

Vimta Labs Limited

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Vimta
Driven by Quality. Inspired by Science.

VLL\10\S-004\2014\
Date : 22.10.2014

Mr Renita D'souza
Relationship Manager
Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai : 400001

By Courier

Dear Sir,

Sub: Information pursuant to clause 36(5) of the listing agreement.

This has reference to the Service tax disputes before CESTAT, Bangalore w.r.t. demands pertaining to the years 2005-06 to 2009-10 and 2010-11 (refer page 16 and 9 of Annual Report 2013-14 relating to Audit and Directors Report respectively. Copy of the relevant pages are enclosed for your ready reference).

In this connection we would like to bring to your attention that the CESTAT, Bangalore has allowed our appeal in our favour for the demand of Rs.3,01,67,620/- relating to 2010-11 vide its Order No:21848/2014 dated 30.09.2014 received by us on 21.10.2014.

We further would like to inform you that the CESTAT has also allowed our appeal in our favour and pronounced the order in open court for the demand of Rs.13,89,23,269/- relating to 2005-06 to 2009-10 during their final hearing held on 20.10.2014. We are waiting for copy of the Order.

This is for your information and records.

Thanking you,

Yours faithfully,
for VIMTA LABS LIMITED



A VENKATA RAMANA
Company Secretary

Encl : as above.

Independent Auditor's Report

Vimta Labs Limited

Annexure to Independent Auditors' Report dated 17.05.2014 issued to the Members of Vimta Labs Limited
Statement on the matters specified in Paragraphs 4 and 5 of the Companies (Auditor's Report) Order, 2003

- i) (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) The company's fixed assets have been physically verified by the management at reasonable intervals as per a regular programme of verification which, in our opinion, is reasonable, having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
(c) The company has not disposed off substantial part of its fixed assets during the year affecting the going concern status of the company.
- ii) (a) The inventory has been physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable.
(b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
(c) The company is maintaining proper records of its inventory. No material discrepancies were noticed on physical verification between the physical stocks and the book stocks.
- iii) The company has neither granted to nor accepted any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Hence, sub-clauses (b), (c), (d), (f) and (g) of clause (iii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system of the company nor have we been informed of any such continuing failures.
- v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained U/s.301 of the Companies Act, 1956 have been so entered.
(b) In our opinion and according to the information and explanations given to us, the transactions made during the year by the Company in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of ₹ 5,00,000/- in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi) In our opinion and according to the information and explanations given to us, the company has complied with the directives issued by the Reserve Bank of India and the provisions of Sections 58A and 58AA and other relevant provisions of the Act and the Rules framed thereunder with regard to the deposits accepted from the public. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal against this company in any matter relating to the deposits accepted by the company.
- vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii) According to the information and explanations furnished to us, the Central Government has not prescribed maintenance of cost records U/s.209(1)(d) of the Companies Act, 1956 to this company.
- ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, custom duty, excise-duty and other statutory dues as applicable to it with the appropriate authorities. As the effective date for charging Cess U/s 441A of the Companies Act, 1956 has not been notified, depositing of the same by the company is not applicable.
(b) There are no undisputed arrears of statutory dues as at 31-03-2014 which are outstanding for a period of more than six months from the date they became payable.
(b) i) There are no dues of Income tax, sales tax, customs duty, wealth-tax, excise duty and Cess which have not been deposited on account of any dispute.
ii) Dues of Service tax demands which have not been deposited on account of dispute are as under:

Name of the Statute	Nature of the dues	Amount of demand (₹)	Period to which the amount relates	Forum where dispute finding	Amount Deposited (₹)
Finance Act, 1994 (Service Tax Provisions)	Service Tax Penalty	13,89,23,269	} 2005-06 to 2009-10	CESTAT, Bangalore	2,00,00,000
		13,89,23,269			
	Service Tax Penalty	3,01,67,620	} 2010-11	CESTAT, Bangalore	—
		3,01,67,620			

Directors' Report

Vimta Labs Limited

Code of conduct

Your Company has adopted Code of Conduct for the Board and the Senior Management of the Company and they are complying with the said code. A declaration by the CEO to this effect is furnished in Annexure to this report.

IMPLEMENTATION OF NEW COMPANIES ACT, 2013

New Companies Act, 2013 has come into effect from April 1, 2014. The provisions of the new Act will be complied from the financial year 2014-15 as applicable.

Response to auditors' observations

With respect to Auditors observations in item No. ix (b) (ii) of their report that the Company has not deposited the demand of ₹ 338,181,778/- raised by Service Tax department relating to periods from 2005-06 to 2009-10 & 2010-11, it is informed that the Company has gone for an appeal against the demand and the same is pending before Central Excise & Service Tax Appellate Tribunal, Bangalore. Company's legal counsel confirmed the validity of the stand taken by the Company in this matter. Out of total demand the Company has deposited an amount of ₹ 20,000,000 as per the directions of CESTAT at the time of hearing the stay of demand petition

FIXED DEPOSITS

Your Company has not accepted any deposits in terms of Section 58A of the Companies Act, 1956 and the rules made there under and hence compliance with the same is not applicable.

ACKNOWLEDGMENTS

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

For and on behalf of the Board

Place : Hyderabad
Date : 17.05.2014

DR S P VASIREDDI
EXECUTIVE CHAIRMAN

ANNEXURE

Information on Energy Conservation, Technology Absorption, Foreign Exchange earnings and outgo
(Forming part of the Directors' Report for the year ended 31st March, 2014)

A. CONSERVATION OF ENERGY

The Company is engaged in testing of various materials and different types of tests are carried out depending on the nature of material as per required specifications and standards. Testing is performed using different instruments. It may be that a particular material needs to be tested on different instruments for various parameters simultaneously as required by the customer. Most of the test equipments are microprocessor based and draw only requisite power. Power is drawn by different equipments from a common source in the Lab. Besides this, generator and UPS are used as back-up sources.

a) Energy Conservation Measures Taken :

- Designed and installed an efficient power distribution system to utilize the power at optimum level of requirement.
- The Laboratory building is designed in such a way that during day time no artificial lighting is needed in most areas in the lab.
- Occupancy sensors are installed at the Life Sciences Facility to control artificial lighting.
- Solar water heaters have been provided.
- An integrated building management system is installed at the Life Sciences facility to help conservation of energy.

b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy.

No additional investments were made during the year

c) Impact of the measures in (a) and (b) above for the reduction of energy consumption and consequent impact on the cost of production of goods :

The energy consumption is reduced to the barest minimum requirement thus reducing costs.

d) Total energy consumption and energy consumption per unit of production:

Furnishing of these particulars is not applicable to this Company, as it is not carrying on any business which is listed in the Schedule to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

e) Green building certification :

The pre-clinical research building at Life Sciences facility of the Company has been awarded gold rating by Indian Green Building Council (IGBC). The award testifies to the Company's continuous efforts for reduction of energy consumption, reduced water consumption and limited waste generation.

B. TECHNOLOGY ABSORPTION

The tests/studies are carried out as per the prescribed National/International Standards and regulations. The Company undertakes contract research projects for the sponsors as per national and international standards, guidelines and regulations such as ISO, ICH, GCP, GLP and cGMP. Technology is absorbed to the extent permitted by the suppliers.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the financial year, the Company has earned foreign exchange of ₹ 4837.79 lakhs (previous year ₹ 4639.76 lakhs). The Company's foreign exchange outgo was of ₹ 799.99 lakhs (previous year ₹ 467.95 lakhs) on import of capital goods, software, chemicals, consumables & reference standards, travel expenditure, professional charges etc.

For and on behalf of the Board

Place : Hyderabad
Date : 17.05.2014

DR S P VASIREDDI
EXECUTIVE CHAIRMAN

Declaration by Managing Director

I, Harita Vasireddi, Managing Director, hereby declare that the members of the Board and the Senior Management personnel of the Company are adhering to the code of conduct adopted by the Board which is posted on the website of the Company.

Place : Hyderabad
Date : 17.05.2014

HARITA VASIREDDI
MANAGING DIRECTOR