Santosh Varalwar as Managing Director, Shri.Manohar Rao Varalwar, Shri.Sandeep Varalwar and Shri.Srirambatla Raghunandan (Whole-time Directors) of your Company for a period of five (5) years .The terms and conditions of their appointment including remuneration payable to them were approved which was in accordance with the provisions of Section 197, 203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactments thereof, for the time being in force). The details of the Remuneration paid to the above mentioned Directors are stated in the Form MGT- 9 (Extract of the Annual Return) which forms part of the Board's Report in this report.

REVIEW OF PERFORMANCE AND COMPENSATION TO SENIOR MANAGEMENT:

The Nomination and Remuneration Committee reviews the performance of the senior management of your Company. The Committee ensures that the remuneration to the Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of your Company and its goals.

COMMISSION TO NON - EXECUTIVE DIRECTORS:

The shareholders of your Company at their 23rd AGM held on 30th September, 2011 approved the payment

of remuneration to the Non-Executive Directors of your Company by way of commission not exceeding one (1) percent of the net profits of your Company.

DETAILS OF REMUNERATION PAID TO DIRECTORS DURING THE YEAR 2018-19:

During the financial year 2018-19, your Company paid ₹25,000/- (Rupees Twenty five thousand only) for sittings fees for attending the Boards/ other Committee meetings (except Management Committee meetings, where no sitting fees were paid) to the Non-Executive Directors of your Company. Details of the remuneration paid to the Directors of the Company for the financial year 2018-19 are as follows:

(Amount in ₹)

Name of the Director	Salary	Perquisites*	Sitting fees	Commission	Amount ₹
Mr.Venkata Ratnam Paluri, * Independent Director	-	-	25,000	-	25,000
Prof.Bhagvanth Rao Mamidpalli, Independent Director	-	-	4,25,000	-	4,25,000
Dr. Venkateswarlu Peesapati, * Independent Director	-	-	50,000	-	50,000
Mr.Nixon Patel, Independent Director	-	-	25,000	-	25,000
Mrs.Umanath Varahabhotla, Independent Director	-	-	3,75,000	-	3,75,000
Mr.Subhash Varalwar, Non Executive Director	-	-	2,25,000	-	2,25,000
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.Venkata Ratnam Paluri, Director of the Company demised on July 01, 2018

*Dr.Venkateswarulu Peesapati, has resigned from the Board.

STAKEHOLDERS RELATIONSHIP COMMITTEE

The composition of the stakeholders relationship committee is in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations.

The constitution of the stakeholders relationship committee of the Board of Directors of your Company during the financial year 2018-19 is detailed below:

Name of the Director	Nature of Membership
Mr. Venkata Ratnam Paluri,*	Member

Mr.Santosh Varalwar	Member
Dr.Manohar Rao Varalwar	Member
Mr.Subhash Varalwar	Chairman
Mr.Nixon Patel	Member

Note:-

*Mr.Venkata Ratnam Paluri, Director of the Company demised on July 01, 2018

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 2018-19 are given below:

No. of complaints received during the year	1
No. of complaints resolved during the year	1
No. of complaints pending at the end of the year	0

Note:

However the company during the year received 25 complaints in relation to non-payment of dividend for FY 2017-2018 through SEBI SCORES/ NSE/ BSE/ Directly from shareholders and the same has been resolved/ replied/ Action uploaded in SEBI Scores.

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 March 27, 2019 during the financial year 2018-19. 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 2018-19 is detailed below:

Name of the Director	Nature of Membership	Number of Meetings	
		Held	Attended
Prof. Bhagvanth Rao Mamidpalli	Member	1	1
Dr. Venkateswarulu Peesapati*	Member	1	0
Mr. Santosh Varalwar	Member	1	0
Dr. Manohar Rao Varalwar	Member	1	1

Note:

*Dr.Venkateswarulu Peesapati, has resigned from the Board.

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 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>.

SUBSIDIARY COMPANIES

Your Company does not have any material non-listed Indian subsidiary company in terms of Regulation 16 of the Listing Regulations, A synopsis of the minutes of the Board meetings of the subsidiary companies are placed at the Board meeting of your Company on periodical basis. The Audit Committee reviews the financial statements including investments by the unlisted subsidiaries of your Company.

The Policy for determining "material" subsidiaries has been placed on the website of your Company and can be accessed through the following link: <http://www.vivimedlabs.com/investor-relations>.

RELATED PARTY TRANSACTIONS

All transaction entered into by your Company with related parties, during the FY.2018-19, were in ordinary course of business and on arm's length basis. The details of the related party transactions are set out in the Form AOC-2 forming part of this Annual Report.

Also, the Related Party Transactions undertaken by your Company were in compliance with the provisions set out in the Companies Act, 2013 and Regulation 23 of the Listing Regulations.

The policy on related party transactions has been placed on the Company's website and can be accessed

through the following link: <http://www.vivimedlabs.com/investor-relations>.

DIRECTORS WITH MATERIALLY SIGNIFICANT, PECUNIARY OR BUSINESS RELATIONSHIP WITH YOUR COMPANY:

There is no pecuniary or business relationship between the Non-Executive - Independent Directors and your Company, except for the remuneration payable to them in accordance with the applicable laws. A declaration to this effect is also submitted by all the Directors at the beginning of each financial year. Mr.Subhash Varalwar, non-Executive Director is also a promoter of this Company and also related to Mr.Manohar Rao Varalwar, Mr.Santosh Varalwar and Mr Sandeep Varalwar

MANAGING DIRECTOR & CFO CERTIFICATION

As required under Regulation 17 of the Listing Regulations, the MD& CFO certificate for the financial year 2018-19 signed by Shri.Santosh Varalwar, MD, and Mr.S.Rahgunandan, CFO was placed before the Board of Directors of your Company at their meeting held on 30th May, 2019.

GENERAL BODY MEETINGS

Details of last three AGM's 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
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
2015-16	7 Plot No.8/A, Kolhar Industrial Area, Bidar – 585403, Karnataka.	September 30, 2016	11.30 AM	1

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 30.04.2018:**

1. To issue Convertible Warrants to Non-Promoter(s)/Non-Promoter Group of the Company on Preferential basis
2. To issue Convertible Warrants to Promoter(s)/Promoter Group of the Company on preferential basis
3. FCCB/ADR/GDR/QIP etc.,

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

Resolution.1: 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
26499513	26495169	99.984	2794	0.011

Resolution.2: 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
26499313	26496019	99.988	1744	0.007

Resolution.3: FCCB/ADR/GDR/QIP etc., (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
26497786	24854347	93.798	1641889	6.196

Shri.N.V.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 11.10.2018:

1. Sale of Specialty Chemical Business of the Company
2. To issue Convertible Warrants to Promoter(s)/Promoter Group of the Company on preferential basis
3. To issue Convertible Warrants to Non-Promoter(s)/Non-Promoter Group of the Company on Preferential basis
4. Adoption of new set of Articles of Association as per Companies Act, 2013

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

Resolution.1: Sale of Specialty Chemical Business of the Company (Ordinary 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
13175423	13135350	99.70	40343	0.30

Resolution.2: 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
34347168	34282215	99.81	64953	0.19

Resolution.3: 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
34347168	34278815	99.80	68353	0.20

Resolution.4: Adoption of new set of Articles of Association as per Companies Act, 2013: (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
33054245	31955949	96.67	1098296	3.33

Shri.N.V.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

1. There are no materially significant related party transactions of your Company which have potential conflict with the interests of the Company at large.
2. Your Company has complied with all the requirements of the Stock Exchange(s) and the SEBI on matters related to Capital Markets. There were no penalties imposed or strictures passed against your Company by the statutory authorities in this regard.



There is a penalty by Stock Exchanges

3. Vigil Mechanism and Whistle Blower Policy:

Your Company believes in conducting its business and working with all its stakeholders, including employees, customers, suppliers, shareholders and business associates in an ethical and lawful manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior;

- Your Company prohibits any kind of discrimination, harassment, victimization or any other unfair practice being adopted against an employee and/or a business associate. In accordance with Regulation 22 of the Listing Regulations your Company has adopted a Whistle Blower Policy with an objective to provide its employees and Business Associates a framework and to establish a formal mechanism or process whereby concerns can be raised in line with your Company's commitment to highest standards of ethical, moral and legal business conduct and its commitment to open communication;
- In accordance with the Policy, an Ethics Committee has been constituted comprising of the Managing Director, the Compliance Officer and the Head-Human Resources for the purpose of receiving and investigating all complaints and Protected Disclosures under this policy. Employees of your Company or business associates can make Protected Disclosures to the Ethics Committee. The employees may, where the matters are of grave nature, make Protected Disclosures directly to the Chairperson of the Audit Committee of the Board of Directors of the Company; and
- No personnel was denied access to the Audit Committee of your Company.

4. CODE OF CONDUCT

Your Company has adopted a Code of Conduct for all the employees including the Board Members and Senior Management Personnel of your Company in accordance with the requirement under Regulation 17 of the Listing Regulations. The Code of Conduct has been posted on the website of your Company. All the Board Members and the Senior Management Personnel have affirmed their compliance with the said Code of Conduct for the financial year 2018-19.

The declaration to this effect signed by Shri.Santosh Varalwar, Managing Director of the Company forms part of the Report.

5. CODE OF CONDUCT TO REGULATE, MONITOR AND REPORT TRADING BY INSIDERS:

Vivimed Labs Limited' Code of Conduct to Regulate, Monitor and Report Trading by Insiders approved by the Board to conform to the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015. The Code has been made applicable to cover Directors, Senior Management Personnel, persons forming part of Promoter(s)/ Promoter group(s) and such other designated employees of the Company, who are expected to have access to unpublished price sensitive information relating to the Company ("Designated Persons"). The Designated Persons are restricted in purchasing, selling and dealing in the shares of the Company while in possession of unpublished price sensitive information about the Company".

6. THE BOARD:

The Non-Executive (Independent) Chairman of your Company has been provided a Chairman's Office at the Corporate Office of your Company.

7. SHAREHOLDER RIGHTS:

Yearly results of your Company are sent to all shareholders of your Company and additionally, your Company uploads its Half yearly, quarterly results on its website (www.vivimedlabs.com). Your Company makes presentations to Institutional Investors and Equity Analysts on the Company's performance on a periodic basis which are also available on the website of your Company.

8. AUDIT QUALIFICATIONS:

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

9. SEPARATE POSTS OF CHAIRMAN AND CEO:

The Chairman of the Board is a Non- executive Director and his position is separate from that of the CEO.

10. REPORTING OF INTERNAL AUDITOR:

The Internal Auditors reports to the Managing Director

and has direct access to the Audit Committee and he participates in the meetings of the Audit Committee of the Board of Directors of your Company and presents his internal audit observations to the Audit Committee.

MEANS OF COMMUNICATION

1. Publication of quarterly results:

Quarterly, half-yearly and annual financial results of the Company were published in leading English and vernacular language newspaper, viz., Financial Express and Karnataka edition of Samyutka Karnataka newspapers.

2. Website and News Releases:

In compliance with Regulation 46 of the Listing Regulations, a separate dedicated section under 'Investor relations' on the Company's website gives information on various announcements made by the Company, status of unclaimed dividend, Annual Report, Quarterly/Half yearly/ Nine-months and

All periodical compliance filings, inter alia, shareholding pattern, Corporate Governance Report, corporate announcements, amongst others are in accordance with the Listing Regulations filed electronically.

Annual financial results along with the applicable policies of the Company. Your Company's official news releases and presentations made to the institutional investors and analysts are also available on the Company's website.

3. Stock Exchange:

Your Company makes timely disclosures of necessary information to BSE Limited and the National Stock Exchange of India Limited in terms of the Listing Regulations and other rules and regulations issued by the SEBI.

NEAPS (NSE Electronic Application Processing System), BSE Corporate Compliance & the Listing Centre:

NEAPS is a web-based application designed by NSE for corporates.

BSE Listing is a web-based application designed by BSE for corporates.

GENERAL SHAREHOLDER INFORMATION

i	Annual General Meeting	31st Annual General Meeting
	Date	Monday, 30th day of September 2019
	Time	11:30 a.m.
	Venue	Plot No.78-A, Kolhar Industrial Area, Bidar – 585403, Karnataka.
ii	Financial Calendar:	1st April to 31st March
	Tentative Schedule for declaration of results during the financial year 2019-20	
	First Quarter	Around Second Week of August, 2019
	Second Quarter and Half Yearly	Around Second Week of November 2019
	Third Quarter and Nine Months	Around Second Week of February, 2020
	Fourth Quarter and Annual	Around Last Week of May, 2020
iii	Date of Book closure	September 25, 2019 to September 30, 2019 (both days inclusive)

V. Listing on Stock Exchanges: Company's equity shares are listed at:

Name and Address of the Stock Exchange	Scrip Code	ISIN for Depositories
BSE Limited, Phiroze Jeejeebhoy Towers, Dalal street, Mumbai-400 001.	532660	INE526G01021
National Stock Exchange of India Limited, Exchange Plaza, Floor 5, Plot # C/1, Bandra-Kurla Complex, Bandra (East), Mumbai - 400051	VIVIMEDLAB	

Your Company has paid the listing fees to BSE and NSE for the financial year 2018-19.



VI. 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, 2019 are as under:

Month	BSE			NSE		
	High (₹)	Low (₹)	Volume (No. of Shares)	High (₹)	Low (₹)	Volume (No. of Shares)
2018						
Apr 18	82.45	71.40	14,01,884	82.50	71.50	72,57,490
May 18	75.00	56.70	14,77,746	74.80	56.60	73,77,955
Jun 18	70.70	56.65	26,63,697	70.90	56.70	1,58,55,223
Jul 18	65.50	54.70	9,33,256	65.30	54.60	41,48,412
Aug 18	75.80	52.45	23,95,956	75.70	52.40	1,32,93,805
Sep 18	69.90	45.70	19,16,282	69.90	45.65	72,88,923
Oct 18	46.50	34.50	25,78,953	47.10	34.50	1,33,75,793
Nov 18	43.60	35.50	11,72,950	43.80	35.45	1,22,23,727
Dec 18	41.00	35.30	6,24,341	41.00	35.00	46,93,761
2019						
Jan 19	38.15	21.25	36,23,262	38.20	21.35	1,69,83,912
Feb 19	25.10	19.90	20,06,543	25.25	20.05	65,14,365
Mar 19	27.00	22.05	14,47,307	28.25	21.80	49,44,928

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.

VII. 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 2018-19 (based on month end closing):



VIII. 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@aarthiconsultants.com; website: www.aarthiconsultants.com

IX. 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.

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.

X. Distribution of Shareholding

Distribution of shareholding of shares of your Company as on 31st March, 2019 is as follows:

SI No	Category	Holders	Holders Percentage	Shares	Amount	Amount Percentage
1	1 - 5000	31,097	93.16	12,530,003	25,060,006	15.18
2	5001 - 10000	1,132	3.39	4,216,327	8,432,654	5.11
3	10001 - 20000	561	1.68	4,166,101	8,332,202	5.05
4	20001 - 30000	199	0.6	2,451,364	4,902,728	2.97
5	30001 - 40000	87	0.26	1,576,971	3,153,942	1.91
6	40001 - 50000	54	0.16	1,246,277	2,492,554	1.51
7	50001 - 100000	103	0.31	3,698,089	7,396,178	4.48
8	100001 & Above	147	0.45	52,638,783	105,277,566	63.79
	Total:	33,380	100	82,523,915	165,047,830	100

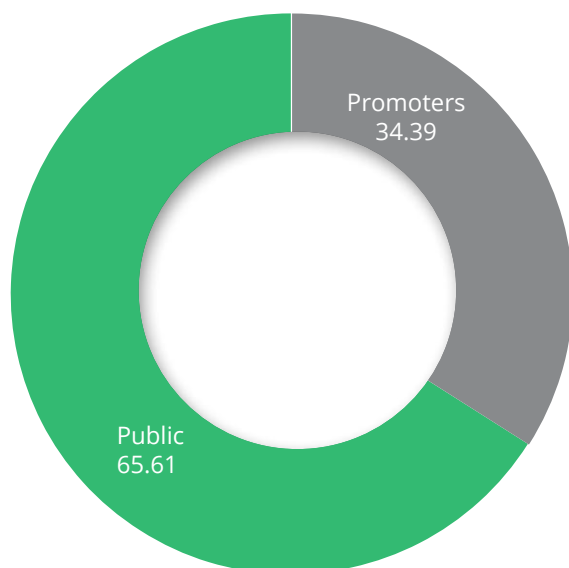
Shareholding Pattern as on 31st March, 2019:

SI No	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	1,60,72,045	19.48
(b)	Bodies Corporate	1,23,12,000	14.92
	Total Shareholding of Promoter and Promoter Group (A)	2,83,84,045	34.39
(B)	Public shareholding		
(1)	Institutions		
(a)	Mutual Funds/ UTI	-	-
(b)	Financial Institutions/ Banks	3,95,555	0.48



SI No	Category of Shareholder(s)	Total Number of Shares @ ₹2/- each	% of total no. of shares
(c)	Foreign Portfolio Investors	33,57,497	4.07
(d)	Others	-	-
	Sub-Total (B)(1)	37,53,052	4.55
	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	66,35,942	8.04
(b)	Individuals		
	(i) Individual shareholders holding nominal share capital up to ₹2 lakh	2,36,32,936	28.64
	(ii) Individual shareholders holding nominal share capital in excess of ₹2 lakh	44,47,735	5.39
(c)	Non-Resident Indian (NRI) - Repatriable	40,48,647	4.91
(d)	NBFCs Registered with RBI	17,000	0.02
(e)	Corporate Bodies - Foreign Bodies	91,50,685	11.09
(f)	Clearing Member	9,55,116	1.16
(g)	Foreign National - FN	13,69,840	1.66
(h)	Trust	32,787	0.04
(i)	Non-Resident Indian (NRI) - Non Repatriable	-	-
	Sub total(B)(3)	5,02,90,688	60.94
	Total Public Shareholding (B)=(B)(1)+(B)(2)+ (B)(3)	5,41,39,870	65.61
	Total (A)+(B)	8,25,23,915	100.00

Category-wise shareholding as on 31st March, 2019 :



DETAILS OF YOUR COMPANY'S DEMATERIALIZED SHARES AS ON 31ST MARCH, 2019:

Number of shares	% of total shares
81113205	98.29054

BREAK UP OF SHARES IN PHYSICAL AND DEMAT FORM AS ON 31STMARCH, 2019:

Particulars	No. of Shares @ ₹2/- each	% of Shares
Physical segment	1410710	1.70946
Demat segment		
NSDL	54527741	66.07507
CDSL	26585464	32.21547
TOTAL	82523915	100.00

XI. 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.

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

Your Company has 34,95,000 (Thirty four lakhs ninety five thousand) outstanding employee stock options convertible into equity shares of ₹2/- each as on 31st March, 2019.

XIII. PLANT LOCATIONS AS ON 31.03.2019:

SPECIALTY CHEMICALS DIVISION

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

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 , Hydearabad, 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 Center, 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

XIV. 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@aarthiconsultants.com

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

Yugandhar Kopparthi

Company Secretary
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.

XV. 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



Vivimed

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

XVI. 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.

XVII. We have no equity shares Unclaimed Suspense Account'

Annexure to Report on Corporate Governance for the financial year ended 31st March, 2019

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, 2019.

**Sd/-
Santosh Varalwar
Managing Director**

Place: Hyderabad
Date: 09.08.2019

Managing Director (MD) & CFO 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, 2019 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;

We hereby 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.

Sd/-
Santosh Varalwar
Managing Director
DIN: 00054763

Sd/-
S.Raghunandhan
Whole Time Director cum CFO
DIN: 02029812

Place: Hyderabad

Date: 09.08.2019



Vivimed

CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE
UNDER REGULATION 34(3) READ WITH SCHEDULE V OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING
OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To,

The Members of Vivimed Labs Limited

We have examined the compliance of conditions of corporate governance by Vivimed Labs Limited ("the Company"), for the year ended on March 31, 2019, as stipulated in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the said Company with stock exchange(s).

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

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Except non-payment of dividend declared at the Annual General Meeting held on 27.09.2018).

We further state that such compliance 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

Place: Hyderabad,
Date: 30.05.2019

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.

SUB: Certificate under Schedule V(C)(10)(i) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

I have examined the records, books and papers of the Company as required to be maintained under the Companies Act, 2013, SEBI Regulations, other applicable rules and regulations thereunder for the financial year ended on March 31, 2019, the records available with The Registrar of Companies, on the MCA 21 portal of **M/s.Vivimed Labs Limited (CIN: L02411KA1988PLC009465)** having its Registered Office at Plot No.78-A, Kolhar Industrial Area, Bidar – 585403, Karnataka State, India (the Company). In my opinion after verifying records, documents provided and explanations and representation furnished to me by the Company, its officers and agents, I do hereby certify that none of the following Directors of the Company have been debarred or disqualified from being appointed or continuing as Directors of the Companies by the SEBI/ Ministry of Corporate Affairs or any such statutory authority as on March 31, 2019:

S.No	Name of the Director	Designation	DIN No.
1	SANTOSH VARALWAR	Managing director	00054763
2	SUBHASH VARALWAR	Non-Executive Director	00054789
3	MANOHAR RAO VARALWAR	Whole-time director	00059815
4	BHAGVANTH RAO MAMIDPALLI	Independent Director	00117862
5	SANDEEP VARALWAR	Whole-time director	01682951
6	NIXON PATEL	Independent Director	01717281
7	RAGHUNANDAN SRIRAMBATLA	Whole-time Director -cum- Chief Financial Officer	02029812
8	UMANATH VARAHABHOTLA	Independent Director	06539204

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

Place: Hyderabad,
Date: 30.05.2019



Secretarial compliance report of Vivimed Labs Ltd for the year ended 31st March, 2019

(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, 2019 ("Review Period") in respect of compliance with the provisions of :
- (a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
- (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:-

S.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:

S.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:
This being the first reporting since the notification of the requirements to submit the report, reporting on actions to comply with the observations made in the previous reports do not arise.

S.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: 21.05.2019



Vivimed

Financial Statements

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, 2019, 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, 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing 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 Matter	How the matter was addressed in our audit
Contingent Liabilities and litigation Matters	
Refer note 2.5 of the basis of preparation of financial statements and note 32 to the standalone financial statements.	Our audit procedures included the following:
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.	We evaluating the design and testing the operating effectiveness of controls in respect of the recognition and measurement of provisions towards litigation and claims;
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.	Corroborating management's assessment by:
Accordingly, unexpected adverse outcomes could significantly impact the Company's reported profit and balance sheet position	<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; Obtaining confirmations from internal legal counsel where relevant and/ or evaluating legal opinions obtained by the management; Evaluating significant adjustments to legal provisions recorded during the year to determine if they were indicative of management bias; and 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, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 have pending litigations which would have impact on its standalone financial position 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 **P C N & Associates.,**
Chartered Accountants
FRN : 016016S

Sd/-
Chandra Babu M
Partner
M.No:227849

Place: Hyderabad
Date: 30-05-2019

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, 2019 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, 2019, 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 **P C N & Associates.,**
Chartered Accountants
FRN: 016016S

Sd/-
Chandra Babu M
Partner
M.No:227849

Place: Hyderabad
Date: 30-05-2019

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 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, 2019 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, 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 Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2019 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	3,30,09,566
2	Dividend Distribution Tax	66,76,202
3	TDS	94,51,353
4	Provident Fund	10,03,082

- (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, 2019 on

account of any dispute except Income Tax, Service Tax which are given below:

S.No.	Nature	Period	Amount	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	DRP
6	Income Tax, 1961	AY 2014-2015	4,02,68,920	DRP

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 ₹23,25,74,740/- and interest & penal interest an amount of ₹2,29,27,104/- And loan account with EXIM bank has become NPA during the current 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 **P C N & Associates.,**
Chartered Accountants
FRN:016016S

Sd/-
Chandra Babu M
Partner
M.No:227849

Place : Hyderabad
Date: 30-05-2019

Standalone Balance Sheet

as at 31st March 2019

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

Particulars	Note	As at 31 March 2019	As at 31 March 2018
Assets			
Non-current assets			
Property, plant and equipment	4	3,356.37	3,566.44
Capital work-in-progress		641.80	427.76
Goodwill		169.14	169.14
Other intangible assets	5	281.52	312.72
Financial assets			
Investments	6	875.31	1,518.66
		5,324.14	5,994.72
Current assets			
Inventories	7	2,824.47	2,925.40
Financial assets			
Trade receivables	8	1,018.86	1,676.71
Cash and cash equivalents	9 (A)	241.58	91.78
Bank balances other than cash and cash equivalents	9 (B)	8.00	
Loans	10	684.23	582.11
Current tax assets	11	199.09	25.48
Other current assets	12	1,245.21	1,257.93
		6,221.44	6,559.41
Total assets		11,545.58	12,554.13
Equity and Liabilities			
Equity			
Equity share capital	13	165.05	165.05
Other equity	14	5,561.16	5,509.04
Total equity		5,726.21	5,674.09
Non-current liabilities			
Financial Liabilities			
Borrowings	15 (A)	897.10	1,159.57
Other financial liabilities	16 (A)	1,244.95	1,352.85
Deferred tax liabilities, net	17	98.72	133.35
Other non current liabilities	18 (A)	97.99	165.39
Provisions	19 (A)	95.38	71.69
		2,434.14	2,882.85
Current liabilities			
Financial Liabilities			
Borrowings	15 (B)	2,141.26	2,587.04
Trade payables	20	352.85	233.86
Other financial liabilities	16 (B)	532.34	759.96
Other current liabilities	18 (B)	7.77	7.76
Provisions	19 (B)	-	5.52
Current tax liabilities	21	351.01	403.05
		3,385.23	3,997.19
Total liabilities		5,819.37	6,880.04
Total equity and liabilities		11,545.58	12,554.13
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/-
Chandra Babu M
Partner
Membership No.: 227849

Place: Hyderabad
Date: 30 May 2019

for and on behalf of the Board of Directors of
Vivimed Labs Limited
CIN: L02411KA1988PLC009465

Sd/-
Santosh Varalwar
Managing Director
DIN: 00054763

Sd/-
Raghunandan S
Whole -Time Director cum CFO
DIN: 02029812

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 31st March 2019

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

Particulars	Note	For the year ended 31 March 2019	For the year ended 31 March 2018
Income			
Revenue from operations	22	2,518.08	2,613.86
Other income	23	85.35	19.30
Total income		2,603.43	2,633.16
Expenses			
Cost of materials consumed	24	1,277.04	1,149.74
Changes in inventories and work-in-progress	25	(474.04)	(285.73)
Employee benefit expenses	26	378.75	340.87
Other operating expenses	27	302.20	309.41
Depreciation and amortisation expense	28	182.59	181.43
Finance costs	29	524.03	518.02
Other expenses	30	361.55	330.90
Total expense		2,552.12	2,544.64
Profit before tax		51.31	88.52
Tax expenses			
Current tax	31	10.38	17.02
Deferred tax	31	(20.93)	(27.18)
Total tax expense		(10.55)	(10.15)
Profit for the year		61.86	98.67
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Re-measurement gains/ (losses) on defined benefit plan		3.14	(9.81)
Income-tax effect	31	(1.03)	3.28
Other comprehensive income for the year, net of tax		2.11	(6.53)
Total comprehensive income for the year		63.97	92.13
Earnings per equity share (nominal value of INR 2) in INR	39		
Basic		0.75	1.20
Diluted		0.72	1.18
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/-
Chandra Babu M
Partner
Membership No.: 227849

Place: Hyderabad
Date: 30 May 2019

for and on behalf of the Board of Directors of
Vivimed Labs Limited
CIN: L02411KA1988PLC009465

Sd/-
Santosh Varalwar
Managing Director
DIN: 00054763

Sd/-
Raghunandan S
Whole -Time Director cum CFO
DIN: 02029812

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 2019

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

A. Equity Share Capital

Particulars	No. of shares	Amount
Balance as at March 31, 2017	8,10,18,915	162.04
Changes in equity share capital during the year	15,05,000	3.01
Balance as at March 31, 2018	8,25,23,915	165.05
Changes in equity share capital during the year	-	-
Balance as at March 31, 2019	8,25,23,915	165.05

Particulars	Reserves and Surplus					Total
	Securities premium	Capital reserve	General reserve	Revaluation reserve	Retained earnings	
At April 01, 2017	1,766.60	8.57	167.80	380.00	3,123.59	5,446.56
Profit for the year					98.67	98.67
Dividend paid during the year (including tax on dividend)					(39.47)	(39.47)
Equity shares issued during the year	-					-
Other comprehensive income gains/ (losses) on defined, net of tax	-		-	-	3.28	3.28
Balance as of 31 March 2018	1,766.60	8.57	167.80	380.00	3,186.07	5,509.04
Profit for the year					61.87	61.87
Dividend paid during the year (including tax on dividend)					-	-
Ind AS Adjustments					(11.85)	(11.85)
Equity shares issued during the year	-	-	-	-	-	-
Other comprehensive income						
Other comprehensive income gains/ (losses) on defined, net of tax	-		-	-	2.11	2.11
Balance as of 31 March 2019	1,766.60	8.57	167.80	380.00	3,238.19	5,561.16

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/-
Chandra Babu M
Partner
Membership No.: 227849

Place: Hyderabad
Date: 30 May 2019

for and on behalf of the Board of Directors of
Vivimed Labs Limited
CIN: L02411KA1988PLC009465

Sd/-
Santosh Varalwar
Managing Director
DIN: 00054763

Sd/-
Raghunandan S
Whole -Time Director cum CFO
DIN: 02029812

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 2019

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

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
I. Cash flows from operating activities		
Profit before tax	51.31	88.52
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation of tangible assets	151.39	148.35
Amortisation of intangible assets	31.20	33.08
Finance income (including fair value change in financial instruments)	(78.45)	(3.23)
Finance costs (including fair value change in financial instruments)	524.03	518.02
Operating profit before working capital changes	679.48	784.74
Changes in working capital:		
Adjustment for (increase)/decrease in operating assets		
Trade receivables	657.85	571.83
Inventories	100.93	(68.79)
Loans - current	(102.12)	917.81
Other assets - current	12.72	(296.08)
Adjustment for (increase)/decrease in operating liabilities		
Trade payables	119.00	(219.32)
Other financial liabilities	(336.00)	619.15
Other liabilities	(67.00)	(124.13)
Provisions	18.17	45.67
Cash generated from operations	1,083.03	2,230.88
Income taxes paid	(262.61)	(165.39)
Net cash generated from/(used in) operating activities	820.42	2,065.50
II. Cash flows from investing activities		
Proceeds from sale/ (Purchase of) property, plant and equipment and intangibles (including capital work in progress), net	(160.14)	258.20
Investments made during the year	643.35	(642.65)
Interest received (finance income)	78.45	3.23
Net cash used in investing activities	561.66	(381.22)
III. Cash flows from financing activities		
Share issue proceeds	-	3.01
Dividend paid	-	(39.47)
Proceeds from/(repayment of) long-term borrowings, net	(262.47)	(723.51)
Proceeds from/(repayment of) short-term borrowings, net	(445.78)	(470.05)
Interest paid	(524.03)	(518.02)
Net cash provided by financing activities	(1,232.28)	(1,748.04)
Net increase in cash and cash equivalents (I+II+III)	149.80	(63.77)
Cash and cash equivalents at the beginning of the year	91.79	155.55
Cash and cash equivalents at the end of the year (refer note below)	241.59	91.78
Note:		
Cash and cash equivalents comprise:		
Cash on hand	2.37	1.70
Balances with banks:		
- in current accounts	239.22	90.08
	241.59	91.78
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/-
Chandra Babu M
Partner
Membership No.: 227849

Place: Hyderabad
Date: 30 May 2019

for and on behalf of the Board of Directors of
Vivimed Labs Limited
CIN: L02411KA1988PLC009465

Sd/-
Santosh Varalwar
Managing Director
DIN: 00054763

Sd/-
Raghunandan S
Whole -Time Director cum CFO
DIN: 02029812

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 2019

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 2019. The financial statements were authorised for issue by the Company's Board of Directors on May 30, 2019.

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



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d) the Company 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.

2.5 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, 2019 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. The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

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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



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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 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.

3.6 Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. The

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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.

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



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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 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

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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 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.



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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.

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.

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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 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



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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 '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

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	Buildings	Plant and Machinery	Electrical equipment	Laboratory equipment	Office equipment	Computers	Furniture	Vehicles	Books and Periodicals	Total
Gross Carrying amount											
At April 1, 2017	1,238.77	913.89	1,942.27	58.18	47.50	18.37	34.54	62.29	31.98	0.04	4,347.85
Additions	103.35	356.06	4.81	0.26	28.81	0.63	0.66	0.68	4.22	-	499.48
Disposals/ adjustments	67.40	440.27	106.63	0.60	34.34	0.15	23.22	52.02	1.49	-	726.12
At March 31, 2018	1,274.72	829.68	1,840.45	57.84	41.97	18.85	11.98	10.95	34.71	0.04	4,121.21
Additions	300.07	1.69	84.42	0.13	1.79	0.04	0.16	8.17	2.74	-	399.22
Disposals/ adjustments	456.90	-	0.20	-	-	-	-	-	0.79	-	457.90
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
Accumulated depreciation											
At April 1, 2017	0.08	72.45	352.66	9.81	0.94	8.68	30.88	41.07	10.03	0.03	526.63
Charge for the year	-	32.79	94.97	3.48	4.50	0.41	4.76	2.51	4.92	0.01	148.35
Less: Disposals / adjustments	-	-	-	-	-	-	44.00	76.21	-	0.01	120.22
At March 31, 2018	0.08	105.24	447.63	13.29	5.44	9.09	(8.36)	(32.63)	14.95	0.03	554.76
Charge for the year	-	42.13	54.22	12.38	14.69	4.45	12.86	4.43	6.24	0.00	151.39
Less: Disposals / adjustments	-	-	-	-	-	-	-	-	-	-	-
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
Net Carrying amount											
At March 31, 2018	1,274.64	724.44	1,392.82	44.55	36.54	9.75	20.35	43.58	19.77	0.01	3,566.44
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

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

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5. Intangible assets

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

Particulars	Brands, Trademarks and Technical know how	Total
Gross Carrying amount		
At April 1, 2017	516.15	516.15
Additions	-	-
At March 31, 2018	516.15	516.15
Additions	-	-
At March 31, 2019	516.15	516.15
Accumulated depreciation		
At March 31, 2017	177.22	177.22
Amortisation expense	33.08	33.08
Less: Disposals / adjustments	6.87	6.87
At March 31, 2018	203.43	203.43
Amortisation expense	31.20	31.20
Less: Disposals / adjustments	-	-
At March 31, 2019	234.63	234.63
Carrying amount		
At March 31, 2018	312.72	312.72
At March 31, 2019	281.52	281.52

6. Investments

Particulars	As at 31 March 2019	As at 31 March 2018
Non-current investments		
Investments carried at cost		
Unquoted equity shares		
Investments in subsidiaries		
1,015,000 (March 31, 2018: 1,015,000; March 31, 2017: 1,015,000) equity shares of ₹10 each in Finoso Pharma Private Limited	100.00	100.00
10,000 (March 31, 2018: 10,000; March 31, 2017: 10,000) equity shares of HKD 1 each in Vivimed Holdings Limited, Hong Kong	0.07	0.07
1,000 (March 31, 2018: 1,000; March 31, 2017: 1,000) equity shares of USD 0.01 each in Vivimed Labs USA Inc, USA	246.98	246.98
900,000 (March 31, 2018: 900,000; March 31, 2017: 900,000) equity shares of USD 1 each in Vivimed Labs Mauritius Limited, Mauritius	460.41	460.41
10,000 (March 31, 2018: 10,000; March 31, 2017: 10,000) equity shares of ₹10 each in Vivimed Speciality Chemicals Private Limited	0.10	0.10
NIL (March 31, 2018: 14,133,440; March 31, 2017: 10,000) equity shares of ₹10 each in Vivimed Life Sciences Private Limited	-	642.75



Notes

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6. Investments (Contd.)

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

Particulars	As at 31 March 2019	As at 31 March 2018
Investments carried at fair value through profit and loss		
Investments in others		
Unquoted equity shares		
2,500,000 (March 31, 2018: 2,500,000; March 31, 2017: 2,500,000) equity shares of ₹10 each in Yantra Green Power Private Limited	25.00	25.00
Others	1.29	1.89
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	875.31	1,518.66
Total investments carried at cost	807.56	1,450.31
Total investments carried at fair value through profit and loss	26.29	26.89
Other investments	41.46	41.46

7. Inventories

Particulars	As at 31 March 2019	As at 31 March 2018
Raw Materials	1,769.14	1,838.00
Packing Materials	84.69	112.09
Semi-finished & Work-in-process	206.54	422.86
Finished Goods (including Goods in transit)	764.10	552.45
Total	2,824.47	2,925.40

8. Trade receivables

Particulars	As at 31 March 2019	As at 31 March 2018
Unsecured, considered good	1,051.70	1,703.26
	1,051.70	1,703.26
Less: Allowance for doubtful receivables	(32.85)	(26.55)
Total	1,018.86	1,676.71

9. Cash and cash equivalents

Particulars	As at 31 March 2019	As at 31 March 2018
i) Balances with banks:		
- On current accounts	239.22	90.08
ii) Cash on hand	2.37	1.70
(A) Total -(i+ii)	241.59	91.78
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)	249.59	91.78

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

10. Loans (Unsecured, considered good unless otherwise stated)

Particulars	As at 31 March 2019	As at 31 March 2018
Current		
Security deposits	647.81	518.65
Loans and advances to related parties	36.41	63.46
Total	684.23	582.11

11. Current tax assets

Particulars	As at 31 March 2019	As at 31 March 2018
Advance tax and TDS receivable	199.09	25.48
Less: Provision for taxes		
Total	199.09	25.48

12. Other assets

Particulars	As at 31 March 2019	As at 31 March 2018
Current		
Unsecured, considered good		
Advances other than capital advances		
Staff advances	72.66	164.31
Other advances	966.98	890.81
Prepaid expenses	205.57	202.81
Total	1,245.21	1,257.93

13. Share Capital

Particulars	As at 31 March 2019	As at 31 March 2018
Authorised Share Capital		
200,000,000 (March 31, 2018: 200,000,000) equity shares of ₹2/- each	400.00	400.00
710,000 (March 31, 2018: 710,000) Preference Shares of ₹1,000/- each	710.00	710.00
	1,100.00	1,100.00
Issued, subscribed and fully paid-up		
82,523,915 (March 31, 2018: 82,523,915) equity shares of ₹2/- each fully paid-up.	165.05	165.05
	165.05	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, 2017 (Equity shares of ₹2/- each fully paid-up)	8,10,18,915	162.04
Issued during the year (Equity shares of ₹2/- each fully paid)	15,05,000	3.01
Balance at March 31, 2018 (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)	-	-
Balance at March 31, 2019 (Equity shares of ₹2/- each fully paid-up)	8,25,23,915	165.05



Notes

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

(b) Terms / rights attached to the equity shares

Equity shares of the Company have a par value of ₹2/- each fully paid. 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 2019	As at 31 March 2018
Equity shares of ₹2/- each fully paid		
BBR Projects Private Limited		
Number of shares held	1,23,12,000	1,31,62,000
% of holding	14.92%	15.95%
Kitara PIIN 1102		
Number of shares held	91,50,685	91,50,685
% of holding	11.09%	11.09%
Santosh Varalwar		
Number of shares held	55,99,050	60,99,050
% of holding	6.78%	7.39%

14. Other equity

Particulars	As at 31 March 2019	As at 31 March 2018
Securities premium		
Opening balance	1,766.60	1,766.60
Additions during the year	-	-
Closing balance	1,766.60	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.

Particulars	As at 31 March 2019	As at 31 March 2018
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.

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14. Other equity (Contd.)

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

Particulars	As at 31 March 2019	As at 31 March 2018
Revaluation reserve		
Opening balance	380.00	380.00
Add: Additions from amalgamated entities	-	-
Closing balance	380.00	380.00
Retained earnings		
Opening balance	3,186.07	3,123.59
Profit/(loss) for the year	61.86	98.67
Additions from amalgamated entities	-	-
Dividend paid during the year (including tax on dividend)	-	-
Ind AS Adjustments	(11.85)	(11.85)
Other comprehensive income	2.11	3.28
Closing balance	3,238.19	3,186.07
Total other equity	5,561.16	5,509.04

15. Borrowings

Particulars	As at 31 March 2019	As at 31 March 2018
A. Non-current Borrowings		
Secured loans		
Term loans		
- From banks (refer note A below)	276.03	401.12
- From financial institutions (refer note A below)	58.94	257.98
Other loans		
- From financial institutions	8.97	7.49
Unsecured loans		
Sales tax deferment loan (refer note B below)	-	3.66
FCCB's From Financial Institutions (refer note C below)	553.16	489.33
Total non-current borrowings	897.10	1,159.57
B. Current Borrowings		
Secured loans repayable on demand		
Working capital loans		
- Cash credit and packing credit loans (refer note D below)	2,141.26	2,587.04
- Foreign bills discounting	-	-
Total current borrowings	2,141.26	2,587.04

A. Term loans:

Term loan from Banks consists of:

(i) Loan taken from SBI for USD 10.1 million repayable in 16 instalments from October 2017 to June 2021. This loan carries an interest rate of 5.84%.

(ii) Term loan from Allahabad Bank for INR 500 million repayable in 16 instalments from May 2015 to February 2019. This loan carries an interest rate of 12.75%



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

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. 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 deferment 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 2018-19. 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 upto 30 September 2019. 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, Exim and PCFC amounting to a total limit of INR 2,622 million with interest rates varying between 5.45% to 14.75%. During the year, EXIM Bank have not renewed PCFC facility and the loan was called back during the year.

16. Other financial liabilities

Particulars	As at 31 March 2019	As at 31 March 2018
(A) Non-Current		
Creditors for capital goods	243.06	278.17
Payable to related parties	1,001.89	1,074.68
	1,244.95	1,352.85
(B) Current		
Current maturities of long-term debts	440.78	708.43
Employee salaries payable	57.53	30.19
Employee bonus payable	14.66	14.94
Provision for expenses	19.37	6.40
	532.34	759.96

17. Deferred tax liabilities, net

Particulars	As at 31 March 2019	As at 31 March 2018
Deferred tax asset		
- Tangible and Intangible assets	-	-
- Provision allowed under tax on payment basis	-	-
- Expected credit loss on financial assets	98.72	133.35
- MAT credit entitlement	-	-
Total	98.72	133.35
Deferred tax liability		
- Fair valuation of financial liabilities	-	-
Deferred tax asset, net	98.72	133.35

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18. Other liabilities

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

Particulars	As at 31 March 2019	As at 31 March 2018
(A) Non-Current		
Deferred interest	70.45	134.19
Advances received	15.90	15.30
Grants receivable	-	0.37
Financial guarantee liability	11.65	15.53
	97.99	165.39
(B) Current		
Financial guarantee liability	7.77	7.76
	7.77	7.76

19. Provisions

Particulars	As at 31 March 2019	As at 31 March 2018
(A) Non-Current		
Provision for employee benefits		
- Gratuity (refer note 36)	50.92	40.14
- Compensated absences	21.80	17.55
Provision for others	22.66	14.00
	95.38	71.69
(B) Current		
Provision for employee benefits		
- Gratuity (refer note 36)	-	5.52
	-	5.52

20. Trade payables

Particulars	As at 31 March 2019	As at 31 March 2018
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	352.85	233.86
	352.85	233.86

21. Current tax liabilities

Particulars	As at 31 March 2019	As at 31 March 2018
Provision for taxes	351.01	403.05
Less: Advance tax and TDS receivable	-	-
	351.01	403.05



Notes

forming part of the Standalone financial statements

22. Revenue from operations

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

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Revenue from sale of products		
Domestic	1,587.94	1,900.58
Export	552.63	668.52
	2,140.57	2,569.10
Other operating revenue	377.51	44.76
	2,518.08	2,613.86

23. Other income

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Unwinding of interest on assets discounted	78.45	3.23
Grants received	-	0.38
Guarantee income	3.88	9.09
Miscellaneous income	3.02	6.60
	85.35	19.30

24. Cost of materials consumed

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Opening Stock of Raw Materials and Consumables	1,838.00	1,895.63
Opening Stock of Packing Materials	112.09	111.99
Add : Opening Stock of Raw Material on Amalgamated Entities	-	-
Add : Opening Stock of Packing Material on Amalgamated Entities	-	-
Add : Purchases during the year	1,180.78	1,092.21
	3,130.87	3,099.83
Less : Closing Stock of Raw Materials and Consumables	1,769.14	1,838.00
Less : Closing Stock of Packing Materials	84.69	112.09
	1,277.04	1,149.74

25. Changes in inventories and Work-in-progress

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Finished Goods		
Inventories at the beginning of the year	735.56	762.94
Add : Amalgamated Entities Finished Goods	-	-
Less : Inventories at the end of the year	759.40	735.56
Sub Total (A)	(23.84)	27.38
Semi Finished Goods & Work-in-Progress		
Inventories at the beginning of the year	422.86	142.58
Less : Inventories at the end of the year	206.54	422.86
Sub Total (B)	216.32	(280.28)
Goods in transit	(666.52)	(32.83)
(Increase) / Decrease in Inventories	(474.04)	(285.73)

Notes

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26. Employee benefits expense

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

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Salaries, wages and bonus	350.54	313.22
Contribution to provident and other funds	7.29	8.30
Staff welfare expenses	20.93	19.35
	378.75	340.87

27. Other operating expenses

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Consumption of Stores & Spares	48.32	37.11
Power & Fuel	89.20	108.33
Wages & Allowances	6.84	10.44
Labour Charges	72.17	63.00
Repairs to Building	0.94	1.91
Repairs to Machinery	19.25	25.22
Other Manufacturing Expenses	62.79	58.14
Job Work Charges	1.42	4.75
R & D Expenses	1.27	0.51
	302.20	309.41

28. Depreciation and amortisation expense

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Depreciation of tangible assets	151.39	148.35
Amortization of intangible assets	31.20	33.08
	182.59	181.43

29. Finance costs

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest on term loans, ECB loans and vehicle loans	126.51	136.99
Interest on working capital loan and cash credit	323.57	348.76
Other borrowing cost	73.95	32.27
	524.03	518.02



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30. Other expenses

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

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Business & Marketing Expenses	18.44	15.03
Bank charges	2.30	14.69
Commission & Discounts	24.35	37.73
Travelling Expenses - Foreign	1.59	3.98
Printing & Stationery	5.43	4.52
Telephone & Postage Expenses	5.65	6.95
Travelling Expenses	35.34	36.40
Rates & Taxes	21.98	12.87
Conveyance	9.10	8.53
Consultancy Charges	-	-
Directors' Sitting Fee	1.13	1.45
Insurance	3.95	7.55
Rent	17.45	18.73
Other Administrative Expenses	180.39	65.68
Processing fee on term loans	8.31	13.80
Provision against doubtful receivables	-	6.53
Fluctuation on Foreign exchange	0.14	45.57
Directors' Remuneration - Salary	24.13	29.00
Payment to Auditors:		
(i) As Auditor	1.82	1.82
(ii) For Taxation Matters	0.07	0.07
	361.55	330.90

31. Tax expenses

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Current income tax:		
Current income tax charge	10.38	17.02
Deferred tax:		
Relating to originating and reversal of temporary differences	(20.93)	(27.18)
Income tax expense recognised in the statement of profit or loss	(10.55)	(10.15)

Deferred tax related to items considered in OCI during the year

	For the year ended 31 March 2019	For the year ended 31 March 2018
Re-measurement gains/ (losses) on defined benefit plan	(1.03)	3.28
Income tax charge to OCI	(1.03)	3.28

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32. Contingent liabilities and commitments (All amounts in Indian Rupees millions, except share data and where otherwise stated).

Particulars	As at 31 March 2019	As at 31 March 2018
i) Contingent liabilities:		
- Corporate guarantees given on behalf of others	414.35	1,076.60
- Letter of credit outstanding	58.60	455.00
- Bank guarantees	14.20	9.06
- 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 Europe 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. Vivimed Labs (Mascarene) Ltd Soneas Chemical Ltd Soneas Research Ltd
Joint venture Company	-
Key Management Personnel ("KMP")	Santosh Varalwar (Managing Director) Raghunandan S (Whole -Time Director and CFO) Yugandhar Kopparthi (Company Secretary)

b) Transactions with related parties

	For the year ended 31 March 2019	For the year ended 31 March 2018
Key Management Personnel		
Remuneration Paid*	26.31	40.17
Investments made		
In subsidiaries	-	642.65
Subsidiaries and step down subsidiaries		
Sale of goods	970.25	1,619.66
Purchase of goods	157.44	487.06
Advances given	796.54	1,273.01
Advances received	1,533.61	3,105.13

*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.



Notes

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

c) Details of balances receivable from and payable to related parties are as follows:

	For the year ended 31 March 2019	For the year ended 31 March 2018
Finoso Pharma Private Limited	(48.87)	1.58
Vivimed Labs USA Inc.USA	(232.14)	(213.44)
Vivimed Labs Europe	244.29	358.18
Vivimed Labs Mauritius	(538.06)	(332.33)
Vivimed Labs Spain USL	(248.08)	(237.25)
Union Quimico Farmaceutica SAU, Spain	(4.06)	(6.21)
BBR Projects	478.93	379.23
Yantra Green Power	(13.62)	(0.56)
Kreatvie Hosts Atria Pvt Ltd	0.19	0.15
Vivimed Holdings Ltd	(65.44)	11.40
Uquifa Mexico	0.11	(2.95)
Yantra E-Solar India Private Limited	163.01	58.72
Nisarg Biosciences Private Limited	(53.05)	24.99
Vivimed Global Generics Private limited	5.70	5.70
Vivimed Life sciences Private Limited	40.50	(56.86)
BBR Green fields Private Limited	(75.59)	26.05
Sanvita Biotech Private Limited	108.40	40.45

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 ₹414.35 Mn availed by the Subsidiaries.

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.

Revenue by segment	For the year ended 31 March 2019	For the year ended 31 March 2018
a) Speciality Chemicals	565.18	716.12
b) Pharma	1,904.58	1,897.74
c) Others	-	-
Total revenue	2,469.76	2,613.86

Notes

forming part of the Standalone financial statements

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

Segment Results	For the year ended 31 March 2019	For the year ended 31 March 2018
(Profit before Tax & Interest)		
a) Speciality Chemicals	88.85	203.75
b) Pharma	486.49	402.79
c) Others	-	-
Total	575.33	606.54
Less: (i) Interest	524.03	518.02
(ii) Unallocable expenditure (Net of Un allocable income)		
Total Profit before tax	51.30	88.52

Segment Assets	For the year ended 31 March 2019	For the year ended 31 March 2018
a) Speciality Chemicals	10,486	10,699
b) Pharma	1,060	1,855
Total	11,546	12,554
Segment Liabilities		
a) Speciality Chemicals	5,651	6,724
b) Pharma	168	156
Total	5,819	6,880
Capital Employed		
a) Speciality Chemicals	6,925	7,187
b) Pharma	4,111	3,957
Total	11,036	11,144

35. Auditors' remuneration include:

Particulars	As at 31 March 2019	As at 31 March 2018
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:



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

	As at 31 March 2019	As at 31 March 2018
Opening balance	45.66	19.73
Current service cost	7.84	10.67
Interest cost	3.53	1.48
Benefits paid	(2.49)	(0.13)
Actuarial gain	(3.61)	13.90
Closing balance	50.92	45.66
Present value of projected benefit obligation at the end of the year	50.92	45.66
Fair value of plan assets at the end of the year	-	-
Net liability recognised in the balance sheet	50.92	45.66
Current provision	5.23	5.52
Non current provision	45.69	40.13

Expenses recognised in statement of profit and loss	As at 31 March 2019	As at 31 March 2018
Service cost	7.84	10.67
Interest cost	3.53	1.48
Gratuity cost	11.37	12.15
Re-measurement gains/ (losses) in OCI		
Actuarial gain / (loss) due to others	(3.61)	13.90
Remeasurement because of OB difference	0.38	(4.11)
Return on plan assets greater (less) than discount rate	0.10	0.02
Total expenses routed through OCI	(3.14)	9.81

Assumptions	As at 31 March 2019	As at 31 March 2018
Discount rate (per annum)	7.36%	7.73%
Future salary increases	2.00%	2.00%

A quantitative sensitivity analysis for significant assumption and its impact on projected benefit obligation are as follows:

	As at 31 March 2019	As at 31 March 2018
Impact of 1% increase in discount rate	(54.67)	(42.53)
Impact of 1% decrease in discount rate	47.64	49.26
Impact of 1% increase in salary growth rate	57.39	51.76
Impact of 1% decrease in salary growth rate	(45.47)	(40.41)
Impact of 1% increase in attrition rate	53.67	48.58
Impact of 1% decrease in attrition rate	(47.88)	(42.42)
Impact of 1% increase in mortality rate	51.10	45.74
Impact of 1% decrease in mortality rate	(50.84)	(45.58)

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.

Notes

forming part of the Standalone financial statements

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

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, 2019 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 March 2019	As at 31 March 2018
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

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 March 2019	As at 31 March 2018
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 2019	As at 31 March 2018
Cancellable lease expense	15.30	16.58
Non - cancellable lease expense	2.15	2.15
Total	17.45	18.73



Notes

forming part of the Standalone financial statements

39. Earnings per share

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

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.

Particulars	As at 31 March 2019	As at 31 March 2018
Profit for the year attributable to equity share holders	61.86	98.67
Shares		
Weighted average number of equity shares outstanding during the year – basic	8,25,23,915.00	8,25,23,915.00
Weighted average number of equity shares outstanding during the year – diluted	8,60,18,915.00	8,35,18,915.00
Earnings per share		
Earnings per share of par value ₹ 2 – basic (₹)	0.75	1.20
Earnings per share of par value ₹ 2 – diluted (₹)	0.72	1.18

40. 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, 2019 and March 31, 2018. 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, 2019 and March 31, 2018.

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.

Notes

forming part of the Standalone financial statements

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

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.

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, 2019	
INR	+1%
INR	-1%
March 31, 2018	
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 ₹1,676.71 (March 31, 2017: 2,248.54; April 1, 2016: 2,302.83). 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-19	31-Mar-18
Opening balance	26.55	20.02
Credit loss provided/ (reversed)	6.30	6.53
Closing balance	32.85	26.55

No single customer accounts for more than 10% of the revenue as of March 31, 2019, March 31, 2018 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.

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



Notes

forming part of the Standalone financial statements

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

	On demand
Year ended March 31, 2019	
Borrowings	2,141
Trade payables	353
Year ended March 31, 2018	
Borrowings	2,587
Trade payables	234

41. 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, 2019, March 31, 2018 was as follows:

Particulars	As at 31 March 2019	As at 31 March 2018
Total equity attributable to the equity shareholders of the Company	5,726	5,674
As a percentage of total capital	62.21%	56.02%
Long term borrowings including current maturities	1,338	1,868
Short term borrowings	2,141	2,587
Total borrowings	3,479	4,455
As a percentage of total capital	37.79%	43.98%
Total capital (equity and borrowings)	9,205	10,129

42. Standards issued but not effective

The standards issued, but not effective up to the date of issuance of the financial statements is disclosed below:

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) second Amendment Rules, has notified the following new and amendments to Ind Ass which the Company has not applied as they are effective from 1 April 2019

Ind AS - 116

Ind AS-116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles of recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises rightof- use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 Substantially carries forward the lessor accounting requirements in Ind AS17. The Company is in the process of evaluating the impact of the New Lease Standard on the present and future arrangements and shall determine the appropriate transition option once the said evaluation has been completed.

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forming part of the Standalone financial statements

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

Ind AS 12 Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments) The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax base, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company does not expect any significant impact of the amendment on its financial statements.

Ind AS 109 - Prepayment Features with Negative Compensation

The amendment relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Company does not expect this amendment to have any impact on its financial statements.

Ind AS 19 - Plan Amendment, Curtailment or Settlement

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for period after the re-measurement are determined using the assumption used for the remeasurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

The Company does not expect this amendment to have any significant impact on its financial statements. Ind AS 23 - Borrowing Costs The amendment clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect any impact from this amendment.

Ind AS 28 - Long-term Interests in Associates and Joint Ventures

The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The Company does not expect any impact from this amendment.

Ind AS 103 – Business Combinations and Ind AS 111 – Joint Arrangements

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business. The Company does not expect any impact from this amendment.



Notes

forming part of the Standalone financial statements

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

43. Subsequent Events

There are no significant events that occurred after the balance sheet date.

44. Prior year comparatives

The figures of the previous year have been regrouped/reclassified, where necessary, to conform with the current year's classification.

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/-
Chandra Babu M
Partner
Membership No.: 227849

Place: Hyderabad
Date: 30 May 2019

for and on behalf of the Board of Directors of
Vivimed Labs Limited
CIN: L02411KA1988PLC009465

Sd/-
Santosh Varalwar
Managing Director
DIN: 00054763

Sd/-
Raghunandan S
Whole -Time Director cum CFO
DIN: 02029812

Sd/-
Manohar Rao Varalwar
Whole -Time Director
DIN: 00059815

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

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, 2019, 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, 2019, the consolidated profit, 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Key Audit Matter	How the matter was addressed in our audit
Contingent Liabilities and litigation Matters	
Refer note 2.5 of the basis of preparation of financial statements and note 34 to the consolidated financial statements.	Our audit procedures included the following:
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.	We evaluating the design and testing the operating effectiveness of controls in respect of the recognition and measurement of provisions towards litigation and claims;
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.	Corroborating management's assessment by:
Accordingly, unexpected adverse outcomes could significantly impact the Company's reported profit and balance sheet position.	<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; • Obtaining confirmations from internal legal counsel where relevant and/ or evaluating legal opinions obtained by the management; • 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 16 subsidiaries, whose financial statements / financial information reflect total assets before elimination of ₹2,788.40 crores as at 31 March 2019, total revenues of ₹1,138.32 crores 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, 2019 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, 2019 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 P C N & Associates.,
Chartered Accountants
FRN : 016016S**

**Sd/-
Chandra Babu M
Partner
M.No:227849**

**Place: Hyderabad
Date: 30-05-2019**

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, 2019, 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, 2019, 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 P C N & Associates.,
Chartered Accountants
FRN : 016016S**

**Sd/-
Chandra Babu M
Partner
M.No:227849**

**Place: Hyderabad
Date: 30-05-2019**

Consolidated Balance Sheet

as at 31st March 2019

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

Particulars	Note	As at 31 March 2019	As at 31 March 2018
Assets			
Non-current assets			
Property, plant and equipment	4	6,620.33	7,447.16
Capital work-in-progress		1,223.07	652.71
Goodwill		2,176.25	2,176.26
Other intangible assets	5	852.64	730.15
Financial assets			
Investments	6	25.10	26.99
Deferred tax assets, net	7	67.92	78.57
Other non-current assets	8 (A)	20.26	5.03
		10,985.58	11,116.87
Current assets			
Inventories	9	5,636.86	5,401.66
Financial assets			
Trade receivables	10	3,561.10	2,754.30
Cash and cash equivalents	11 (A)	945.04	990.33
Bank balances other than cash and cash equivalents	11 (B)	8.00	
Loans	12	756.88	847.14
Others	13	1.08	0.78
Current tax assets	14	199.10	324.17
Other current assets	8 (B)	1,198.04	2,501.03
		12,306.09	12,819.41
Total assets		23,291.67	23,936.28
Equity and Liabilities			
Equity			
Equity share capital	15	165.05	165.05
Instruments entirely equity in nature	16	3,252.21	3,252.21
Other equity	17	6,020.69	8,846.71
Equity attributable to the owners of the Company		9,437.94	12,263.97
Non-controlling interests		-	122.81
Total equity		9,437.94	12,386.78
Non-current liabilities			
Financial Liabilities			
Borrowings	18 (A)	4,248.01	3,251.97
Other financial liabilities	19 (A)	308.55	233.60
Other non current liabilities	20 (A)	315.71	91.34
Provisions	21 (A)	92.11	70.28
		4,964.38	3,647.19
Current liabilities			
Financial Liabilities			
Borrowings	18 (B)	3,323.01	3,851.61
Trade payables	22	2,944.24	2,019.14
Other financial liabilities	19 (B)	2,193.39	1,398.16
Other current liabilities	20 (B)	77.70	78.28
Provisions	21 (B)	-	5.52
Current tax liabilities	23	351.01	548.80
		8,889.35	7,902.31
Total liabilities		13,853.73	11,549.50
Total equity and liabilities		23,291.67	23,936.28
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/-
Chandra Babu M
Partner
Membership No.: 227849

Place: Hyderabad
Date: 30 May 2019

for and on behalf of the Board of Directors of
Vivimed Labs Limited
CIN: L02411KA1988PLC009465

Sd/-
Santosh Varalwar
Managing Director
DIN: 00054763

Sd/-
Raghunandan S
Whole -Time Director cum CFO
DIN: 02029812

Sd/-
Manohar Rao Varalwar
Whole -Time Director
DIN: 00059815

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



Vivimed

Consolidated Statement of Profit and Loss

for the year ended 31st March 2019

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

Particulars	Note	For the year ended 31 March 2019	For the year ended 31 March 2018
Income			
Revenue from operations	24	13,151.70	11,856.60
Other income	25	229.61	96.10
Total income		13,381.31	11,952.70
Expenses			
Cost of materials consumed	26	5,619.12	4,898.03
Changes in inventories and work in progress	27	(435.13)	(101.29)
Employee benefits expense	28	2,417.60	1,977.77
Other operating expenses	29	2,580.96	2,093.35
Depreciation and amortisation expense	30	667.90	564.20
Finance costs	31	672.62	794.83
Other expenses	32	1,197.78	868.70
Total expense		12,720.86	11,095.59
Profit before tax		660.45	857.11
Tax expenses			
Current tax	33	78.03	121.79
Deferred tax	33	8.77	(25.58)
Total tax expense		86.80	96.21
Profit/(Loss) for the year before non-controlling interest		573.65	760.90
Profit/(Loss) attributable to non controlling interest		-	18.53
Profit/(Loss) attributable to owners of the Parent		573.65	779.43
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Re-measurement gains/ (losses) on defined benefit plan		3.11	(9.81)
Income-tax effect	33	(1.03)	3.24
Total		2.08	(6.57)
Other comprehensive income before non-controlling interest		2.08	(6.57)
Other comprehensive income attributable to non controlling interest		-	-
Other comprehensive income attributable to owners of the Parent		2.08	(6.57)
Total comprehensive income for the year before non controlling interest		575.74	754.33
Total comprehensive income attributable to non controlling interest		-	18.53
Total comprehensive income attributable to owners of the Parent		575.74	772.86
Earnings per equity share (nominal value of INR 2) in INR	41		
Basic		6.95	9.22
Diluted		6.67	9.11
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/-
Chandra Babu M
Partner
Membership No.: 227849

Place: Hyderabad
Date: 30 May 2019

for and on behalf of the Board of Directors of
Vivimed Labs Limited
CIN: L02411KA1988PLC009465

Sd/-
Santosh Varalwar
Managing Director
DIN: 00054763

Sd/-
Raghunandan S
Whole -Time Director cum CFO
DIN: 02029812

Sd/-
Manohar Rao Varalwar
Whole -Time Director
DIN: 00059815

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

Consolidated Statement of Cash Flows

for the year ended 31 March 2019

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

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
I. Cash flows from operating activities		
Profit before tax	660.45	857.11
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation of tangible assets	403.71	515.15
Amorisation of intangible assets	264.19	49.05
Finance costs (including fair value change in financial instruments)	672.62	794.83
Operating profit before working capital changes	2,000.97	2,216.14
Changes in working capital:		
Adjustment for (increase)/decrease in operating assets		
Trade receivables	(806.80)	(752.88)
Inventories	(235.20)	(561.98)
Loans - current	90.26	(224.70)
Other assets	1,287.46	220.49
Adjustment for (increase)/decrease in operating liabilities		
Trade payables	924.30	234.01
Other financial liabilities	870.18	(617.82)
Other liabilities	223.78	71.81
Provisions	16.30	49.71
Cash generated from operations	4,371.26	634.78
Income taxes paid	(149.88)	(420.57)
Net cash generated from/(used in) operating activities	4,221.38	214.21
II. Cash flows from investing activities		
Proceeds from sale/ (Purchase of) property, plant and equipment and intangibles (including capital work in progress), net	(890.61)	(1,635.37)
Investments made during the year	1.89	0.10
Net cash used in investing activities	(888.72)	(1,635.27)
III. Cash flows from financing activities		
Share issue proceeds	-	3,935.17
Dividend paid & Capital Reduction of subsidiaries	(3,172.77)	(39.47)
Proceeds from/(repayment of) long-term borrowings, net	996.04	(1,281.14)
Proceeds from/(repayment of) short-term borrowings, net	(528.60)	36.90
Interest paid	(672.62)	(794.83)
Net cash provided by financing activities	(3,377.95)	1,856.63
Net increase in cash and cash equivalents (I+II+III)	(45.29)	435.58
Cash and cash equivalents at the beginning of the year	990.33	554.73
Cash and cash equivalents at the end of the year (refer note below)	945.04	990.33
Note:		
Cash and cash equivalents comprise:		
Cash on hand	3.42	2.80
Balances with banks:		
- in current accounts	941.62	987.53
	945.04	990.33
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/-
Chandra Babu M
Partner
Membership No.: 227849

Place: Hyderabad
Date: 30 May 2019

for and on behalf of the Board of Directors of
Vivimed Labs Limited
CIN: L02411KA1988PLC009465

Sd/-
Santosh Varalwar
Managing Director
DIN: 00054763

Sd/-
Raghunandan S
Whole -Time Director cum CFO
DIN: 02029812

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 2019

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

A. Equity Share Capital

Particulars	No. of shares	Amount
Balance as at April 1, 2017	8,10,18,915	162.04
Changes in equity share capital during the year	15,05,000	3.01
Balance as at March 31, 2018	8,25,23,915	165.05
Changes in equity share capital during the year	-	-
Balance as at March 31, 2019	8,25,23,915	165.05

B. Instruments entirely equity in nature

Particulars	No. of shares	Amount
Compulsorily convertible preference shares		
Balance as at April 1, 2018	50,00,000	3,252.21
Add: NIL	-	-
Balance as at March 31, 2019	50,00,000	3,252.21

C. Other equity

Particulars	Securities premium	Capital reserve	Reserves and Surplus	Foreign currency adjustment	Retained earnings	Total equity attributable to the owners of the Company	Non-controlling interest	Total
At April 1, 2017	1,766.60	8.57	141.16	380.00	5,333.64	7,180.06	-	7,180.06
Profit for the year					779.43	779.43	(18.53)	760.90
Additions during the year	538.62							
Dividend paid during the year (including tax on dividend)					384.83	923.45	141.34	1,064.79
Other comprehensive income					(39.47)	(39.47)		(39.47)
Re-measurement gains/(losses) on defined benefit plans, net of tax	-	-	-	-	3.24	3.24	-	3.24
At March 31, 2018	2,305.22	8.57	141.16	380.00	6,076.84	8,846.71	122.81	8,969.52
Profit for the year					573.65	573.65	-	573.65
Additions during the year					(91.22)	(91.22)	-	(91.22)
Ind AS Adjustment					(11.85)	(11.85)		
Dividend paid & capital reduction of subsidiaries					(3,295.58)	(3,295.58)	-	(3,295.58)
Other comprehensive income								
Re-measurement gains/(losses) on defined benefit plans, net of tax	-	-	-	-	(1.03)	(1.03)	-	(1.03)
Balance as of 31 March 2019	2,305.22	8.57	141.16	380.00	3,342.04	6,020.69	-	6,155.35

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

for and on behalf of the Board of Directors of
Vivimed Labs Limited
CIN: L02411KA1988PLC009465

Sd/-
Chandra Babu M
Partner
Membership No.: 227849

Sd/-
Santosh Varalwar
Managing Director
DIN: 00054763

Sd/-
Manohar Rao Varalwar
Whole -Time Director
DIN: 00059815

Place: Hyderabad
Date: 30 May 2019

Sd/-
Raghunandan S
Whole -Time Director cum CFO
DIN: 02029812

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



Vivimed

Notes

forming part of the Consolidated financial statements

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 2019. The financial statements were authorised for issue by the Company's Board of Directors on May 30, 2019.

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/Mar/19	31/Mar/18
Finoso Pharma Private Limited	Subsidiary	India	100%	100%
Vivimed Specialty Chemicals Private Limited	Subsidiary	India	100%	100%
Vivimed Holdings Limited	Subsidiary	HK	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 Europe Limited	Step down Subsidiary	UK	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%
Vivimed Labs (Mascarene) Ltd	Step down Subsidiary	Mauritius	100%	100%
Soneas Chemicals Ltd	Step down Subsidiary	Hungary	100%	-
Soneas Research Ltd	Step down Subsidiary	Hungary	100%	-



Notes

forming part of the Consolidated financial statements

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 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

Notes

forming part of the Consolidated financial statements

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;
- 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).



Notes

forming part of the Consolidated financial statements

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 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

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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.

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



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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.

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/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.

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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-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



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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 Group 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 voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Group 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.

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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:

- 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



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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).

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

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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

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:



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- 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). 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.

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4. Property, Plant And Equipment

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

Particulars	Land	Buildings	Plant and Machinery	Electrical equipment	Laboratory equipment	Office equipment	Computers	Furniture	Vehicles	Books and Periodicals	Leasehold improvements	Total
Gross Carrying amount												
At April 1, 2017	1,539.73	1,460.16	3,568.01	33.97	103.09	13.81	42.97	44.57	28.15	0.02	-	6,834.48
Additions	674.42	1,125.08	597.92	0.26	48.85	1.81	18.98	92.82	13.59		1.44	2,575.17
Disposals/ adjustments	67.40	418.01	556.51	-	33.82	0.02	14.84	44.38	1.60		-	1,136.58
At March 31, 2018	2,146.75	2,167.23	3,609.42	34.23	118.12	15.60	47.11	93.01	40.14	0.02	1.44	8,273.07
Additions	361.69	502.76	937.31	0.13	48.91	20.03	36.88	14.86	9.96	0.27	0.64	1,933.46
Disposals/ adjustments	990.84	401.50	605.14	(20.20)	-	(0.93)	25.09	44.06	3.70	-	0.13	2,049.32
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
Accumulated depreciation												-
At April 1, 2017	0.00	20.60	252.10	0.50	7.07	1.25	17.76	5.29	6.18	0.00	-	310.76
Charge for the year	-	63.52	399.10	3.48	11.47	0.79	19.96	9.32	7.48		0.03	515.15
Disposals/ adjustments	-											-
At March 31, 2018	0.00	84.12	651.20	3.98	18.54	2.04	37.72	14.61	13.66	0.00	0.03	825.91
Charge for the year		95.00	421.97	12.38	23.79	8.13	26.85	9.77	9.73	0.00	0.15	607.77
Disposals/ adjustments		(54.67)	(64.50)	(1.70)	-	(19.71)	7.32	32.31	(2.10)	(0.16)		(103.20)
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
Net Carrying amount												-
At March 31, 2018	2,146.75	2,083.11	2,958.22	30.25	99.58	13.56	9.39	78.40	26.48	0.02	1.41	7,447.16
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

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



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5. Intangible assets

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

Particulars	Brands, Trademarks and Technical know how	Total
At April 1, 2017	731.49	731.49
Additions	129.47	129.47
Disposals/ adjustments	23.85	23.85
At March 31, 2018	837.11	837.11
Additions	421.93	421.93
Disposals/ adjustments	26.74	26.74
At March 31, 2019	1,232.29	1,232.29
Accumulated depreciation		
At April 1, 2017	57.91	57.91
Amortisation expense	49.05	49.05
Disposals/ adjustments	-	-
At March 31, 2018	106.96	106.96
Amortisation expense	60.12	60.12
Disposals/ adjustments	(212.57)	(212.57)
At March 31, 2019	379.65	379.65
Carrying amount		
At March 31, 2018	730.15	730.15
At March 31, 2019	852.64	852.64

6. Investments

Particulars	As at 31 March 2019	As at 31 March 2018
Non-current investments		
Investments carried at fair value through profit and loss		
Investments in others		
Unquoted equity shares		
2,500,000 (March 31, 2018: 2,500,000) equity shares of ₹10 each in Yantra Green Power Private Limited	25.00	25.00
Others	0.10	1.99
Total	25.10	26.99
Total investments carried at fair value through profit and loss	25.10	26.99

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7. Deferred tax assets, net

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

Particulars	As at 31 March 2019	As at 31 March 2018
Deferred tax asset		
- Tangible and Intangible assets	-	-
- Provision allowed under tax on payment basis	-	-
- Expected credit loss on financial assets	67.92	78.57
- MAT credit entitlement		
Total	67.92	78.57
Deferred tax liability		
- Fair valuation of financial liabilities	-	-
Deferred tax asset, net	67.92	78.57

8. Other assets

Particulars	As at 31 March 2019	As at 31 March 2018
(A) Non-current		
Unsecured, considered good		
Capital advances	15.23	-
Advances other than capital advances	-	-
Prepaid leases	5.03	5.03
	20.26	5.03
(B) Current		
Unsecured, considered good		
Advances other than capital advances		
Other advances	891.60	2,205.94
Prepaid expenses	277.71	289.62
Export incentives	28.73	5.47
	1,198.04	2,501.03

9. Inventories

Particulars	As at 31 March 2019	As at 31 March 2018
Raw Materials	2,570.06	2,597.83
Packing Materials	90.52	114.34
Semi-finished & Work in process	969.68	746.36
Finished Goods (including Goods in transit)	2,006.60	1,943.13
Total	5,636.86	5,401.66

10. Trade receivables

Particulars	As at 31 March 2019	As at 31 March 2018
Unsecured, considered good	3,590.79	2,780.85
	3,590.79	2,780.85
Less: Allowance for doubtful receivables	(29.69)	(26.55)
Total	3,561.10	2,754.30



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11. Cash and cash equivalents

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

Particulars	As at 31 March 2019	As at 31 March 2018
i) Balances with banks:		
- On current accounts	941.62	987.53
ii) Cash on hand	3.42	2.80
(A) Total -(i+ii)	945.04	990.33
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)	953.04	990.33

12. Loans (Unsecured, considered good unless otherwise stated)

Particulars	As at 31 March 2019	As at 31 March 2018
Current		
Security deposits	579.83	562.80
Loans and advances to related parties	104.39	93.06
Loans to employees and others	72.66	191.27
Total	756.88	847.14

13. Other financial assets

Particulars	As at 31 March 2019	As at 31 March 2018
Current		
Interest receivable	1.08	0.78
	1.08	0.78

14. Current tax assets

Particulars	As at 31 March 2019	As at 31 March 2018
Advance tax and TDS receivable	199.10	324.17
Less: Provision for taxes		
Total	199.10	324.17

15. Share Capital

Particulars	As at 31 March 2019	As at 31 March 2018
Authorised Share Capital		
200,000,000 (March 31, 2018: 200,000,000), equity Shares of ₹2/- each	400.00	400.00
710,000 Preference Shares of ₹1,000/- each	710.00	710.00
	1,100.00	1,100.00
Issued, subscribed and fully paid-up		
82,523,915 (March 31, 2018: 82,523,915) equity shares of ₹2/- each fully paid-up.	165.05	165.05
	165.05	165.05

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15. Share Capital (contd.)

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

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

Particulars	As at 31 March 2019	As at 31 March 2018
Balance at March 31, 2017 (Equity shares of ₹2/- each fully paid-up)	8,10,18,915	162.04
Add: Issued during the year	15,05,000	3.01
Balance at March 31, 2018 (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)	-	-
Balance at March 31, 2019 (Equity shares of ₹2/- each fully paid-up)	8,25,23,915	165.05

(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 2019	As at 31 March 2018
Equity shares of ₹2/- each fully paid		
BBR Projects Private Limited		
Number of shares held	1,23,12,000	1,31,62,000
% of holding	14.92%	15.95%
Kitara PIIN 1102		
Number of shares held	91,50,685	91,50,685
% of holding	11.09%	11.09%
Santosh Varalwar		
Number of shares held	55,99,050	60,99,050
% of holding	6.78%	7.39%

16. Instruments entirely equity in nature

Particulars	As at 31 March 2019	As at 31 March 2018
Compulsorily convertible preference shares		
Authorised Share Capital		
Issued, subscribed and fully paid-up	-	3,252.21
	-	3,252.21



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17. Other equity

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

Particulars	As at 31 March 2019	As at 31 March 2018
Securities premium		
Opening balance	2,305.22	1,766.60
Additions during the year	-	538.62
Closing balance	2,305.22	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
Foreign currency adjustment		
Opening balance	(65.08)	(449.91)
Add: Additions during the year	(104.10)	384.83
Closing balance	(169.18)	(65.08)
Retained earnings		
Opening balance	6,076.84	5,333.64
Profit/(loss) for the year	573.65	779.43
Ind AS Adjustments	(11.85)	-
Dividend paid / Capital reduction of subsidiaries	(3,295.58)	(39.47)
Other comprehensive income	(1.03)	3.24
Closing balance	3,354.92	6,076.84
Total other equity	6,020.69	8,846.71

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18. Borrowings

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

Particulars	As at 31 March 2019	As at 31 March 2018
(A) Non-current Borrowings		
Secured loans		
Term loans		
- From Banks (refer note A below)	3,559.10	811.03
- From Financial institutions (refer note A below)	127.21	1,940.46
Redeemable preference shares		
- From Financial institutions (refer note C below)		
Other loans		
- From Financial institutions	4.50	7.49
Unsecured loans		
Sales tax deferment loan (refer note B below)	4.04	3.66
FCCB's From Financial Institutions (refer note C below)	553.16	489.33
Total non-current borrowings	4,248.01	3,251.97
(B) Current Borrowings		
Secured loans repayable on demand		
Working capital loans		
- Cash credit and packing credit loans (refer note D below)	3,147.23	3,814.46
- Foreign bills discounting	-	-
- Others	175.78	37.15
Total current borrowings	3,323.01	3,851.61

A. Term loans:

Term loan from Banks consists of:

- Loan taken from SBI for USD 10.1 million repayable in 16 instalments from October 2017 to June 2021. This loan carries an interest rate of 5.84%.
- Term loan from Allahabad Bank for INR 500 million repayable in 16 instalments from May 2015 to February 2019. This loan carries an interest rate of 12.75%
- Term loan from SBI for INR 30 million at an interest rate of 12.75%
- Term loan from Axis Bank Singapore for USD 10.4 million at an interest rate of 3.60%

Term loan from Financial Institutions consists of:

- ECB loan taken from IFC for USD 12.5 million repayable in 10 instalments from June 2015 to December 2019. This loan carries an interest rate of 6.02%.
- Term loan from Santander - Syndicated for USD 35 million
- 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.



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

B. Sales tax deferment 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 2019-20. 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 upto 30 September 2019. 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 14.75%.

During the year, EXIM Bank have not renewed PCFC facility and the loan was called back during the year.

19. Other financial liabilities

Particulars	As at 31 March 2019	As at 31 March 2018
(A) Non-Current		
Creditors for capital goods	308.55	233.60
Payable to related parties	-	-
	308.55	233.60
(B) Current		
Current maturities of long-term debts	1,976.09	1,136.37
Employee salaries payable	188.00	224.85
Employee bonus payable	14.66	14.94
Provision for expenses	14.64	22.01
	2,193.39	1,398.16

20. Other liabilities

Particulars	As at 31 March 2019	As at 31 March 2018
(A) Non-Current		
Deferred interest	18.96	74.60
Advances received	296.38	16.37
Grants receivable	0.37	0.37
	315.71	91.34
(B) Current		
Current		
Statutory liabilities	77.70	78.28
	77.70	78.28

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21. Provisions

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

Particulars	As at 31 March 2019	As at 31 March 2018
(A) Non-Current		
Provision for employee benefits		
- Gratuity (refer note 38)	53.30	43.14
- Compensated absences	23.66	19.31
Provision for others	15.15	7.83
	92.11	70.28
(B) Current		
Provision for employee benefits		
- Gratuity (refer note 38)	-	5.52
- Compensated absences	-	5.52
	-	5.52

22. Trade payables

Particulars	As at 31 March 2019	As at 31 March 2018
Trade payables		
- Total outstanding dues of micro enterprises and small enterprises (refer note 39)	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	2,944.24	2,019.94
	2,944.24	2,019.94

23. Current tax liabilities

Particulars	As at 31 March 2019	As at 31 March 2018
Provision for taxes	351.01	548.80
Less: Advance tax and TDS receivable		
	351.01	548.80

24. Revenue from operations

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Revenue from sale of products		
Domestic	2,929.63	3,264.94
Export	9,719.47	8,546.90
	12,649.10	11,811.84
Other operating revenue	502.60	44.76
	13,151.70	11,856.60



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25. Other income

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

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Grants received	0.38	0.38
Miscellaneous income	229.23	95.72
	229.61	96.10

26. Cost of materials consumed

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Opening Stock of Raw Materials and Consumables	2,597.83	2,484.42
Opening Stock of Packing Materials	114.34	114.07
Opening Stock of Raw Materials (JDV)	-	80.18
Opening Stock of Packing Materials (JDV)	-	68.20
Add : Purchases during the year	5,567.53	4,863.33
	8,279.70	7,610.20
Less : Closing Stock of Raw Materials and Consumables	2,570.06	2,597.83
Less : Closing Stock of Packing Materials	90.52	114.34
	5,619.12	4,898.03

27. Changes in inventories and Work in progress

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Finished Goods		
Inventories at the beginning of the year	1,755.69	1,697.79
Less : Inventories at the end of the year	1,803.05	1,755.69
Sub Total (A)	(47.36)	(57.90)
Semi Finished Goods & Work in Progress		
Inventories at the beginning of the year	746.36	779.10
Less : Inventories at the end of the year	873.81	746.36
Sub Total (B)	(127.45)	32.74
Goods in transit and stock in trade	-	-
Fluctuation in foreign exchange	(260.31)	(76.13)
(Increase) / Decrease in Inventories	(435.13)	(101.29)

28. Employee benefits expense

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Salaries, wages and bonus	2,344.48	1,878.35
Staff welfare expenses	73.12	99.42
	2,417.60	1,977.77

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29. Other operating expenses

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

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Consumption of Stores & Spares	229.12	174.49
Power & Fuel	427.67	347.25
Wages & Allowances	6.84	10.44
Labour Charges	174.40	170.82
Repairs to Building	23.29	4.06
Repairs to Machinery	244.56	182.01
Other Manufacturing Expenses	1,108.39	451.83
Job Work Charges	3.64	4.75
R & D Expenses	363.04	747.70
	2,580.96	2,093.35

30. Depreciation and amortisation expense

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Depreciation of tangible assets	403.71	515.15
Amortization of intangible assets	264.19	49.05
	667.90	564.20

31. Finance costs

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest on term loans, ECB loans and vehicle loans	161.50	146.33
Interest on working capital loan and cash credit	408.76	369.80
Other borrowing cost	102.36	278.70
	672.62	794.83

32. Other expenses

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Business & Marketing Expenses	37.36	38.91
Bank charges	28.02	28.70
Commission & Discounts	74.93	86.39
Travelling Expenses - Foreign	32.41	38.25
Other selling expenses	31.81	41.33
Printing & Stationery	11.60	8.89
Telephone & Postage Expenses	23.76	17.22
Travelling Expenses	48.67	41.30
Rates & Taxes	71.68	63.16
Conveyance	9.10	8.53
Consultancy Charges	241.33	180.45



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32. Other expenses(Contd.)

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

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Insurance	50.20	42.31
Rent	68.46	48.15
Other Administrative Expenses	528.33	311.35
Processing fee on term loans	20.61	20.85
Provision against doubtful receivables	-	6.53
Fluctuation on Foreign exchange	(110.12)	(141.48)
Payment to Auditors:		
(i) As Auditor	26.34	26.34
(ii) For Taxation Matters	3.29	1.52
	1,197.78	868.70

33. Tax expenses

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Current income tax:		
Current income tax charge	78.03	121.79
Deferred tax:		
Relating to originating and reversal of temporary differences	8.77	(25.58)
Income tax expense recognised in the statement of profit or loss	86.80	96.21

Deferred tax related to items considered in OCI during the year	For the year ended 31 March 2019	For the year ended 31 March 2018
Re-measurement gains/ (losses) on defined benefit plan	(1.03)	3.24
Income tax charge to OCI	(1.03)	3.24

34. Contingent liabilities and Commitments

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
i) Contingent liabilities:		
- Corporate guarantees given on behalf of others	414.35	1,076.60
- Letter of credit outstanding	58.6	455.00
- Bank guarantees	14.20	9.06
- 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		

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35. Related party disclosures

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

a) Names of related parties and description of relationship

Joint venture Group	-
Key Management Personnel ("KMP")	Santosh Varalwar (Managing Director)
	S Raghunandan (Whole-Time Director & CFO)
	Yugandhar Kopparthi (Company Secretary)

b) Transactions with related parties

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Key Management Personnel		
Remuneration Paid*	26.31	40.17
Subsidiaries and step down subsidiaries		
Sale of goods	970.25	1,619.66
Purchase of goods	157.44	487.06
Advances given	796.54	1,273.01
Advances received	1,533.61	3,105.13

*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.

c) Details of balances receivable from and payable to related parties are as follows:

Name of Related Party	As at 31 March 2019	As at 31 March 2018
BBR Projects P Ltd.	478.93	379.23
Yantra Green Power P Ltd.	(13.62)	(0.56)
Kreatvie Hosts Atria Pvt Ltd	0.19	0.15
Yantra E-Solar India Private Limited	163.01	58.72
Nisarg Biosciences Private Limited	(53.05)	24.99
BBR Green fields Private Limited	(75.59)	26.05
Sanvita Biotech Private Limited	108.40	40.45

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 ₹414.35 Mn availed by the Subsidiaries.



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36. Segment information

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

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 2019	For the year ended 31 March 2018
a) Speciality Chemicals	1,626.98	2,003.46
b) Pharma	11,524.73	9,853.14
c) Others	-	-
Total revenue	13,151.70	11,856.60

Segment Results	For the year ended 31 March 2019	For the year ended 31 March 2018
(Profit before Tax & Interest)		
a) Speciality Chemicals	436.33	622.32
b) Pharma	896.75	1,029.62
c) Others	-	-
Total:	1,333.08	1,651.93
Less: (i) Interest	672.62	795
(ii) Unallocable expenditure (Net of Un allocable income)		
Total Profit before tax	660.46	857.10

Segment Assets	For the year ended 31 March 2019	For the year ended 31 March 2018
a) Speciality Chemicals	14,681	12,633
b) Pharma	8,611.14	11,303
Total	23,292	23,936
Segment Liabilities		
a) Speciality Chemicals	5,243.62	6,050
b) Pharma	8,610.11	5,499
Total	13,854	11,549
Capital Employed		
a) Speciality Chemicals	11,718	6,557
b) Pharma	7,975	5,803
Total	19,693	12,360

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37. Auditors' remuneration include:

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

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Statutory audit fee (including limited review)	26.34	26.34
Taxation matters	3.29	1.52
Total	29.63	27.86

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 2019	As at 31 March 2018
Particulars	31-Mar-19	31-Mar-18
Opening balance	45.66	19.73
Current service cost	7.84	10.67
Interest cost	3.53	1.48
Benefits paid	(2.49)	(0.13)
Actuarial gain	(3.61)	13.90
Closing balance	50.92	45.66
Present value of projected benefit obligation at the end of the year	50.92	45.66
Fair value of plan assets at the end of the year	-	-
Net liability recognised in the balance sheet	50.92	45.66
Current provision	5.23	5.52
Non current provision	45.69	40.13

Expenses recognised in statement of profit and loss	As at 31 March 2019	As at 31 March 2018
Service cost	7.84	10.67
Interest cost	3.53	1.48
Gratuity cost	11.37	12.15
Re-measurement gains/ (losses) in OCI		
Actuarial gain / (loss) due to others	(3.61)	13.90
Remeasurement because of OB difference	0.38	(4.11)
Return on plan assets greater (less) than discount rate	0.10	0.02
Total expenses routed through OCI	(3.14)	9.81



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38. Gratuity (contd.)

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

Assumptions	As at 31 March 2019	As at 31 March 2018
Discount rate (per annum)	7.36%	7.73%
Future salary increases	2.00%	2.00%

A quantitative sensitivity analysis for significant assumption and its impact on projected benefit obligation are as follows:

	As at 31 March 2019	As at 31 March 2018
Impact of 1% increase in discount rate	(54.67)	(42.53)
Impact of 1% decrease in discount rate	47.64	49.26
Impact of 1% increase in salary growth rate	57.39	51.76
Impact of 1% decrease in salary growth rate	(45.47)	(40.41)
Impact of 1% increase in attrition rate	53.67	48.58
Impact of 1% decrease in attrition rate	(47.88)	(42.42)
Impact of 1% increase in mortality rate	51.10	45.74
Impact of 1% decrease in mortality rate	(50.84)	(45.58)

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

Particulars	As at 31 March 2019	As at 31 March 2018
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

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40. Leases

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

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 2019	As at 31 March 2018
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 2019	As at 31 March 2018
Cancellable lease expense	66.31	46.00
Non - cancellable lease expense	2.15	2.15
Total	68.46	48.15

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 2019	As at 31 March 2018
Profit for the year attributable to equity share holders	573.65	760.90
Shares		
Weighted average number of equity shares outstanding during the year – basic	8,25,23,915.00	8,25,23,915.00
Weighted average number of equity shares outstanding during the year – diluted	8,60,18,915.00	8,35,18,915.00
Earnings per share		
Earnings per share of par value ₹2 – basic (₹)	6.95	9.22
Earnings per share of par value ₹2 – diluted (₹)	6.67	9.11



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

42. 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, 2019 and March 31, 2018. 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, 2019 and March 31, 2018.

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.

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, 2019		
INR	+1%	(94.72)
INR	-1%	94.72
March 31, 2018		
INR	+1%	(82.40)
INR	-1%	82.40

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42. Financial risk management objectives and policies (contd.)

b) Credit risk

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

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 ₹3,590.79 (March 31, 2018: 2,780.85). 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 2019	As at 31 March 2018
Opening balance	26.55	20.02
Credit loss provided/ (reversed)	3.14	6.53
Closing balance	29.69	26.55

No single customer accounts for more than 10% of the revenue as of March 31, 2019, March 31, 2018 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.

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:"

Year ended March 31, 2019	On Demand
Borrowings	3,147
Trade payables	2,944
Year ended March 31, 2018	
Borrowings	3,852
Trade payables	2,020

43. 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.



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43. Capital management (contd.)

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

The capital structure as of March 31, 2019, March 31, 2018 was as follows:

Particulars	As at 31 March 2019	As at 31 March 2018
Total equity attributable to the equity shareholders of the Group	9,438	12,264
As a percentage of total capital	49.71%	59.81%
Long term borrowings including current maturities	6,224	4,388
Short term borrowings	3,323	3,852
Total borrowings	9,547	8,240
As a percentage of total capital	50.29%	40.19%
Total capital (equity and borrowings)	18,985	20,504

44. Standards issued but not effective

The standards issued, but not effective up to the date of issuance of the financial statements is disclosed below:

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) second Amendment Rules, has notified the following new and amendments to Ind Ass which the Company has not applied as they are effective from 1 April 2019.

Ind AS - 116

Ind AS-116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles of recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 Substantially carries forward the lessor accounting requirements in Ind AS17.

The Company is in the process of evaluating the impact of the New Lease Standard on the present and future arrangements and shall determine the appropriate transition option once the said evaluation has been completed.

Ind AS 12 Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments) The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax base, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company does not expect any significant impact of the amendment on its financial statements.

Notes

forming part of the Consolidated financial statements

44. Standards issued but not effective (contd.)

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

Ind AS 109 - Prepayment Features with Negative Compensation

The amendment relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Company does not expect this amendment to have any impact on its financial statements.

Ind AS 19 - Plan Amendment, Curtailment or Settlement

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for period after the re-measurement are determined using the assumption used for the remeasurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

The Company does not expect this amendment to have any significant impact on its financial statements. Ind AS 23 - Borrowing Costs The amendment clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect any impact from this amendment.

Ind AS 28 - Long-term Interests in Associates and Joint Ventures

The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The Company does not expect any impact from this amendment.

Ind AS 103 – Business Combinations and Ind AS 111 – Joint Arrangements

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business. The Company does not expect any impact from this amendment.

45. Subsequent Events

There are no significant events that occurred after the balance sheet date.

46. Prior year comparatives

The figures of the previous year have been regrouped/reclassified, where necessary, to conform with the current year's classification.

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/-
Chandra Babu M
Partner
Membership No.: 227849

Place: Hyderabad
Date: 30 May 2019

for and on behalf of the Board of Directors of
Vivimed Labs Limited
CIN: L02411KA1988PLC009465

Sd/-
Santosh Varalwar
Managing Director
DIN: 00054763

Sd/-
Raghunandan S
Whole -Time Director cum CFO
DIN: 02029812

Sd/-
Manohar Rao Varalwar
Whole -Time Director
DIN: 00059815

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



Notice

Vivimed Labs Limited

CIN: L02411KA1988PLC009465

Registered office: Plot No.78-A, Kolhar Industrial Area, Bidar, Karnataka - 585403

Corporate office: North End, Road No.2, Banjara Hill, Hyderabad - 500034

Tel: 91-40-6608 6608, Fax: 91-40-6608 6699,

E-mail: Yugandhar.Kopparthi@vivimedlabs.com

NOTICE IS HEREBY GIVEN THAT THE 31st ANNUAL GENERAL MEETING OF THE MEMBERS OF VIVIMED LABS LIMITED WILL BE HELD ON MONDAY, SEPTEMBER 30, 2019 AT 11.30 A.M. AT THE REGISTERED OFFICE OF THE COMPANY SITUATED AT PLOT NO.78-A, KOLHAR INDUSTRIAL AREA, BIDAR- 585403 KARNATAKA, INDIA TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Standalone Balance Sheet as at March 31, 2019, Statement of Profit and Loss for the financial year ended March 31, 2019, Cash Flow Statement for the financial year ended March 31, 2019 and reports of Directors and Auditors thereon.
2. To receive, consider and adopt the Consolidated Balance Sheet as at March 31, 2019, Statement of Profit and Loss for the financial year ended March 31, 2019, Cash Flow Statement for the financial year ended March 31, 2019 and Report of Auditors thereon.
3. To appoint a Director in place of Mr.Sandeep Varalwar [DIN: 01682951], who retires by rotation and, being eligible, offers himself for re-appointment.
4. To ratify the appointment of M/s.PCN & Associates, Chartered Accountants, (Registration No.016016S), as approved by members at the 30th Annual General Meeting as Statutory Auditors of the Company to hold office until the conclusion of 35th Annual General Meeting and to authorize the Board to fix their remuneration.

SPECIAL BUSINESS:

5. 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 2020.

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, 2020, be paid remuneration not exceeding ₹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”.

6. Change in designation of Mr.Raghunandan Srirambatla from whole time director to whole time director cum CFO of the company.

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 152, 203 of the Companies Act, 2013 and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) and rules and regulations made there under, approval of the members of the Company be and is hereby accorded to the change in designation of Mr. Raghunandan Srirambatla from whole time director to whole time director cum CFO of the company, liable to retire by rotation, effective from 14th November, 2018 on such terms and conditions as per Letter of Appointment given to Mr. Raghunandan Srirambatla by the Company.

RESOLVED FURTHER THAT Mr. Santosh Varalwar, Mr. Manohar Rao Varalwar, Mr. Sandeep Varalwar, Directors of the company and Mr. K. Yugandhar Company Secretary of the Company be and are hereby jointly and/or severally authorised to file the necessary e-forms with Registrar of Companies, and to do all such acts and deeds as may be required to give effect to the above resolution.

7. To appoint Prof. Bhagvanth Rao Mamidpalli as an Independent Director

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **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, Prof. Bhagvanth Rao Mamidpalli (DIN: 00117862), who was appointed as

an Independent Director of the Company for a term of five years up to 31st AGM, by the members at the 26th 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 September 30, 2019 up to 36th Annual General Meeting to be held in calendar year 2024, not liable to retire by rotation.”

8. To appoint Mr. Nixon Patel as an Independent Director.

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **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, Mr. Nixon Patel (DIN: 01717281), who was appointed as an Independent Director of the Company for a term of five years up to 31st AGM, by the members at the 26th 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 September 30, 2019 up to 36th Annual General Meeting to be held in calendar year 2024, not liable to retire by rotation.”

By order of the Board
for **Vivimed Labs Limited**
Sd/-
K. Yugandhar
Company Secretary

Place: Hyderabad
Date: 09.08.2019



Notes:

1. A member entitled to attend and vote at the annual general meeting (AGM) of the company may appoint a proxy to attend and on a poll, vote instead of himself/herself and a proxy need not be a member of the company. The instrument appointing the proxy should be deposited at the Registered Office of the Company not less than forty-eight hours before commencement of the Annual General Meeting. Proxies submitted on behalf of companies, societies, etc., must be supported by an appropriate resolution/authority, as applicable. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of members not exceeding fifty in number and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital carrying voting rights may appoint single person as a proxy and such person shall not act as proxy for any other member.
2. During the period beginning 24 hours before the time fixed for the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company provided that not less than three days of notice in writing is given to the Company.
3. Members are requested to hand over the enclosed Attendance Slip, duly signed in accordance with their specimen signature(s) registered with the Company for admission to the meeting hall. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for identification.
4. Corporate members intending to send their authorized representatives to attend the AGM pursuant to Section 113 of the Companies Act, 2013 are requested to send a duly certified copy of the Board Resolution together with their specimen signatures authorizing their representative(s) to attend and vote on their behalf at the AGM to the Company's Registrar and Transfer Agent, Aarthi Consultants Pvt. Ltd, Registered Office: 1-2-285, Domalaguda, Hyderabad-500029 by not less than forty-eight (48) hours before commencement of the AGM.
5. A route map showing directions to reach the venue of the 31st AGM is given along with this Annual Report as per the requirement of the "Secretarial Standards - 2" on General Meetings.
6. As a measure of austerity, copies of the Annual Report will not be distributed at the AGM. Members are, therefore, requested to bring their copies of the Annual Report to the Meeting.
7. A statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the AGM is annexed hereto.
8. Relevant documents referred to in the accompanying Notice and the statement pursuant to Section 102(1) of the Companies Act, 2013 are available for inspection at the Registered Office of the Company during business hours on all days except Saturdays, Sundays and public holidays upto the date of the AGM. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM. The Register of Contracts or Agreements in which the directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
9. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, September 25, 2019 to Monday, September 30, 2019 [both days inclusive].
10. Those members who have not encashed their dividend warrants pertaining to the following financial years are requested to approach the Company for the payment thereof as the same will be transferred to the Investor Education and Protection Fund [IEPF]

on the respective dates mentioned there against pursuant to the provisions of section 125 of the Companies Act, 2013 and the Rules made thereunder.

Accounting Year ended	Date of declaration of dividend	Dividend payment %	Expected date of of dividend transfer of unpaid dividend to IEPF Account
March 31, 2012	27 Sep 2012	30%	27 Sep 2019
March 31, 2013	30 Sep 2013	30%	30 Sep 2020
March 31, 2014	30 Sep 2014	30%	30 Sep 2021
March 31, 2017	29 Sep 2017	20%	29 Sep 2024
March 31, 2018	28 Sep 2018	20%	28 Sep 2025

Pursuant to the IEPF [Uploading of information regarding unpaid and unclaimed amount lying with the Companies] Rules, 2012, the Company has uploaded the information in respect of the Unclaimed Dividends as on the date of the 30th Annual General Meeting held on September 27th, 2018 on its website: www.vivimedlabs.com and on the website of Ministry of Corporate Affairs www.mca.gov.in

11. Electronic copy of the Notice convening the 31st AGM of the Company, Annual Report along with the Attendance Slip and Proxy Form are being sent to the members who have registered their email ids with the Company / Depository Participant(s). For members who have not registered their email ids, physical copies of the aforementioned documents are being sent in the permitted mode.
12. Members who have not registered their email address so far are requested to register their email ids for receiving all communications including Annual Report, Notices, etc., from the Company electronically.
13. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 hereinafter referred to as 'Listing Regulations' (including any statutory modification(s) and / or re-enactment(s) for the time being in force), the members are provided with the following alternatives by which they may cast their votes:

- (i) By electronic means through the remote e-voting

platform provided by CDSL. The process for voting through e-voting is annexed hereto. The remote e-voting period will commence from 9:00 a.m. on Friday, September 27, 2019 and ends at 5:00 p.m. on Sunday, September 29, 2019. During this period, members of the Company holding shares either in physical or dematerialized form, as on the cut-off date, i.e. Friday, September 20, 2019, may cast their vote by remote e-voting. The remote e-voting module will be disabled by CDSL for voting thereafter.

- (ii) Members who do not have access to remote e-voting facility may send duly completed Ballot Form (enclosed with the Annual Report) so as to reach the Scrutinizer appointed by the Board of Directors of the Company, Mr.N.V.S.S.Suryanarayana Rao, Practicing Company Secretary (Membership No.5868, CP No.2886), at the Corporate Office of the Company not later than by 5.00 p.m. on Sunday, September 29, 2019. Any person who becomes a member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e. Friday, September 20, 2019 have the option to request for physical copy of the Ballot Form by sending an e-mail to yugandhar.kopparthi@vivimedlabs.com or info@aarthiconsultants.com by mentioning their Folio / DP ID and Client ID No. Ballot Forms received after 5.00 p.m. on Sunday, September 29, 2019 will be treated as invalid. A member can opt for only one mode of voting i.e. either through remote e-voting or by Ballot. If a member casts vote by both modes, voting done through remote e-voting shall prevail and Ballot shall be treated as invalid. The facility for voting



shall be made available at the AGM through polling paper and the members attending the Meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting. Please note that the voting through electronic means is optional for the members.

14. Members who have cast their votes by remote e-voting or by Ballot Form prior to the AGM may also attend the Meeting but they shall not be entitled to cast their vote again.
15. The voting rights of members shall be in proportion to their shares of the paid-up equity share capital in the Company as on the cut-off date i.e. Friday, September 20, 2019.
16. The Securities Exchange Board of India (SEBI) has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit PAN to

their Depository Participant with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to Aarthi Consultants Pvt Ltd.

17. Members holding shares in single name are advised to avail the facility of nomination in respect of shares held by them pursuant to the provisions of Section 72 of the Companies Act, 2013. Members holding shares in physical form desiring to avail this facility may send their nomination in the prescribed Form No.SH-13 duly filled into Aarthi Consultants Pvt Ltd, Company's R&T Agent. Members holding shares in electronic mode may contact their respective Depository Participants for availing this facility.
18. Information required under Regulation 36(3) of the Listing Regulations (relating to Corporate Governance) with respect to the Directors retiring by rotation and being eligible seeking re-appointment is as under:

Name of the Director	Mr.Sandeep Varalwar
Age	50 years
Date of Appointment on the Board	23/01/2008
Brief resume and nature of expertise in functional areas	Mr.Sandeep Varalwar, aged 50 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 VVS merger with Vivimed Labs Limited, Mr.Sandeep Varalwar is appointed as a whole time Director on the Board of Vivimed Labs Limited.
Directorships held in other public Companies (excluding foreign and private Companies)	Other Directorships: Nil
Memberships / Chairmanships of Committees across public Companies	Committee Memberships: Audit Committee of Vivimed Labs Limited
Shareholding of Director	30,60,965 equity shares of ₹2/- each
Inter-se relationships between Directors	1. Son of Mr. Manohar Rao Varalwar, 2. Brother of Mr. Santosh Varalwar 3. Brothers son of Mr. Subhash Varalwar
Name of the Director	Mr.S.Raghunandan
Age	58 years
Date of Appointment on the Board	23/01/2008

Brief resume and nature of expertise in functional areas	Mr.S.Raghunandan aged 58 years is a Science Post Graduate, he began his career with Chandra Pharmaceuticals, at that time the largest producer of Ibuprofen in India and worked there handling various aspects of production. He joined Vivimed as Head of production at Bidar Plant and subsequently rose to the position of Director- Operations. His association with the Company is now of more than 27 years.
Directorships held in other public Companies (excluding foreign and private Companies)	Other Directorships : NIL
Memberships / Chairmanships of Committees across public Companies	Committee Memberships: NIL
Shareholding of Director	3,17,500 equity shares of ₹2/- each
Inter-se relationships between Directors	NIL

19. Voting through electronic means:

- a. The businesses as set out in the Notice may be transacted through electronic voting system. In compliance with the provisions of section 108 of the Companies Act, 2013 read with the Companies [Management and Administration] Rules, 2014, Standard 2 of the Secretarial Standards on General Meetings and in compliance with Regulation 44 of the Listing Regulations, the Company is pleased to offer the facility of voting through electronic means, as an alternate, to all its members to enable them to cast their votes electronically. The Company has made necessary arrangements with Central Depository Services (India) Limited (CDSL) to facilitate the members to cast their votes from a place other than venue of the AGM [remote e-voting]. The facility for voting shall be made available at the AGM through polling paper and the members attending the Meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting. Please note that the voting through electronic means is optional for the members.
- b. 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 shall be entitled to avail the facility of remote e-voting or voting at the AGM. Persons who are not members as on the cut-off date should treat this notice for information purpose only. The Notice will be displayed on the website of the Company www.vivimedlabs.com and on the website of CDSL www.cdsindia.com. The members who have cast their vote by remote e-voting prior to AGM may also attend the AGM, but shall not be entitled to cast their vote again. The Members whose names appear in the Register of Members / List of Beneficial Owners as on Friday, September 20, 2019 i.e. the date prior to commencement of book closure date are entitled to vote on Resolutions set forth in the Notice. Eligible members who have acquired shares after the dispatch of the Annual Report and holding shares as on the cut-off date may approach the Company for issuance of the USER ID and Password for exercising their right to vote by electronic means.
- c. The Company has appointed Mr. N. V. S. S. Suryanarayana Rao, Practicing Company Secretary (Membership No. 5868, CP No. 2886) as Scrutinizer for conducting the remote e-voting and voting process at the AGM in a fair and transparent manner.
- d. The instructions for shareholders voting electronically are as under:
 - i. The voting period begins on the Friday,



September 27, 2019 at 9.00 a.m. (IST) and ends on the Sunday, September 29, 2019 at 5.00 p.m. (IST) during this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Friday, September 20, 2019, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

ii. The Shareholders should log on to the e-voting website 'www.evotingindia.com'

iii. Click on Shareholders.

iv. Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

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

c. Members holding shares in physical form should enter Folio Number registered with the Company.

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

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

vii. If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	<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"> Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field
DOB	Enter the date of birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. • Please enter the DOB or Dividend Bank Details in order to login.</p> <p>If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv)</p>

viii. After entering these details appropriately, click on "SUBMIT" tab.

ix. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

x. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this notice.

xi. Click on the EVSN for the Company Name on which you choose to vote.

xii. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

xiii. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

xiv. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

xv. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

xvi. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

xvii. If Demat account holder has forgotten

the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

xviii. Note for Non – Individual Shareholders and Custodians

- Non-Individual Shareholder (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts 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.

xix. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

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

Item No.5: The Board of Directors at its meeting held on



August 09, 2019, on the recommendations of the Audit Committee, 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, 2020, at a remuneration not exceeding ₹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.5 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, 2020.

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.5 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.5 of the Notice for approval by the members.

Item No.6: The members are apprised that Mr.Raghunandan Srirambatla who was appointed as Whole Time Director of the Company w.e.f. 14th August 2015 by the Board of Directors and Members have ratified his appointment in the AGM held on September 30, 2015 has shown his willingness to act as whole time director cum CFO of the company.

The Nomination & Remuneration Committee and Board of Directors considered and approved the change in designation of Mr.Raghunandan Srirambatla from Whole Time Director to whole time director cum CFO of the company, liable to retire by rotation, on the terms

and conditions as specified in the Appointment Letter with effect from 14th November, 2018

Hence, the Committee & the Board have proposed to appoint him as whole time director cum CFO of the company. The appointment of Mr.Raghunandan Srirambatla as such shall take effect from 14th November, 2018 and requires the approval of the Shareholders of the company by way of **Special Resolution** passed in the General Meeting as per provisions of section 152, 203 and other applicable provisions, if any, of the Companies Act, 2013.

Based on the recommendation of the Nomination & Remuneration Committee & the Board, the matter is recommended to the shareholders for their approval for change in designation of Mr.Raghunandan Srirambatla from Whole Time Director to whole time director cum CFO of the company on such terms and conditions as mentioned in the Letter of Appointment.

None of the Directors and/or Key Managerial personnel of the company and their relatives, are in any way concerned or interested in the proposed appointment of Mr.Raghunandan Srirambatla as whole time director cum CFO of the company.

The Directors recommend the aforesaid resolution for the approval by the members as **Special Resolution**

Item No.7: Prof. Bhagvanth Rao Mamidpalli (DIN: 00117862) was appointed as a Director on the Board of the Company on December 12, 2003. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, members of the Company at the 26th Annual General Meeting held on September 30, 2014 approved the appointment of Prof. Bhagvanth Rao Mamidpalli as an Independent Director of the Company for a period of 5 years up to 31st Annual General Meeting to be held in calendar year 2019.

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 Prof. Bhagvanth Rao Mamidpalli that, he 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 his consent to continue as an Independent Director.

The resolution seeks the approval of members for the re-appointment of Prof. Bhagvanth Rao Mamidpalli as an Independent Director of the Company commencing from 31st Annual General Meeting to be held in calendar year 2019 up to 36th Annual General Meeting to be held in calendar year 2024 in terms of Section 149 and other applicable provisions of the Act and Rules made there under. He is not liable to retire by rotation.

In the opinion of the Board, Prof. Bhagvanth Rao Mamidpalli fulfills the conditions for his 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 Prof. Bhagvanth Rao Mamidpalli, the Board of Directors at its meeting held on August 09, 2019 approved the continuance of office of Prof. Bhagvanth Rao Mamidpalli as mentioned in the resolution.

Prof. Bhagvanth Rao Mamidpalli (aged 75 years) holds an PhD in chemical engineering from Indian Institute of Sciences, Bangalore and has done his post doctoral studies at Tokyo Institute of Technology, Japan. He has memberships to various professional associations including Fellowships in the Indian Institute of Chemical Engineers and A.P. Academy of Sciences, Life Membership in the Indian Society for Technical Education etc.

He has over 35 years experience in research and teaching in the fields of chemical reaction engineering, catalysis, thermodynamics and biochemical engineering. He has been involved with Osmania University, Hyderabad in various position including the Dean of Development and UGC Affairs, Director of Regional Center for Urban and Environmental Studies and Director of Physical

Education. He has various research publications to his credit some of which include articles in the Canadian Journal of Chemical Engineering, Industrial Engineering and Chemistry Fundamentals (USA), Journal of Polymer Sciences (USA) etc. He also acts as a research consultant to various laboratories like IICT, BHEL R&D NFC etc.

He is also Director in Sanvita Biotechnologies Private Limited. He is the member of Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Audit Committee of Vivimed Labs Limited. He is not related to any other Director.

Prof. Bhagvanth Rao Mamidpalli does not hold any shares of Vivimed Labs Limited. He is not related to any other Directors/KMPs of the Company. He is the Member of Nomination & Remuneration Committee, Member of Corporate Social Responsibility Committee and Member of Audit Committee of the Company. He has attended all the seven (7) meetings of the Board held during the year 2018-19. He is not a Member / Chairman of Committees of other Companies.

The Nomination & Remuneration Committee and the Board evaluated the performance of Prof. Bhagvanth Rao Mamidpalli, rated him satisfactory on all parameters and recommended his re-appointment.

Copy of the draft letter for re-appointment of Prof. Bhagvanth Rao Mamidpalli as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 effective from April 1, 2019, requires that any Non-Executive Director who has attained the age of 75 years or more cannot be appointed or continued as a Non-Executive Director in any listed company until and unless approval of Members has been obtained for the same by way of special resolution.

Since Prof. Bhagvanth Rao Mamidpalli, Non-Executive Director of the Company is covered under the aforesaid provision being aged more than 75 years (just completed in August, 2019), the Company is required to obtain



approval of Members by way of special resolution for continuing his Directorship in the Company.

None of the Directors or Key Managerial Personnel of the Company and / or their relatives except Prof. Bhagvanth Rao Mamidpalli, 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.7 for approval of the members, by way of Special Resolution.

Item No.8: Mr. Nixon Patel (DIN: 01717281) was appointed as a Director on the Board of the Company on June 28, 2010. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, members of the Company at the 26th Annual General Meeting held on September 30, 2014 approved the appointment of Mr.Nixon Patel as an Independent Director of the Company for a period of 5 years up to 31st Annual General Meeting to be held in calendar year 2019.

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 Mr.Nixon Patel that, he 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 his consent to continue as an Independent Director.

The resolution seeks the approval of members for the re-appointment of Mr.Nixon Patel as an Independent Director of the Company commencing from 31st Annual General Meeting to be held in calendar year 2019 up to 36th Annual General Meeting to be held in calendar year 2024 in terms of Section 149 and other applicable provisions of the Act and Rules made there under. He is not liable to retire by rotation.

In the opinion of the Board, Mr.Nixon Patel fulfills the conditions for his 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 Mr.Nixon Patel, the Board of Directors at its meeting held on August 09, 2019 approved the continuance of office of Mr.Nixon Patel as mentioned in the resolution.

Mr. Nixon Patel, is a business oriented successful entrepreneur with a proven track record for growing 5 businesses from startup to millions in annual sales with large technology and operations organization across the globe in Information Technology, Telecom, Pharmaceutical and Renewable energy industries, in a short span of 22 years. An exemplary executive with deep networking and relationships to attract, create world class Board members, research & development, Marketing & Business Development teams to conceptualize & create innovative products and services, to solve complex problems and thereby help monetize these products.

He is recognized by clients and colleagues, a consummate professional with a high degree of personal integrity. He is known for contagious passion for innovation, visionary thinking, and excellence in execution with a capacity for motivational leadership.

PROFESSIONAL EXPERIENCE:

YantraSoft Inc / Yantra Software (P) Ltd (www.yantrasoftware.com)

Founder, Chairman and MD September 2008 to Present

Yantra Software is a products and IP focused company offering speech technology products, solutions and services in speech integration, Interactive voice response and contact center technologies. Yantra team has grown to about 110 employees in a short span of 20 months. Vision of the company is to deliver state of the art products which can be used daily in terms of handheld and dash held devices facilitating multi-facet features and facilities. It has been a pioneer in developing TTS

and ASR for Indian languages in collaboration with leading Universities and Institutions for the masses. It also has created speech biometrics and multi-lingual search engine products complimentary to the TTS and ASR products.

Medisoft Telemedicine(www.medisofttelemedicine.com) January 2008 – May 2009

Chairman

Medisoft Telemedicine is a research and development company focused in Telemedicine providing healthcare products and services through telecommunication networks. It has been currently working in close association with the Gujarat Cancer Research, in terms of deriving and developing Oncology Telemedicine, Wockhardt Hospitals – Mumbai, and many more prominent associations. Mission of the company is strive to improve public health by setting the highest standards in the field of telemedicine and bio-technology and a goal to provide accessibility of expert medical practitioners to the remotest regions within the country and abroad through affordable state of the art technologies.

Bhrigus Software India (P) Ltd / Bhrigus Inc. (www.bhrigus.com) February 2002 – December 2007

Bhrigus is a Global Services and Solutions provider of Voice and Speech based technology offerings and Enterprise Solutions. With offices in India, UK and USA,. Bhrigus' consultants work with the clients to design, develop, and manage their Enterprise applications and Business Intelligence solutions.

Bhrigus reached a team size of close to 300 employees across its locations in a short span of time, and also is a SEI CMM Level 4 and ISO 9001:2000 certified.

eComServer India (P) Ltd / eComServer Inc.
December 1998 – February 2002

President & CTO

eComServer a wholly owned subsidiary of US based eComServer Inc., was successfully launched an ecommerce Technology competency centre in Hyderabad to provide techniques for consistent delivery

of software products based on Rational's Standards including RUP (rational unified process). It was the first company to take possession of an office space in Cyber Towers, Hyderabad and was inaugurated by Former Chief Minister, Mr. Chandra Babu Naidu.

eComServer was groomed to a 500 people company in 4 years with Global presence in US, Spain and India, and was acquired by Silverline Technologies (NYSE listed company)

EDUCATION

B.Tech. (Hons) from Indian Institute of Technology, Kharagpur – India

MS in Computer Science from New Jersey Institute of Technology

MEMBERSHIPS & INDUSTRY AFFILIATIONS

Advisory Committee Member at World Wide Web Consortium (W3C)

Advisory Committee Member at Voice Browser Working Group (VBWG)

Member at W3C

Member of VoiceXml forum

Association Computing Machinery (ACM)

American Institute OF Chemical Engineers (AICHE)

Charter Member of TiE

Member of IEEE – ISTO

He is also Directors in 1. Yantra Software Private Limited, 2. Kovid Group Analytics India Private Limited, 3. Takshila Institute of Renewable Energy Private Limited, 4. Kovid Research Labs India Private Limited, 5. Kovid Analytics Solutions India Private Limited And 6. Qulabs Software (India) Private Limited.

Mr.Nixon Patel does not hold any shares of Vivimed Labs Limited. He is not related to any other Directors/KMPs of the Company. He is the Chairman of Nomination & Remuneration Committee, and Member of Stakeholders Relationship, Grievance and Share Transfer Committee



Vivimed

of the Company. He has attended the one (1) meeting of the Board held during the year 2018-19. He is not a Member / Chairman of Committees of other Companies.

The Nomination & Remuneration Committee and the Board evaluated the performance of Mr. Nixon Patel, rated him satisfactory on all parameters and recommended his re-appointment.

Copy of the draft letter for re-appointment of Mr. Nixon Patel 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 Mr. Nixon Patel, 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.8 for approval of the members, by way of Special Resolution.

By order of the Board
for **Vivimed Labs Limited**

Sd/-

K. Yugandhar
Company Secretary

Place: Hyderabad

Date: 09.08.2019



Vivimed

VIVIMED LABS LIMITED

CIN: L02411KA1988PLC009465

Registered office: Plot No.78-A, Kolhar Industrial Area, Bidar, Karnataka 585403



Vivimed

BALLOT FORM

1. Name(s) and Registered Address :
of the Sole / First named Member

2. Name(s) of Joint Holder(s), if any :

3. Registered Folio Number / :
DP ID No.and Client ID No.
(Applicable to investors holding
shares in dematerialised form)

4. Number of shares held :

5. REVEN / Sequence number :
(Remote e-Voting Event Number)

6. User-ID :

7. Password :

8. I/We hereby exercise my/our vote(s) in respect of the Resolutions enumerated below by recording, my/ our assent or dissent to the said Resolutions by placing the tick (✓) mark in the appropriate box below:

Sr. No.	Particulars	No. of Shares held	FOR	AGAINST
			I/We assent to the Resolutions	I/We dissent to the Resolutions
Ordinary Business:				
1	To receive, consider and adopt the Stand alone Balance Sheet as at March 31, 2019, Statement of Profit and Loss for the Financial Year ended on March 31, 2019, Cash Flow Statement for the Financial Year ended March 31, 2019 and reports of Directors and Auditors thereon.			
2	To receive, consider and adopt the Consolidated Balance Sheet as at March 31, 2019, Statement of Profit and Loss for the Financial Year ended on March 31, 2019, Cash Flow Statement for the Financial Year ended March 31, 2019 and Report of Auditors thereon.			
3	To appoint Director in place of Mr. Sandeep Varalwar [DIN:01682951], who retires by rotation and being eligible offers for re appointment.			
4	To ratify the appointment of M/s. PCN & Associates, Chartered Accountants, Hyderabad as statutory auditors			
Special Business:				
5	To ratify the remuneration payable to cost auditor			
6	Change in designation of Mr.Raghunandan Srirambatla from whole time director to whole time director cum CFO of the company			
7	To appoint Prof. Bhagvanth Rao Mamidpalli as an Independent Director.			
8	To appoint Mr. Nixon Patel as an Independent Director.			

Place: Hyderabad

Date: 09.08.2019

(Signature of the Shareholder)

Note: Please read the instructions printed overleaf carefully before exercising your vote.

GENERAL INSTRUCTIONS

1. This Ballot Form is provided for the benefit of Members who do not have access to remote e-voting facility.
2. A Member can opt for only one mode of voting i.e. either through remote e-voting or by Ballot. If a Member casts votes by both modes, then voting done through remote e-voting shall prevail and ballot shall be treated as invalid.
3. The scrutinizer will collate the votes downloaded from the remote e-voting system and votes received through ballot to declare the final result for each of the resolutions forming part of the Notice of the AGM.
4. The results declared along with Scrutinizer's Report, shall be placed on the Company's website www.vivimedlabs.com and on the website of the Central Depository Services Limited (CDSL), <https://www.evotingindia.com> within three (3) days of the passing of the Resolutions at the AGM of the Company to be held on Monday, September 30, 2019 and communicated to the BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.

Process and manner for members opting to vote by using the ballot form

- a. Voting rights are reckoned on the basis of the shares registered in the names of the Members/Beneficial Owners as on Friday, September 20, 2019.
- b. Please complete and sign the Ballot Form and return the form in the self-addressed Business Reply envelope so as to reach the Scrutinizer, Mr.N.V.S.S.Suryanarayana Rao, Practicing Company Secretary at Vivimed Labs Limited, North End, Road No.2, Banjara Hills, Hyderabad -500034 appointed by the Board of Directors of the Company on or before Sunday, September 29, 2019 (5.00 p.m.).
- c. The Form should be signed by the Member as per the specimen signature registered with the Company/ Depositories. In case of joint holding, the Form should be completed and signed by the first named Member and in his/her absence, by the next named joint holder. A Power of Attorney (POA) holder may vote on behalf of a Member, mentioning the registration number of the POA registered with the Company or enclosing an attested copy of the POA. Exercise of vote by Ballot is not permitted through proxy.
- d. In case the shares are held by companies, trusts, societies, etc. the duly completed Ballot Form should be accompanied by a certified true copy of the relevant Board Resolution together with their specimen signatures authorizing their representative.
- e. A Member may request for a duplicate Ballot Form, if so required. However, duly filled in and signed duplicate Form should reach the Scrutinizer not later than the date and time specified in serial no.b above
- f. Unsigned, incomplete, improperly or incorrectly tick marked Ballot Forms will be rejected. The Form will also be rejected if it is received torn, defaced or mutilated to an extent which makes it difficult for the Scrutinizer to identify either the Member or as to whether the votes are in favour or against or if the signature cannot be verified.
- g. The decision of the Scrutinizer on the validity of the Ballot Form and any other related matter shall be final.



Vivimed

VIVIMED LABS LIMITED

CIN: L02411KA1988PLC009465

Registered office: Plot No.78-A, Kolhar Industrial Area, Bidar, Karnataka 585403



Vivimed

PROXY FORM

[Pursuant to Section 105 (6) of the Companies Act, 2013 read with Rule 19 (3) of the Companies (Management and Administration) Rules, 2014]

Name of the member (s):

Registered address:

E-mail Id:

Folio No/ Client Id:

DP ID:

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

1. Name:

Address:

.....

E-mail Id:

Signature:..... or failing him

2. Name:

Address:

.....

E-mail Id:

Signature:..... or failing him

3. Name:

Address:

.....

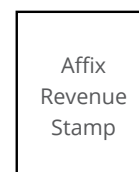
E-mail Id:

Signature:..... or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 31st Annual general meeting of the company, to be held on the Monday, 30th day of September 2019 at 11.30 a.m. at 78/A, Kolhar Industrial Area, Bidar – 585403, Karnataka State and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No(s).	Resolutions	Vote (Optional)	
		For	Against
Ordinary Business:			
1	To receive, consider and adopt the Stand alone Balance Sheet as at March 31, 2019, Statement of Profit and Loss for the Financial Year ended on March 31, 2019, Cash Flow Statement for the Financial Year ended March 31, 2019 and reports of Directors and Auditors thereon.		
2	To receive, consider and adopt the Consolidated Balance Sheet as at March 31, 2019, Statement of Profit and Loss for the Financial Year ended on March 31, 2019, Cash Flow Statement for the Financial Year ended March 31, 2019 and Report of Auditors thereon.		
3	To appoint Director in place of Mr.Sandeep Varalwar [DIN:01682951], who retires by rotation and being eligible offers for re appointment.		
4	To ratify the appointment of M/s. PCN & Associates, Chartered Accountants, Hyderabad as statutory auditors..		
Special Business:			
5	To ratify the remuneration payable to cost auditor.		
6	Change in designation of Mr.Raghunandan Srirambatla from whole time director to whole time director cum CFO of the company		
7	To appoint Prof. Bhagvanth Rao Mamidpalli as an Independent Director.		
8	To appoint Mr. Nixon Patel as an Independent Director.		

Signed this day of 2019
 Signature of shareholder
 Signature of Proxy holder(s)



Note:

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



Vivimed

VIVIMED LABS LIMITED

CIN: L02411KA1988PLC009465

Regd. Office: Plot No.78-A, Kolhar Industrial Area, Bidar – 585403, Karnataka

Email: yugandhar.kopparthi@vivimedlabs.com, **Website:** vivimedlabs.com,

Tel: 08482 - 232045, Fax: 08482 – 232436



Vivimed

ATTENDANCE SLIP

DP ID _____
(To be presented at the entrance)

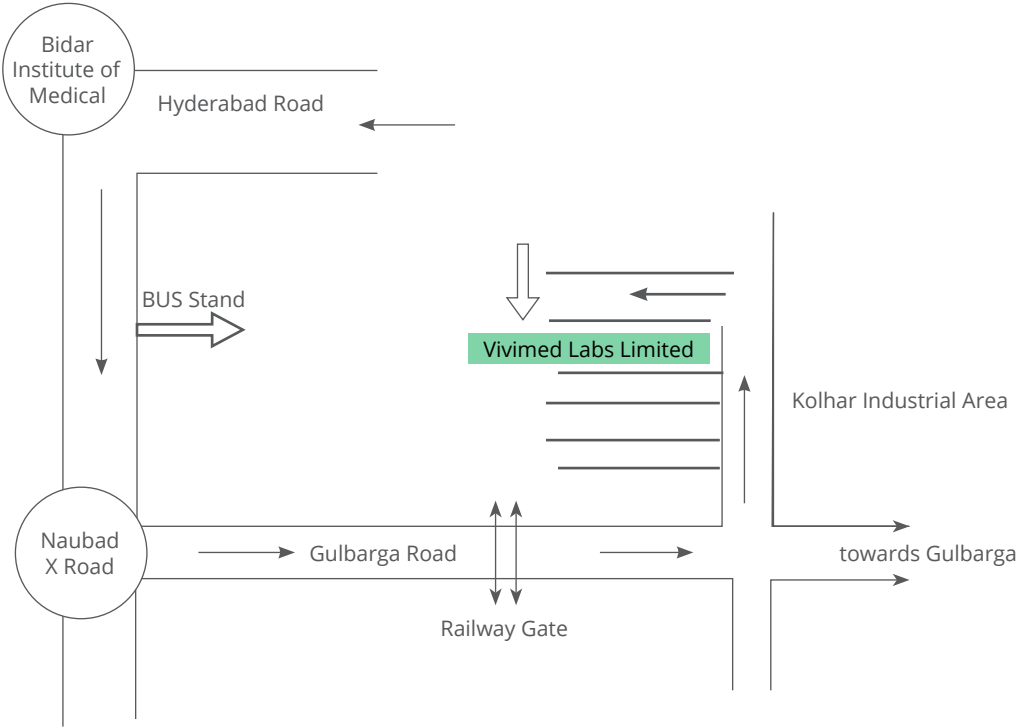
Folio No./Client ID _____

I/We hereby record my/our presence at the **31st ANNUAL GENERAL MEETING** of the Company at Registered office:
78/A, Kolhar Industrial Area, Bidar – 585403, Karnataka on Monday, 30th day of September 2019 at 11.30 a.m.

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL. JOINT
SHAREHOLDER(S) MAY OBTAIN ADDITIONAL SLIP AT THE VENUE OF THE MEETING.

Signature of the Member/ Proxy

ROUTE MAP TO AGM VENUE



NOTES

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Vivimed

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Bidar, Karnataka - 585403
www.vivimedlabs.com

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