

NOTICE CALLING 20TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twentieth Annual General Meeting of the members of VIMTA LABS LIMITED will be held on September 30, 2010 at 10.00 A M at the Registered Office of the Company i.e. 141/2 & 142, IDA, Phase-II, Cherlapally, Hyderabad : 500051 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the audited Balance Sheet as at March 31, 2010 and Profit & Loss Account for the year ended on that date together with Cash Flow statements and reports of Auditors and Directors thereon.
2. To approve the Dividend.
3. To appoint a Director in place of T S Ajai who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Prof D Balasubramanian who retires by rotation and being eligible, offers himself for reappointment.
5. To consider and, if thought fit, to pass the following Resolution, with or without modifications, as an Ordinary Resolution:

"RESOLVED that M/s Sarathy & Balu, Chartered Accountants (Regn. No. 003621S), Hyderabad, the retiring Auditors of the Company, be and are hereby appointed Auditors of the Company to hold office from the conclusion of the ensuing Annual General Meeting until the conclusion of the next Annual General Meeting of the company on such remuneration as may be decided by the Board of Directors of the Company in addition to reimbursement of all out-of-pocket expenses in connection with audit of the accounts of the company."

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass the following Resolution, with or without modifications, as a Special Resolution:

Appointment of Managing Director

"RESOLVED that subject to the provisions of Sections 269 read with Schedule XIII, 198,309,310,311 and other applicable provisions, if any, of the Companies Act, 1956 Dr S P Vasireddi be and is hereby appointed as Managing Director of the company for a period of 3 years with effect from 26.03.2010 on the following terms and conditions.

Remuneration

I. Salary

₹ 48,00,000/- per annum

II. Commission

Commission on the net profits of the Company as allowed under the provisions of the Companies Act, 1956 and as may be decided by the board of directors and remuneration committee.

III. Allowances

a) Medical Reimbursement

Reimbursement of medical expenses actually incurred for self and family including dependent mother and father, subject to a maximum ceiling of one month salary per annum.

b) Leave Travel Concession

For self and family including dependent mother and father, to and fro from any place in India, once in a year subject to a maximum ceiling of one month salary per annum.

IV. Perquisites

a) Pension / Superannuation Fund

Company's contribution to Provident Fund, Superannuation Fund or annuity fund in accordance with the Scheme of the Company to the extent these either singly or put together are not taxable under Income Tax Act, 1961.

b) Gratuity

As per the rules of the Company, at the rate not exceeding one-half month's salary for each completed year of service.

c) Encashment of Leave

Encashment of leave will be paid as per the rules of the company.

d) Telephone and Car

Company telephone at residence and car for business purposes.

e) Personal accident insurance

Personal accident insurance will be paid as per the rules of the company."

"Resolved further that in addition to the above remuneration, Dr S P Vasireddi is eligible to draw up to a maximum of ₹ 36,00,000/- per annum at the end of each financial year, as the Board may deem fit, within the over all permissible limits under the provisions of the Companies Act, 1956 and other applicable provisions, if any, with respect to payment of remuneration to the Managing Director and other Whole time Directors.

Minimum Remuneration

"Resolved further that in the event of loss or inadequacy of profits in any financial year during the currency of tenure of service of Dr S P Vasireddi, the payment of salary, perquisites and other allowances shall be governed by the provisions of Section II of Part II of Schedule XIII to the Companies Act, 1956, including any statutory modification or re-enactment thereof, as may, for the time being, be in force."

7. To consider and, if thought fit, to pass the following Resolution, with or without modifications, as a Special Resolution:

Appointment of Director Technical

"RESOLVED that subject to the provisions of Sections 269 read with Schedule XIII, 198,309,310,311 and other applicable provisions, if any, of the Companies Act, 1956, Vungal Harriman be and is hereby appointed as Director Technical of the company for a period of 3 years with effect from 26.03.2010 on the following terms and conditions:

Remuneration

I. Salary

₹ 48,00,000/- per annum

II. Commission

Commission on the net profits of the Company as allowed under the provisions of the Companies Act, 1956 and as may be decided by the board of directors and remuneration committee.

III. Allowances

a) Medical Reimbursement

Reimbursement of medical expenses actually incurred for self and family including dependent mother and father, subject to a maximum ceiling of one month salary per annum.

b) Leave Travel Concession

For self and family including dependent mother and father, to and fro from any place in India, once in a year subject to a maximum ceiling of one month salary per annum.

IV. Perquisites

a) Pension / Superannuation Fund

Company's contribution to Provident Fund, Superannuation Fund or annuity fund in accordance with the Scheme of the Company to the extent these either singly or put together are not taxable under Income Tax Act, 1961.

b) Gratuity

As per the rules of the Company, at the rate not exceeding one-half month's salary for each completed year of service.

c) Encashment of Leave

Encashment of leave will be paid as per the rules of the company.

d) Telephone and Car

Company telephone at residence and car for business purposes.

e) Personal accident insurance

Personal accident insurance will be paid as per the rules of the company.

Minimum Remuneration

"Resolved further that in the event of loss or inadequacy of profits in any financial year during the currency of tenure of service of Vungal Harriman, the payment of salary, perquisites and other allowances shall be governed by the provisions of Section II of Part II of Schedule XIII to the Companies Act, 1956, including any statutory modification or re-enactment thereof, as may, for the time being, be in force."

8. To consider and, if thought fit, to pass the following Resolution, with or without modifications, as a Special Resolution:

Appointment of Executive Director

"RESOLVED that subject to the provisions of Sections 269 read with Schedule XIII, 198,309,310,311 and other applicable provisions, if any, of the Companies Act, 1956 V V Prasad be and is hereby appointed as Executive Director of the company for a period of 3 years with effect from 26.03.2010 on the following terms and conditions:

Remuneration

I. Salary

₹ 48,00,000/- per annum

II. Commission

Commission on the net profits of the Company as allowed under the provisions of the Companies Act, 1956 and as may be decided by the board of directors and remuneration committee.

III. Allowances

a) Medical Reimbursement

Reimbursement of medical expenses actually incurred for self and family including dependent mother and father, subject to a maximum ceiling of one month salary per annum.

b) Leave Travel Concession

For self and family including dependent mother and father, to and fro from any place in India, once in a year subject to a maximum ceiling of one month salary per annum.

IV. Perquisites

a) Pension / Superannuation Fund

Company's contribution to Provident Fund, Superannuation Fund or annuity fund in accordance with the Scheme of the Company to the extent these either singly or put together are not taxable under Income Tax Act, 1961.

b) Gratuity

As per the rules of the Company, at the rate not exceeding one-half month's salary for each completed year of service.

c) Encashment of Leave

Encashment of leave will be paid as per the rules of the company.

d) Telephone and Car

Company telephone at residence and car for business purposes.

e) Personal accident insurance

Personal accident insurance will be paid as per the rules of the company.

Minimum Remuneration

"Resolved further that in the event of loss or inadequacy of profits in any financial year during the currency of tenure of service of V V Prasad, the payment of salary, perquisites and other allowances shall be governed by the provisions of Section II of Part II of Schedule XIII to the Companies Act, 1956, including any statutory modification or re-enactment thereof, as may, for the time being, be in force."

9. To consider and, if thought fit, to pass the following Resolution, with or without modifications, as a Special Resolution:

Appointment of Director Quality

"RESOLVED that subject to the provisions of Sections 269 read with Schedule XIII, 198,309,310,311 and other applicable provisions, if any, of the Companies Act, 1956 Harita Vasireddi be and is hereby appointed as Director Quality of the company for a period of 3 years with effect from 26.03.2010 on the following terms and conditions :

Remuneration

I. Salary

₹ 48,00,000/- per annum

II. Commission

Commission on the net profits of the Company as allowed under the provisions of the Companies Act, 1956 and as may be decided by the board of directors and remuneration committee.

III. Allowances

a) Medical Reimbursement

Reimbursement of medical expenses actually incurred for self and family including dependent mother and father, subject to a maximum ceiling of one month salary per annum.

b) Leave Travel Concession

For self and family including dependent mother and father, to and fro from any place in India, once in a year subject to a maximum ceiling of one month salary per annum.

IV. Perquisites

a) Pension / Superannuation Fund

Company's contribution to Provident Fund, Superannuation Fund or annuity fund in accordance with the Scheme of the Company to the extent these either singly or put together are not taxable under Income Tax Act, 1961.

b) Gratuity

As per the rules of the Company, at the rate not exceeding one-half month's salary for each completed year of service.

c) Encashment of Leave

Encashment of leave will be paid as per the rules of the company.

d) Telephone and Car

Company telephone at residence and car for business purposes.

e) Personal accident insurance

Personal accident insurance will be paid as per the rules of the company.

Minimum Remuneration

"Resolved further that in the event of loss or inadequacy of profits in any financial year during the currency of tenure of service of Harita Vasireddi, the payment of salary, perquisites and other allowances shall be governed by the provisions of Section II of Part II of Schedule XIII to the Companies Act, 1956, including any statutory modification or re-enactment thereof, as may, for the time being, be in force."

By Order of the Board

Place : Hyderabad

Date : 28.07.2010

A VENKATA RAMANA
COMPANY SECRETARY & VP-CORP. AFFAIRS

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on a poll to vote instead of himself. Such a proxy need not be a member of the company. Proxies in order to be valid and effective must be received by the company not later than 48 hours before the commencement of the meeting.
2. Details of the Directors seeking re-appointment in pursuance of Clause 49 IV (G) (i) of the listing agreement and the explanatory statement pursuant section 173 (2) of the Companies Act, 1956 for the special business listed at item Nos. 6,7,8 and 9 are given in Annexure to this notice.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 27.09.2010 to 30.09.2010 (both days inclusive) for the purpose of annual closing and declaration of dividend.
4. Unclaimed Dividends

In terms of Section 205A and 205C of the Companies Act, 1956, the unclaimed dividends for the financial years 2001-02 & 2002-03 have been transferred to the Investor Education and Protection Fund. Dividends pertaining to the financial years 2003-04 to 2008-09 which remain unclaimed for a period of seven years will be transferred to the Investor Education and Protection Fund as detailed in the Corporate Governance Report for reference.

Members who have, till date, not encashed their dividend warrants for the years 2003-04 to 2008-09 are requested to claim the dividend from the Shares Department, M/s Vimta Labs Limited, 142, IDA, Phase-II, Cherlapally, Hyderabad : 500051 at the earliest before they become due for transfer to Investor Education and Protection Fund.

5. Members holding shares in physical form are requested to notify, immediately, any change in their address to the Company's Registrar and Transfer Agents M/s CIL Securities Ltd, 214, Raghava Ratna Towers, Chirag Ali Lane, Hyderabad : 500001. Members holding shares in electronic form may intimate any such changes to their respective Depository Participants (DPs).
6. Members are requested to bring their copy of Annual Report to the Meeting.
7. The Company's equity shares are listed on Bombay Stock Exchange Limited and National Stock Exchange Limited. The listing fees in respect of shares of the Company have been paid to the aforesaid Stock Exchanges for the financial year 2010-11.

Annexure to the Notice Calling 20th Annual General Meeting

1. Details of the Directors seeking reappointment at the forth coming Annual General Meeting (In pursuance of clause 49 IV(G)(i) of the listing agreement)

Name	Whole time Directors				Directors retiring by rotation	
	Dr S P Vasireddi	V Harriman	V V Prasad	Harita Vasireddi	T S Ajai	Prof. D Balasubramanian
Date of Birth	01.07.1948	01.10.1951	14.08.1951	10.10.1974	19.07.1962	28.08.1939
Date of Appointment	26.03.2010	26.03.2010	26.03.2010	26.03.2010	12.04.2002	12.07.2004
Expertise in specific functional areas	Ph.D. with over 38 years of experience. He is one of the promoter Director of the company and has been its Chairman & Managing Director since inception. He is a member on the Governing Boards of several scientific bodies.	D.Tech. from Toronto, Canada with over 33 years of experience. He is one of the promoter Director of the company and has been its Director-Technical since inception.	A Graduate in commerce with over 33 years experience. He is one of the promoter Director of the company and has been its Executive Director since inception. Prior to starting this Company he was in service with AP State Government.	A Pharmacist and an MBA (USA) in Service Operations Management with over 13 years of experience.	A Chartered Accountant. Specializing in direct tax laws and business and commercial laws. He has wide experience and expertise in the areas of Company Law, Income Tax, Investment regulations, Other Corporate Laws, and foreign collaborations.	He is an eminent Scientist and former Director of Center for Cellular & Molecular Biology (CCMB), Hyderabad and Prof. of Dean, University of Hyderabad.
Qualification	Ph.D.	D.Tech	B.Com	B.Pharm MBA (USA)	F.C.A.	Ph.D
Shareholding as on 31.03.2010	3,598,525	1,944,949	1,293,565	149,300	-Nil-	-Nil-
List of other public limited companies in which directorship held as on 31.03.2010						
Chairman / Member of the committees of the board across all public companies of which he/she is a director as on 31.03.2010	1	1	1	-Nil-	-Nil-	-Nil-
	-Nil-	-Nil-	Shareholders/Grievance Committee - Chairman	-Nil-	Audit Committee - Chairman Remuneration Committee - Member Shareholders/Grievance Committee - Member	-Nil-

2. Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 for the special business listed at item 6, 7, 8 & 9 of Notice Calling 20th Annual General Meeting.

Item Nos. 6, 7, 8 & 9

Considering that the terms of appointment of Managerial personnel were to expire by March 31, 2010, the Board of Directors, in their meeting held on March 26, 2010, re-appointed Dr S P Vasireddi as Managing Director, Vungal Harriman as Director Technical, V V Prasad as Executive Director and Harita Vasireddi as Director Quality of the Company for a period of 3 (three) years commencing from March 26, 2010 in terms of recommendations made by the remuneration committee.

Dr S P Vasireddi, Managing Director, V V Prasad, Executive Director, V Harriman, Director-Technical and Harita Vasireddi, Director-Quality are deemed to be interested in these resolutions. None of the other Directors of the Company is in any way concerned or interested in these resolutions.

Pursuant to section 302 of the Companies Act, 1956 an abstract was sent to all the members on 15.04.2010 indicating the terms and conditions of appointment of managerial personnel of the Company.

A statement pursuant to the provisions of Section II Part II of Schedule XIII to the Companies Act, 1956 for payment of minimum remuneration in the event of loss or inadequacy of profits in any financial year during the tenure of the Managerial Personnel is enclosed as Annexure to this Notice.

By Order of the Board

Place : Hyderabad
Date : 28.07.2010

A VENKATA RAMANA
COMPANY SECRETARY & VP-CORP. AFFAIRS

ANNEXURE TO THE EXPLANATORY STATEMENT UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956

Statement pursuant to Section II part II of Schedule XIII of the Companies Act, 1956 relating to the appointment and remuneration of Managerial Personnel.

I. GENERAL INFORMATION

1. **Nature of Industry** : Contract Research and Testing Organisation providing wide range of testing and research services.
2. **Date or expected date of commencement of commercial production** : The Company is in existence since 1990.
3. **In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus** :- Not Applicable-
4. **Financial performance of the Company in the last five years based on given indicators**

Indicators ↴	Financial years →	2009-10	2008-09	2007-08	2006-07	2005-06
Total Income		8841.56	8173.07	7889.50	6391.25	5505.71
Profit before non cash charges		1882.89	2138.86	2490.50	2325.30	2535.29
Non cash charges		1393.00	1483.28	1461.85	939.96	503.40
Profit before Tax		407.29	627.92	990.72	1343.66	2031.88
Profit after Tax		265.86	404.43	624.57	872.73	1349.90
Paidup Equity Capital		442.16	442.16	442.16	442.16	442.16
Dividend (%)		40	40	40	40	40

(₹ in lakhs)

5. Export performance and net foreign exchange collaborations :

(a) Export earnings of the company during the last five financial years are as under :

Indicators ↴	Financial years →	2009-10	2008-09	2007-08	2006-07	2005-06
Export Earnings		4125.93	3037.74	2899.83	2340.17	2288.70

(₹ in lakhs)

(b) The Company has not entered into any collaborations with any foreign Companies / Parties.

6. Foreign Investments or collaborators, if any : - Nil -

II. INFORMATION ABOUT THE APPOINTEES : Details are given in Page No. 7

III. OTHER INFORMATION

1. **Reasons for inadequate profits** : In addition to the effect of global financial meltdown in the year 2008, the input and fixed costs have increased resulting in low profitability. Therefore, the profits are inadequate to cover the remuneration payable to the managerial personnel.
2. **Steps taken or proposed to be taken for improvement** : The management is consistently working for reducing the costs and for improving the performance of the company to attain better profitability.
3. **Expected increase in productivity and profits in measurable terms** : As in the past, it is expected that there will be an all-round increase in the productivity and profitability of the Company in the coming years. It is difficult to predict and quantify the increase in productivity in measurable terms.

IV. DISCLOSURES

1. Adequate disclosure is made to the shareholders of the company of the terms of appointment and remuneration of the managerial personnel and the approval is sought for the same.
2. The information on remuneration package and other details are disclosed in the directors report under the head "Corporate Governance".

Information about the appointees

Appointees				
Name Designation	Dr S P Vasireddi Managing Director	V Harriman Director - Technical	V V Prasad Executive Director	Harita Vasireddi Director - Quality
I) Background	Ph.D. with over 38 years of experience. He is one of the promoter Directors of the company and has been its Chairman & Managing Director since inception. He is a member on the Governing Boards of several scientific bodies.	D.Tech. from Toronto, Canada with over 33 years of experience. He is one of the promoter Directors of the company and has been its Director-Technical since inception.	A Graduate in commerce with over 33 years experience. He is one of the promoter Directors of the company and has been its Executive Director since inception. Prior to starting this Company, he was in service with AP State Government.	A Pharmacist and an MBA (USA) in Service Operations Management with over 13 years of experience.
II) Past Remuneration - (Salary, Allowances and Perquisites) (in ₹)				
F.Y. 2009-10	5,376,000	4,348,838	4,348,838	3,638,481
F.Y. 2008-09	5,376,000	4,332,000	4,332,000	3,610,000
F.Y. 2007-08	5,402,400	4,358,400	4,358,400	3,636,400
F.Y. 2006-07	5,402,400	4,358,400	4,358,400	3,636,400
F.Y. 2005-06	6,703,692	5,259,691	5,259,692	4,537,691
III) Recognition / Awards / Memberships	-----	-----	-----	-----
IV) Job Profile and his / her suitability	The profile of the job includes overall planning of business and implementation of Board decisions. The Job requires expert knowledge in the testing & research and related areas for guiding the scientists and experts of the Company. Dr S P Vasireddi with his expertise and rich experience in analytical testing and research fields, is the right person for the job.	The profile of the job includes overall supervision of testing & research division. The job requires expert knowledge in technical field and related matters. V Harriman with his expertise and wide experience in technical field, is the right person for the job.	The profile of the job includes heading Finance & accounts and administration Divisions. V V Prasad with his rich experience in Finance & accounts and Administration, is the right person for the job.	Maintaining and enhancing quality assurance activities to ensure systems, processes and their outcomes comply with Company's quality systems; applicable regulation; guidelines; and customer requirements. With her experience in these fields is the right person for the job.

Appointees			
Name Designation	Dr S P Vasireddi Managing Director	V Harriman Director - Technical	V V Prasad Executive Director
V) Remuneration proposed in the event of loss or inadequacy of profits	The Remuneration Proposed is as recommended by the "Remuneration Committee" and approved by the Board and is within the limit specified in Section II of Part II of Schedule XIII to the Companies Act, 1956 as amended from time to time.		
Salary	₹ 4,800,000 p.a.	₹ 4,800,000 p.a.	₹ 4,800,000 p.a.
Perquisites	<p>Pension / Superannuation Fund : Company's contribution to Provident Fund, Superannuation Fund or annuity fund in accordance with the Scheme of the Company to the extent these either singly or put together are not taxable under Income Tax Act, 1961.</p> <p>Gratuity : As per the rules of the Company, at the rate not exceeding one-half month's salary for each completed year of service.</p> <p>Encashment of Leave : Encashment of leave will be paid as per the rules of the company.</p>	<p>Pension / Superannuation Fund : Company's contribution to Provident Fund, Superannuation Fund or annuity fund in accordance with the Scheme of the Company to the extent these either singly or put together are not taxable under Income Tax Act, 1961.</p> <p>Gratuity : As per the rules of the Company, at the rate not exceeding one-half month's salary for each completed year of service.</p> <p>Encashment of Leave : Encashment of leave will be paid as per the rules of the company.</p>	<p>Pension / Superannuation Fund : Company's contribution to Provident Fund, Superannuation Fund or annuity fund in accordance with the Scheme of the Company to the extent these either singly or put together are not taxable under Income Tax Act, 1961.</p> <p>Gratuity : As per the rules of the Company, at the rate not exceeding one-half month's salary for each completed year of service.</p> <p>Encashment of Leave : Encashment of leave will be paid as per the rules of the company.</p>
VI) Comparative Remuneration Profile	This is a unique industry offering different types of testing and research services under one roof. There are no Indian industry norms available for comparison. There are no Companies offering all types of services under one roof like this Company. Hence providing the comparative information on remuneration profile with respect to industry, size of the company and profile of the position and person is not possible.		
VII. Pecuniary relationship with the Company and among the Managerial personnel.	<p>Chief promoter and Chairman & Managing Director of the Company - V V Prasad, Executive Director, V Harriman, Director-Technical and Harita Vasireddi, Director Quality of the company are his relatives.</p> <p>One of the Promoter Directors and Director-Technical of the Company.</p> <p>One of the Promoter Directors and Executive Director of the Company. Related to - Dr S P Vasireddi, Managing Director and V Harriman, Director-Technical of the company.</p> <p>Director Quality of the Company. Related to - Dr SP Vasireddi, Managing Director of the Company.</p>		

By Order of the Board

A VENKATA RAMANA
COMPANY SECRETARY & VP-CORP. AFFAIRS

Place : Hyderabad
Date : 28.07.2010

Vimta Labs Limited

Registered Office: Plot No. 141/2 & 142, IDA Phase II, Cherlapally, Hyderabad - 500 051

ADMISSION SLIP

Name & Address of Member	Folio No.	DP ID No.	Client ID No.
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I hereby record my attendance at the 20th Annual General Meeting of the company held on September 30, 2010 at 10.00 AM at Plot No. 141/2 & 142, IDA Phase II, Cherlapally, Hyderabad - 500 051

I certify that I am a registered member of the company and hold _____ shares.

Please indicate whether Member / Proxy.

Member

Proxy

Member's / Proxy's Signature

NOTE: Shareholder / Proxy holder must bring the Admission Slip to the meeting and hand over at the entrance duly signed.



Vimta Labs Limited

Registered Office: Plot No. 141/2 & 142, IDA Phase II, Cherlapally, Hyderabad - 500 051

PROXY FORM

Folio No.	DP ID No.	Client ID No.
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I / We _____

of _____ in the district of _____

being a Member / member of Vimta Labs Limited here by appoint _____

of _____ in the District of _____ or

of _____ in the District of _____ as my / our

Proxy to attend and vote for me / us on my / our behalf at the 20th Annual General Meeting of the company held on September 30, 2010 at 10.00 AM or at any adjournment there of.

As Witness my hand / our hands this _____ day of _____ 2010

Note. A Proxy need not be a member. This form must be deposited at the Registered Office of the Company not less than 48 hours before the beginning of the Meeting.

Signed by the said

Affix 1 Rupee Revenue Stamp



**Notice Calling 20th Annual General Meeting
Scheduled to be held on September 30, 2010**

Vimta Labs Limited

Registered Office: Plot Nos. 141/2 & 142, IDA Phase II, Cherlapally, Hyderabad - 500 051
E-mail : shares@vimta.com Web : www.vimta.com

Bus pickup service for AGM on September 30, 2010

1) 8:45 AM	Secunderabad Rly. Station, Bhoiguda side vehicle park.
2) 9:00 AM	Near Jubilee Bus Stand, Secunderabad.



20th ANNUAL REPORT 2009-2010

Vimta Labs Limited

Registered Office: Plot Nos. 141/2 & 142, IDA Phase II, Cherlapally, Hyderabad - 500 051
E-mail : shares@vimta.com Web : www.vimta.com

BOARD OF DIRECTORS

Dr S P VASIREDDI
Chairman & Managing Director

V HARRIMAN
Director Technical

V V PRASAD
Executive Director

HARITA VASIREDDI
Director Quality

T S AJAI
Director

Dr SUBBA RAO PAVULURI
Director

Prof. D BALASUBRAMANIAN
Director

Prof. K RAMACHANDRAN
Director

VP - FINANCE & CFO

P SANKARAI AH

COMPANY SECRETARY & VP - CORPORATE AFFAIRS

A VENKATA RAMANA

BANKERS

State Bank of India
Overseas Branch, 5-9-300, Abids
Hyderabad - 500 001.

The Hongkong and Shanghai
Banking Corporation Limited
6-3-1107 & 1108, Rajbhavan Road,
Somajiguda, Hyderabad - 500 082.

AUDITORS

Sarathy & Balu
(Firm Regn. No. 003621S)
Chartered Accountants
12, Master Sai Apartments,
Somajiguda, Hyderabad - 500 082.

LISTED WITH

The Bombay Stock Exchange Ltd.,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001.

National Stock Exchange of India Ltd.
"Exchange Plaza", Bandra, Kurla Complex,
Bandra (E), Mumbai - 400 051.

SHARE TRANSFER AGENTS

CIL Securities Ltd.
214, Raghavaratna Towers,
Chirag Ali Lane, Abids,
Hyderabad - 500 001.



Annual Report
2009 - 10

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To
The Members of
VIMTA LABS LIMITED

Your Directors have pleasure in presenting the 20th Annual Report and audited accounts of your Company for the year ended March 31, 2010.

FINANCIAL RESULTS

Financial Results for the year under review are as follows :

(₹ in lakhs)

	For the Year 2009-2010		For the Year 2008-2009	
1. Profit before interest, Depreciation & Taxes		2145.33		2401.46
Less : Finance Charges & Interest	262.43		262.60	
Depreciation	<u>1393.01</u>	<u>1655.44</u>	<u>1483.28</u>	<u>1745.88</u>
2. Profit before Amortization, Prior year adjustments & Taxes		489.89		655.58
Less : Amortization of Preliminary Expenses	40.19		40.18	
Less/(Add) : Prior year adjustments	<u>42.41</u>	<u>82.60</u>	<u>(12.53)</u>	<u>27.65</u>
3. Profit before tax		407.29		627.93
4. Less : a) Provision for Tax (regular)	133.00		225.00	
b) Fringe Benefit Tax	—		15.00	
c) Deferred Tax Liability/(Asset)	<u>8.43</u>	<u>141.43</u>	<u>(16.50)</u>	<u>223.50</u>
5. Profit after Tax		265.86		404.43
6. Add : Surplus brought forward from previous years		4293.35		4137.84
Amount available for appropriations		<u>4559.21</u>		<u>4542.27</u>
APPROPRIATIONS				
Transfer to General Reserves		30.00		42.00
Proposed dividend		176.86		176.86
Provision for tax on proposed dividend		30.06		30.06
Surplus carried to Balance sheet		<u>4322.29</u>		<u>4293.35</u>
		<u>4559.21</u>		<u>4542.27</u>

OPERATIONS

Earning before interest, taxes, depreciation and amortization (EBIDTA) for the year are ₹ 2145.33 lakhs as compared to the previous year earnings of ₹ 2401.46 lakhs. Profit after tax (including deferred tax) stood at ₹ 265.86 lakhs as against ₹ 404.43 lakhs of previous year. The reduction in profits has been due to added costs on human resources to develop new capabilities for the Company and increased expenditure for meeting developmental activities.

RECOGNITIONS & ACCREDITATIONS

VIMTA has been successful with the following regulatory audits and accreditations :

- First FDA audit and approval for drug testing as per cGMP at Vimta Life Sciences facility.
- MHRA, UK audit for Bioavailability studies at Cherlapally facility.
- 6th FDA audit for Bioavailability studies
- CAP (College of American Pathologists) accreditation for Clinical laboratory. Vimta happens to be the first and only lab in AP to be accredited by CAP
- Committee for the Purpose of Control and Supervision of Experiments in Animals (CPCSEA) approval to conduct experiments on animals

In addition to the above the Company has gone through 58 customer and prospect audits successfully paving way for future business.

DIVIDEND

Your Directors are pleased to recommend a dividend of 40% i.e. 80 Paise per equity share of ₹ 2/- each for the financial year 2009-10.

Transfer to Reserves

Your Directors propose to transfer ₹ 30 Lakhs to General Reserves. An amount of ₹ 4322.29 lakhs is proposed to be retained in Profit & Loss Account.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 read with the Articles of Association of the Company, T S Ajai and Prof D Balasubramanian, Directors of the Company would retire by rotation at the ensuing Annual General Meeting, and are eligible for re-appointment. T S Ajai and Prof D Balasubramanian have agreed for reappointment.

Your Directors recommend the re-appointment of T S Ajai and Prof D Balasubramanian as Directors subject to retirement by rotation.

AUDITORS

M/s Sarathy & Balu, Chartered Accountants, Auditors of the Company would hold their office till the conclusion of the ensuing Annual General Meeting. They have given their consent for reappointment and further stated that they are eligible to take up the appointment within the provisions of Section 224 (1-B) of the Companies Act, 1956. It is proposed to re-appoint the same auditors to hold the office from the conclusion of the ensuing Annual General Meeting till the conclusion of subsequent Annual General Meeting.

PARTICULARS OF EMPLOYEES

List of employees of the Company who have received remuneration in excess of the limits specified in Section 217(2A) of the Companies

Directors' Report

Act, 1956 read with the rules made there under is enclosed hereto as Annexure-I and forms part of this report.

INFORMATION ON ENERGY CONSERVATION & TECHNOLOGY ABSORPTION

Pursuant to the Provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988, the relevant information pertaining to Energy Conservation, Technology Absorption, Foreign Exchange earnings and outgo is enclosed hereto as Annexure -II and forms part of this report.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, your Directors state that :

- i. The applicable accounting standards have been followed in preparation of the annual accounts and there are no material departures during the year under review.
- ii. They have selected the accounting standards and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the Company for the period.
- iii. They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 to safeguard the assets of the company and for preventing and detecting fraud and other irregularities.
- iv. They have prepared the annual accounts on a going concern basis.

MANAGEMENT DISCUSSION & ANALYSIS

The Management Discussion and Analysis given below discusses the key issues concerning the business carried on by the Company.

Industry Overview

VIMTA LABS LIMITED is engaged in Contract Research and Testing activities in the following areas :

- i) Advanced Molecular Biology
- ii) Analytical testing of Food & Drugs
- iii) Clinical Reference Laboratory Services
- iv) Clinical Research
- v) Environmental Monitoring and Impact Assessment
- vi) In-house R&D
- vii) Pre-Clinical Research

As seen above your Company's focus is majorly on Pharma and health care industry.

Scope and Potential

Amended drugs and cosmetic act demands GLP/GMP compliant drug testing with effect from September 2010. Your company is well positioned with its cGMP compliant laboratories created at Alexandria Knowledge Park (formerly known as S P Bio-Tech Park) in Genome Valley. FDA approval received recently enhances our opportunity in terms of domestic and international business opportunities.

Your company has started building capabilities to support drug discovery activities from invitro to invivo. Internal Research & Development team has been developing a range of invitro and biologics assays to support the market needs. The newly created pre-clinical invivo (animal house) facility is in the process of seeking AAALAC accreditation and necessary GLP certification during the current fiscal.

The Clinical Research activities of your company have been predominantly Bio-availability and Bio-equivalence studies

supporting the generic industry. As generic industry has been going through a process of consolidation globally your company has taken steps to launch Clinical Trial services (Phase II, III and IV) since last one year. Today your company has a wide network of clinical trial sites. This helps your company to compete for its share in the growing clinical trial market.

The recent accreditations of your company's clinical laboratory by College of American Pathologists (CAP) are just in time to support clinical trial sample analysis as a Central Lab for global companies demanding global standards.

Your company has been successful in building bench mark infrastructure required for Contract Research and testing activities. As can be seen from the financials, your company has been investing appropriately on the human resources during the last two years to build capabilities for a sustainable growth.

Strengths

Quality, Technology and Knowledge have been the three prime drivers for your company. The international accreditations, success at global regulatory audits and partnerships with market leaders confirm that your company is in the right direction.

Threats

Competition is an inherent threat for any business. More and more players are likely to walk into the field of operations, Vimta is engaged in. Multinational Contract Testing and Research organizations are anchoring in India to reduce their service costs. To mitigate the threats Vimta is always looking for continuous innovation of new portfolios thus giving itself a clear lead of 2-3 years.

Outlook

With the pre-clinical facility in place and considering the market potential and increasing intent from Pharma MNCs on outsourcing to Indian CROs, the Company is confident of maintaining higher growth rates in the years to come.

Risks and Concerns

The increasing demand for Vimta's services has been putting a lot of pressure on human resources. Availability of talented and trained manpower is scarce and the Company is doing its best to employ qualified people and impart on job training to cope with the increasing work loads. Further, steep increase in the input costs due to high inflation is a major concern. Vimta is making all its efforts to reduce expenditure to offset the effect of inflation to maintain profitability levels.

Safety, Health and Environment

As a part of Vimta's commitment towards the principles of sustainable development, safety, health and environment continue to be priority areas for the Company. Some of the major activities in these areas have been recycling of waste water; the pre-clinical facility is a gold rated green building, training of staff at all levels in the facility has been created with required standards to monitoring the safety, health and environment.

Foreign exchange fluctuations

Foreign currency transactions pertaining to the invoices raised on customers are accounted at the exchange rates prevailing on dates of the respective transactions. The outstanding receivables as on balance sheet date are translated at year end rates. The exchange differences arising on actual date of receipts from the customers settled during the year resulted in a gain of ₹ 253.75 lakhs.

Monetary liabilities denominated in foreign currency pertaining to term loan as at balance sheet date is translated at year end exchange rate. The resultant exchange loss during the year is ₹ 147.58 lakhs.

The net gain during the year on account of the above transactions amounting to ₹ 106.17 lakhs has been accounted under other income in Profit & Loss Account.

Segment-wise or Product-wise performance

The Company is primarily engaged in the business of testing and research activities in various disciplines such as Contract Research, Clinical Speciality Diagnostics, Analytical Testing, Environmental Monitoring and Impact Assessment studies. Since the inherent nature of all these activities are integrated and governed by the same set of risks and returns and operating in the same economic environment, these have been grouped as a single segment in the financial statements. The said treatment is in accordance with the Accounting Standard (AS) - 17 on "Segment Reporting".

Internal Control Systems

The Company has a well-defined internal control system and the same is adequate and commensurate with the size and nature of its business. Adequate internal controls are established to ensure that all assets are safeguarded, and protected against loss from unauthorized use or disposition, and all the transactions are authorized, recorded and reported correctly. As a part of control systems, Company is in the process of SAP ERP implementation.

The Company monitors and reviews the progress on the basis of internal audit reports and through Audit Committee Meetings regularly.

Financial performance

Gross revenue for the year 2009-10 is ₹ 8841.56 lakhs as compared to the previous year of ₹ 8173.07 lakhs. The Export income increased by 35.82% in the year to reach ₹ 4125.93 lakhs, as compared to the previous year of ₹ 3037.74 lakhs. The Net Profit stood at ₹ 265.86 lakhs as compared to the previous year net profit of ₹ 404.43 lakhs.

Human Resources

Human Resource is one of the strong drivers of the company. At the end of the financial year Vimta had 777 employees including 32 Medical Doctors; 34 PhDs and 425 Scientists, Engineers and Technicians.

Research & Development

The R & D division of your company in addition to development and validation of Molecular diagnostic assays for in house use of Clinical Reference Lab, has developed in-vitro and biologics assays to support pre-clinical activities of the Company. With the development of these assays, your Company has the capability to provide a complete service for drug discovery and pre-clinical testing from in-vitro through to in-vivo.

During the year your company has spent ₹ 118.02 lakhs in its R & D activities towards manpower and Chemicals & consumables

R & D activities also involve several collaborative efforts for drug discovery and development of diagnostic assays and devices that will enable Vimta to obtain valuable Intellectual Property (IP) rights and enhance its portfolio in the near future.

Corporate Governance

The Company has complied with the Corporate Governance Code as stipulated under the listing agreement with the Stock Exchanges. A Separate section on Corporate Governance along with a Certificate from the auditors confirming the compliance is annexed to and forms part of this report. The Corporate Governance Voluntary Guidelines 2009 issued by Ministry of Corporate Affairs are under consideration for implementation.

DISCLOSURES AS PER THE LISTING AGREEMENT & SEBI REGULATIONS

Cash flow statements

In due compliance of the listing agreements and in accordance with the requirements prescribed by SEBI, the cash flow statement was prepared and appended to this Annual Report.

Stock exchanges

Equity Shares of your Company are listed with Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The listing fee was paid in time and no amount was outstanding.

Share transfer agency

The Company has appointed M/s CIL Securities Ltd, 214, Raghavaratna Towers, Abids, Hyderabad - 500001 as its share transfer agency for handling both physical and electronic transfers.

Transfer of unclaimed Dividend amount to Investor Education and Protection Fund

The Company has transferred unclaimed dividend for the years 2001-02 & 2002-03 to Investor Education and Protection Fund. The details of unclaimed dividends and due dates for transfer to the said fund account for other financial years were disclosed in the Corporate Governance Report.

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.

Replies on Auditors Qualifications

With respect to Auditors qualification in their report dated 12.05.2010, under item No. ix(b) the delays in depositing income tax deductions at source (TDS) and service tax in few cases were due to delay in receipt of expected cash in flows in time. However, all the payments were made before the end of the respective months in which they are payable. With respect to item No. xi (a), the company had to prioritise its capital requirements out of the current revenues resulting in delay in repayment of term loan installments to the bankers. However, the entire loan was repaid within the stipulated period.

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.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their gratitude to shareholders and thank the customers, vendors, franchisees, bankers, Technology Development Board, merchant 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 rapid strides.

For and on behalf of the Board

Place : Hyderabad
Date : 28.07.2010

DR S P VASIREDDI
CHAIRMAN & MANAGING DIRECTOR

ANNEXURE - I

Statement pursuant to Section 217(2A) of the Companies Act, 1956 and Companies (Particulars of Employees) Rules, 1975.
(Forming part of the Directors' Report for the year ended March 31, 2010)

Name	Qualification & Experience	Age in years	Designation/ Nature of Duties	Date of Commencement of employment	Gross Remuneration (₹)	Last Employment
Dr S P Vasireddi	M. Sc., Ph. D. 37 years.	62	Managing Director	01.04.2005	5,376,000	i) Mineral Exploration Corp. Ltd., Nagpur ii) Vimta Labs
V V Prasad	B.Com 32 years.	59	Executive Director	01.04.2005	4,348,838	Vimta Labs
V Harriman	D. Tech in Elect., Toronto, Canada 32 years.	58	Director - Technical	01.04.2005	4,348,838	i) GB Electronics, Bangalore ii) Vimta Labs
Harita Vasireddi	B.Pharm, MBA 13 years.	35	Director - Quality	01.04.2005	3,638,481	Vimta Rostest Pvt. Ltd.
Dr N V Rama Rao	M.Sc. Ph.D 40 years.	62	President-Life Sciences	11.10.2006	2,925,000	Indian Medicines Pharmaceuticals Corp. Ltd.
Dr Mahanand-swara Gattu	Ph.D, M.S 11 years.	43	Vice President - R&D	30.05.2008	3,915,916	i) Glaxo SmithKline, USA MDR-Bioinformatics
Dr Jyothi Ganti	Ph.D, M.Tech. 18 years.	47	Vice President Analytical	10.11.2008	2,736,392	i) Matrix Laboratories Ltd ii) Mayne Pharma, Australia
Dr Ranjan Chakrabarti	M.Sc, Ph.D 20 years.	52	Sr Vice President	11.11.2009	2,766,721	GVK Bioscience
Mr. Ravindra Raghunath Desai	M.Sc, 30 years	55	President - CRL	25.06.2009	2,999,000	SRL Ranbaxy
Dr. Nitin Mahabala Shetty	M.Sc, Ph.D 24 years	46	Vice President - Preclinical	27.04.2009	4,936,018	Wochardt Research Centre

NOTES :

1. Nature of employment of Managing Director and other Wholetime Directors are contractual.
2. Gross remuneration includes salary, allowances and perquisites.

For and on behalf of the Board

Place : Hyderabad
Date : 28.07.2010

Dr S P VASIREDDI
Chairman & Managing Director

ANNEXURE - II

Information on Energy Conservation, Technology Absorption, Foreign Exchange earnings and outgo

(Forming part of the Directors' Report for the year ended 31st March, 2010.)

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 quality standards such as IS, IP, USP, BP, ASTM, AOAC, FDA, WHO, etc. 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 equipment are micro-processor 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 :

- i) Designed and installed the power distribution system perfectly to utilize the power at optimum level of requirement.
- ii) The Laboratory building is designed in such a way that during day time no artificial lighting is required in most areas in the lab.
- iii) Occupancy sensors are installed at the Life Sciences Facility to control artificial lighting.

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

An integrated building management system from SIEMENS is installed at the Life Sciences facility to help conservation of energy.

c) Impact of the measures at (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.

d) Total energy consumption and energy consumption per unit of production as per Form A of the Annexure :

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 guidelines such as those of DCGI, USFDA, ICH etc.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the financial year, the Company has earned foreign exchange of ₹ 4125.93 lakhs (previous year ₹ 3037.74 lakhs). The Company's foreign exchange outgo was of ₹ 1338.29 lakhs (previous year ₹ 839.12 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 : 28.07.2010

DR S P VASIREDDI
CHAIRMAN & MANAGING DIRECTOR

Declaration by Managing Director

I, Dr S P 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 : 28.07.2010

DR S P VASIREDDI
CHAIRMAN & MANAGING DIRECTOR

Report on Corporate Governance

INTRODUCTION

Company Philosophy on Corporate Governance

Vimta Labs Limited ("Vimta" / "The Company") believes that the Corporate Governance goes beyond being a regulatory requirement and has hereby laid strong emphasis on the transparency, accountability, responsibility, fairness, integrity, consistent value systems and delegation across all of its operations. Vimta is confident that these practices will enable it to establish enduring relationships with all its stakeholders and optimize its sustained growth.

BOARD OF DIRECTORS

Composition, Attendance and other Directorships

The Board has a fair representation of the executive, non-executive and independent directors. The Independent Directors on the Board are senior, competent and from different fields. Active participation of the Independent Directors does add value in the decision making process of the Board of Directors.

The Composition of the Board their attendance and Directorships during the year ended March 31, 2010 and as on the date of the Report are given below :

During the year ended March 31, 2010 the Board of Directors met five times. These were held on April 27, 2009; July 23, 2009; October 22, 2009, January 25, 2010 and March 26, 2010.

Name of the Director & Category	Attendance at		No. of other Boards / Committees in which he/she is member or Chairperson	
	Board Meeting	Annual General Meeting	Board	Committee
Dr S P Vasireddi Promoter Executive Director	5	Present	1	---
V Harriman Promoter Executive Director	5	Present	1	---
V V Prasad Promoter Executive Director	5	Present	1	---
Harita Vasireddi Executive Director	5	Present	---	---
T S Ajai Non-Executive & Independent Director	4	Absent	---	---
Dr Subba Rao Pavuluri Non-Executive & Independent Director	5	Present	2	---
Prof D Balasubramanian Non-Executive & Independent Director	2	Absent	---	---
Prof K Ramachandran Non-Executive & Independent Director	2	Present	1	2

AUDIT COMMITTEE

Terms of Reference

The terms of reference of the Audit Committee is as per the guidelines set out in the listing agreement with the Stock Exchanges, read with Section 292A of the Companies Act, 1956. These broadly include approval of audit plan, review of financial reporting systems, internal control systems, ensuring compliance with regulatory guidelines accounting policies and statutory provisions discussions on quarterly, half yearly and annual financial results, interaction with statutory, internal auditors and recommendation for appointment of statutory auditors and their remuneration. The Audit Committee reviews the quarterly report submitted by the Finance & Accounts department.

The Head of Finance & Accounts department attends all the Committee Meetings and briefs the Committee on all the points covered in the Report as well as the other issues which come up during discussion.

Composition and attendance

Name of the Member	Meetings held	Attendance
T S Ajai, Chairman	4	4
Dr Subba Rao Pavuluri, Member	4	4
Prof. K Ramachandran, Member	4	1

The Company Secretary & VP- Corporate Affairs A Venkata Ramana acts as Secretary to the Committee.

REMUNERATION COMMITTEE

Terms of reference

The remuneration committee of the Company recommends the compensation package and other terms and conditions of Executive Directors and other senior managers.

Composition and attendance

Name of the Member	Meetings held	Attendance
Prof. K Ramachandran, Chairman	2	2
T S Ajai, Member	2	2
Dr Subba Rao Pavuluri, Member	2	2

The Company Secretary & VP- Corporate Affairs, A Venkata Ramana acts as Secretary to the Committee.

Remuneration Policy

The Managing Director and other three whole time directors are paid remuneration as per the respective agreements entered into with the Company. The other non-Executive Directors are paid sitting fees for attending the Board Meetings. The members of the committees have decided not to take any sitting fee for the time being for committee meetings. In addition Dr Subba Rao Pavuluri has decided not to take any sitting fee for the Board Meetings as well.

Remuneration / Sitting fee paid to Directors

(In Rupees)

Name of the Directors	Salary	Perqui-sites	Sitting Fee	Total
Dr S P Vasireddi	4,800,000	576,000	---	5,376,000
V Harriman	3,914,516	434,322	---	4,348,838
V V Prasad	3,914,516	434,322	---	4,348,838
Harita Vasireddi	3,274,997	363,484	---	3,638,481
T S Ajai	---	---	20,000	20,000
Dr Subba Rao Pavuluri	---	---	---	---
Prof. D Balasubramanian	---	---	10,000	10,000
Prof. K Ramachandran	---	---	10,000	10,000

Note: a) Salary includes Basic Salary, Allowances, Perquisites.

b) Portion of the salaries paid to the Managing Director and other whole time directors have been capitalized for their time spent on the new project at Plot No.5, Alexandria Knowledge Park (formerly known as S P Bio-Tech Park), Genome Valley, Turkapally Village, Shameerpet Mandal.

Disclosure: Required disclosure in pursuance of Clause B (iv) (IV) (2) of Section-II, Part-II of Schedule XIII to the Companies Act, 1956 with respect to minimum remuneration payable to the managerial personnel in the event of loss or inadequacy of profits is attached as Annexure - I to this report.

SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

Director heading the committee	V V Prasad
Compliance Officer	A Venkata Ramana
No. of shareholders' complaints received	7
No. of complaints resolved	7
No. of pending complaints	Nil

GENERAL BODY MEETINGS

The Details of Annual General Meetings held in last three years

S.No.	Year	Meeting	Venue	Date	Time
1.	2006-2007	AGM	Regd. Office	09.08.2007	10.30 a.m.
2.	2007-2008	AGM	Regd. Office	04.09.2008	10.00 a.m.
3.	2008-2009	AGM	Regd. Office	19.09.2009	10.00 a.m.

There were no Extra-Ordinary General Meetings (EGMs) during the Financial year 2009-10

All the Special resolutions placed before the shareholders at the above meetings were approved.

No resolution was circulated by postal ballot in the above Annual General Meetings.

No resolution was proposed which got to be conducted through Postal ballot.

DISCLOSURES

There are no materially significant transactions with the related parties conflicting with Company's interest. Suitable disclosures have been made in the Annual Report as required by the Accounting Standard (AS18) with respect to Related Party Transactions

There is no pecuniary relationship or transactions of non executive Directors vis-à-vis the Company which has potential conflict with the interests of the Company at large.

During the last three years there have been no instances of Non-compliance by the Company, no penalties, no strictures imposed on the company by Stock Exchanges or SEBI or any other statutory authority on any matters related to Capital markets.

The Company has complied with all mandatory requirements of the Corporate Governance clause of the listing agreement. The Company has adopted Remuneration committee requirements out of the non mandatory requirements of the corporate governance clause of the listing agreement.

The Company has not adopted the whistle Blower Policy which is one of the non mandatory requirements of the corporate governance clause of the listing agreement. However, it is affirmed that none of the personnel have been denied access to the audit committee to report their concerns about unethical behavior, actual or suspected fraud or violation of Code of Conduct or ethics policy.

Report on Corporate Governance

The Corporate Governance Voluntary Guidelines 2009, issued by Ministry of Corporate Affairs are under consideration for implementation.

In the preparation of financial statements, the Company has followed the accounting Standards as prescribed by the Central Government under the Companies (accounting Standards) Rules, 2006.

The Company has laid down procedures for the risk assessment and minimization of risks. These were reviewed by the Board to ensure that Executive Management controls risk through means of a properly defined framework.

MEANS OF COMMUNICATION

The quarterly, half-yearly financial results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board, by fax, e-mail and by courier. These are published in two newspapers within 48 hours of the conclusion of the meeting of the Board. Generally the results are published in Financial Express and Eenadu / Andhra Prabha. The results are also placed on the Company's website www.vimta.com. Further all the material information which has bearing on the operations of the Company is sent to all stock exchanges concerned.

The Company's website also displays official press/news releases, presentations if any., made to institutional investors and analysts, and several other details / information of interest to various stakeholders.

COMPLIANCE OF INSIDER TRADING NORMS

The Company has adopted the code of internal procedures and conduct for Listed Companies as notified by Securities Exchange Board of India prohibiting insider trading. A policy document on internal code of conduct on insider trading is available with the registered office of the Company. All insiders shall comply with the model code of conduct adopted by the Company.

GENERAL SHAREHOLDER INFORMATION

Annual General Meeting

Date	: 30.09.2010
Time	: 10.00 A M
Venue	: Plot No.141/2 & 142, IDA, Phase-II, Cherlapally, Hyderabad : 500051

Financial Calendar

Financial year	: April 1, 2010 to March 31, 2011
First quarter results	: On or before August 14, 2010
Half yearly results	: On or before November 14, 2010
Third quarter results	: On or before February 14, 2011
Fourth quarter/Annual Results:	On or before May 30, 2011
Date of Book Closure	: 27.09.2010 to 30.09.2010 (both days inclusive)
Date of dividend payment	: Within 30 days from declaration by the members in their meeting to be held on 30.09.2010.

Unclaimed dividend

Dividend pertaining to the financial years 2001-02 and 2002-03 which remain unclaimed for a period of seven years, were transferred to the Investor Education and Protection Fund. The unclaimed dividends for the financial years 2003-04 to 2008-09 will be transferred to the said fund account as detailed in the below statement. Therefore, the members may claim their dividend before its transfer to the said Fund.

Sl. No.	Year of Dividend	Date of declaration	Tentative date of transfer
1	2003-2004	31.01.2004	08.03.2011
2	2004-2005	12.07.2004	16.08.2011
3	2004-2005	25.05.2005	29.06.2012
4	2005-2006	09.06.2006	14.07.2013
5	2006-2007	09.08.2007	13.09.2014
6	2007-2008	04.09.2008	09.10.2015
7	2008-2009	19.09.2009	24.10.2016

Listing with Stock Exchanges

Name of the Stock Exchanges & Address

- Bombay Stock Exchange Limited
Phiroje Jeejeebhoy Towers
Dalal Street, Mumbai - 400 001
Stock Code : 524394
- National Stock Exchange of India Limited
"Exchange Plaza", Bandra
Kurla Complex, Bandra (E)
Mumbai - 400 051
Stock Code : VIMTALABS

The ISIN of dematerialized shares of the Company is "INE579C01029"

Electronic Connectivity

- National Securities Depository Ltd
Trade World, 4th Floor, Kamala Mills Compound
Senapati Bapat Marg, Lower Parel, Mumbai - 400 013
- Central Depository Services (India) Limited
26/28th Floor, BSE Buildings, Dalal Street
Mumbai - 400 023

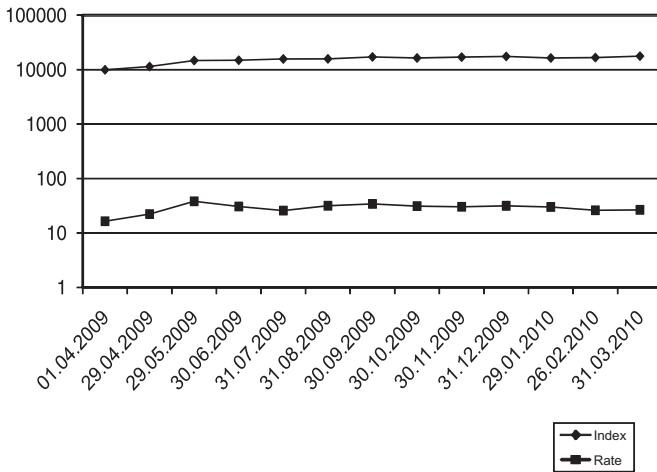
Stock Price Data

Monthly high and low share quotations on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited, Mumbai for the financial year 2009- 2010 are as follows :

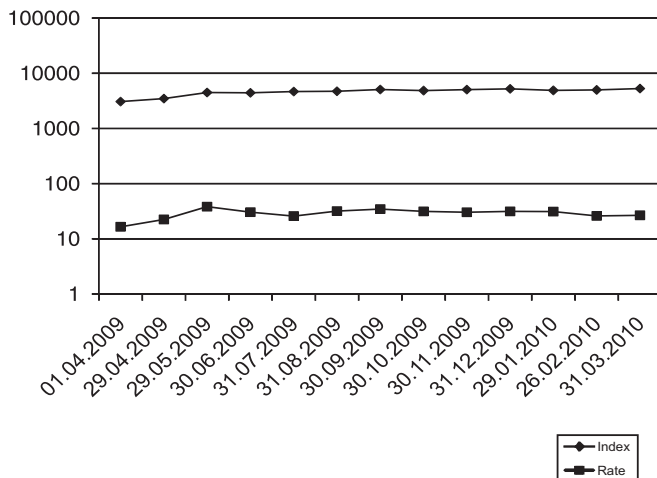
Year 2009-10	Bombay Stock Exchange Ltd.		National Stock Exchange of India Ltd.	
	High	Low	High	Low
April, 2009	24.50	15.90	24.55	15.75
May'2009	41.90	21.65	42.10	21.50
June'2009	37.00	27.10	36.90	27.20
July'2009	30.50	23.25	30.50	23.00
August'2009	31.65	24.00	31.90	23.80
September'2009	38.80	31.00	38.75	30.50
October'2009	37.35	27.80	37.25	28.25
November'2009	30.30	25.80	30.85	25.55
December'2009	34.15	29.30	34.00	29.00
January'2010	42.70	28.55	38.35	28.50
February'2010	30.55	23.65	30.35	23.90
March'2010	29.50	24.30	30.05	24.40

Share price performance in comparison to broad based indices - BSE Sensex and NSE

Bombay Stock Exchange Limited



National Stock Exchange of India Limited



Address for Communication regarding Share Transfers in Physical/ Electronic form and other related correspondence:

M/s CIL Securities Ltd.
214, Raghava Ratna Towers, Abids
Hyderabad - 500001
Phone : 040-23203155 ; Fax : 040-66661267
E-mail: cilsec@rediffmail.com

Share Transfer System

Presently, the share transfers which are received in physical form are processed and the share certificates are returned within a period of 20 days from the date of receipt, subject to the documents being valid and complete in all respects.

Distribution of shareholding as on 31.03.2010

Shares held	Shareholders		No. of Shares		
	From - To	No.	%	No.	%
Upto 5000		9625	96.86	5039595	22.80
5001-10000		164	1.65	1253280	5.67
10001-20000		56	0.57	782195	3.54
20001-30000		27	0.27	685967	3.10
30001-40000		17	0.17	594123	2.69
40001-50000		10	0.10	461652	2.08
50001-100000		12	0.12	849802	3.84
100001 and above		26	0.26	12441196	56.28
Total		9937	100	22107810	100

Categories of shareholders as on 31.03.2010

Category	No. of Shares	%
Shareholding of Promoter & Promoter Group		
Indian	8141786	36.83
Foreign	Nil	Nil
Public Shareholding		
Institutional Investors	2673528	12.09
Non - Institutional Investors	11292496	51.08
TOTAL	22107810	100

Dematerialization of shares and liquidity

Over 96.36% of the Company's equity shares have been dematerialised as on 31.03.2010. Trading in Equity shares of the Company is permitted only in dematerialised form as per notification issued by SEBI.

Vimta Shares are actively traded at Bombay Stock Exchange Limited and National Stock Exchange of India Limited. Relevant turnover data for the financial year 2009-10 is

(₹ in lakhs)*

	Bombay Stock Exchange Ltd.	National Stock Exchange of India Ltd.
Total shares traded	17576945	18193305
Turnover value*	5783.36	5906.67

As on date, the Company has not issued any GDRs/ ADRs/ Warrants or any convertible instruments

CEO/CFO Certification

The Managing Director and Chief Financial Officer have certified to the Board with respect to the financial statements, internal controls and other matters, as required by Clause 49 of the Listing Agreement with stock Exchanges and the said certificate is contained in this Annual Report.

Report on Corporate Governance

Company locations :

Regd. Office & Central Laboratory

Plot No.141/2 & 142, IDA, Phase-II, Cherlapally,
Hyderabad - 500051
Phone : 040-27264141 ; Fax : 040-27263657

Life Sciences facility

Plot No.5, Alexandria Knowledge Park
(formerly known as S P Bio-Tech Park)
Genome Valley, Turkapalli (V)
Shameerpet (M), Pin : 500078
Phone : 040-67404040

Other locations

a) Laboratory locations

- i) Plot No.58, Block C, Sector VIII, Noida : 201301
- ii) 29-5-1, Shyam Enclave, Opp. Glaxo, Cherukupalli Vari Street Prakasam Road, Governerpet, Vijayawada : 520002

- iii) 14-37-41/2, Krishna Nagar, Maharanipet, Visakhapatnam - 530002
- iv) 47 & 48, Cowley Brown Road, R S Puram, Coimbatore - 641002
- v) 107-A-1, NSR Road, Saibaba Colony & A, Coimbatore - 641002

b) Office locations

- i) 74, G N Chetty Road, T Nagar, Chennai : 600017
- ii) 8, Azad Road, R S Puram, Coimbatore ; 641002
- iii) G1 & G2, Ground Floor, Tulip Building, Diamond Harbour Road Sahapur, Kolkata : 700038

Address for correspondence

Vimta Labs Ltd
Plot No.141/2 & 142, IDA, Phase-II,
Cherlapally, Hyderabad - 500051
Phone : 040-27264141; Fax : 040-27263657 ;
Web : www.vimta.com; E-mail: shares@vimta.com

AUDITORS' CERTIFICATE

To
The Members of Vimta Labs Limited

1. We have examined the compliance of conditions of Corporate Governance by Vimta Labs Limited, for the year ended March 31, 2010, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.
2. The Compliance of conditions of Corporate Governance is the 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.
3. In our opinion, and to the best of our information and according to explanations given to us, we certify that the Company has complied with the conditions of the Corporate Governance as stipulated in the above mentioned Listing Agreement.
4. We state that no investor grievance is pending for a period exceeding one month against the Company as on March 31, 2010 as per the records maintained by the Shareholders/Investors Grievances Committee.
5. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

for SARATHY & BALU
CHARTERED ACCOUNTANTS
(Firm Regn. No. 003621S)

J VENKATESWARLU
PARTNER
ICAI Ms.No.022481

Hyderabad
Date : 28.07.2010

C E O / C F O CERTIFICATE

To
The Board of Directors of Vimta Labs Limited

We have reviewed financial statements and the cash flow statement for the financial year ended March 31, 2010, and certify that :

- a) These results and statements to the best of our knowledge and belief :
 - i. do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) To the best of our knowledge and belief, no transactions entered into by the company during the year which is fraudulent, illegal or violative of the company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls and have evaluated the effectiveness of internal control systems of the company and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such -internal controls of which we are aware and the steps take and proposed to be taken to rectify these deficiencies.
- d) We have also indicated to the auditors and the Audit committee
 - i. significant changes in internal control over financial reporting during the year; and the achievement of adequate internal controls within the Company's ERP systems.
 - ii. significant changes in accounting policies during the year and these have been disclosed in the notes to the financial statements;
- e) To the best of our knowledge and belief, there are no instances of significant fraud involving either the Management or employees having a significant Role in the Company's internal control systems with respect to financial reporting.

DR S P VASIREDDI
MANAGING DIRECTOR

Hyderabad
Date : 28.07.2010

P SANKARAI AH
C F O

ANNEXURE - I

Disclosure in pursuance of clause B (iv) (IV) (2) of Section II of Part II of Schedule XIII to the Companies Act, 1956 with respect to minimum remuneration payable to managerial personnel in the event of loss or inadequacy of profits in any financial year during the currency of their tenure.

Name of the Managerial personnel and Designation	Dr S P Vasireddi Managing Director	V Harriman Director - Technical	V V Prasad Executive Director	Harita Vasireddi Director - Quality
Period of Appointment	Three (3) years beginning March 26, 2010 and ending March 25, 2013	Three (3) years beginning March 26, 2010 and ending March 25, 2013	Three (3) years beginning March 26, 2010 and ending March 25, 2013	Three (3) years beginning March 26, 2010 and ending March 25, 2013
Salary	₹ 4,800,000 p.a.	₹ 4,800,000 p.a.	₹ 4,800,000 p.a.	₹ 4,800,000 p.a.
Perquisites	<p>Pension / Superannuation Fund : Company's contribution to Provident Fund, Superannuation Fund or annuity fund in accordance with the Scheme of the Company to the extent these either singly or put together are not taxable under Income Tax Act, 1961.</p> <p>Gratuity : As per the rules of the Company, at the rate not exceeding one-half month's salary for each completed year of service.</p> <p>Encashment of Leave : Encashment of leave will be paid as per the rules of the company.</p>	<p>Pension / Superannuation Fund : Company's contribution to Provident Fund, Superannuation Fund or annuity fund in accordance with the Scheme of the Company to the extent these either singly or put together are not taxable under Income Tax Act, 1961.</p> <p>Gratuity : As per the rules of the Company, at the rate not exceeding one-half month's salary for each completed year of service.</p> <p>Encashment of Leave : Encashment of leave will be paid as per the rules of the company.</p>	<p>Pension / Superannuation Fund : Company's contribution to Provident Fund, Superannuation Fund or annuity fund in accordance with the Scheme of the Company to the extent these either singly or put together are not taxable under Income Tax Act, 1961.</p> <p>Gratuity : As per the rules of the Company, at the rate not exceeding one-half month's salary for each completed year of service.</p> <p>Encashment of Leave : Encashment of leave will be paid as per the rules of the company.</p>	<p>Pension / Superannuation Fund : Company's contribution to Provident Fund, Superannuation Fund or annuity fund in accordance with the Scheme of the Company to the extent these either singly or put together are not taxable under Income Tax Act, 1961.</p> <p>Gratuity : As per the rules of the Company, at the rate not exceeding one-half month's salary for each completed year of service.</p> <p>Encashment of Leave : Encashment of leave will be paid as per the rules of the company.</p>

Auditor's Report

To
The Members of VIMTA LABS LIMITED

1. We have audited the attached Balance Sheet of VIMTA LABS LIMITED ("the Company") at 31st March 2010, the Profit and Loss account and the Cash Flow Statement for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, as amended from time to time, we give in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) 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 and proper returns adequate for the purposes of our audit have been received from the branches and offices not visited by us;

- iii) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement together with the Significant Accounting Policies and Notes on Accounts dealt with by this report, are in agreement with the books of account;
- iv) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement together with the Significant Accounting Policies and Notes on Accounts dealt with by this report comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956;
- v) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010;
 - b) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date
5. On the basis of the written representations received from the directors as on 31st March, 2010, taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director of the Company under Section 274 (1)(g) of the Companies Act, 1956.
6. As the Central Government has not notified the effective date for levy and collection of Cess U/s.441A of the Companies Act, 1956, the company has not provided / paid the said Cess for the year under audit and hence our comments on the regularity or otherwise of the company in this regard are Nil.

for SARATHY & BALU,
Chartered Accountants
(Firm Regn. No. 003621S)

Place: Hyderabad
Date: 12.05.2010

J. VENKATESWARLU
PARTNER
ICAI Ms. No.022481

Annexure to Audit Report dated 12.05.2010

(Referred to in paragraph 3 of our report of even date)

- i) a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) As explained to us, all the 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. According to the information and explanations given to us, no material discrepancies were noticed on such physical verification.
- c) According to the information and explanations given to us and in our opinion, 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) According to the information and explanations given to us, the inventory has been physically verified during the year by the Management at reasonable intervals. In our opinion, the frequency of verification is reasonable.
- b) In our opinion and according to the information and explanations given to us, 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) According to the information and explanations given to us and in our opinion, the Company has maintained proper records of its inventory and no material discrepancies were noticed on physical verification of inventory as compared to the book records.
- 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. As such, 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 for the current year.
- 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.

- v) a) To the best of our knowledge and belief and 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) According to the information and explanations given to us, the Company has not accepted any deposits from public. Therefore, the provisions of Clause (vi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company for the current year.
- vii) In our opinion, the Company has an internal audit system to 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) According to the information and explanations furnished to us and as per the records of the Company we report that :
- a) the Company is regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, custom duty, excise-duty, cess and other statutory dues as applicable to it with the appropriate authorities and the company is not required to transfer any amount to the investor education and protection fund during the year covered under audit.
- b) *there are some delays in depositing Income tax Deducted at Source (TDS) and Service tax in a few cases and however, the delays in such cases have not been serious and were made good before the end of the accounting period covered under audit.*
- c) there are no undisputed arrears of statutory dues as at 31.03.2010 which are outstanding for a period of more than six months from the date they became payable.
- d) there are no dues of Income tax, sales tax, service tax, customs duty, wealth-tax, excise duty and Cess which have not been deposited on account of any dispute.
- x) The Company has no accumulated losses as at the end of the financial year under audit and it has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.
- xi) As per the information and explanations furnished to us and based on the books of account and other related information verified by us, during the period covered under audit :
- a) *There were defaults in the form of delay in repaying the dues to bank and the aggregate amount of dues involved was ₹ 606.95 lacs and the delay was from a minimum of one day to a maximum of 267 days. However, all the defaults were made good before the end of the accounting period covered under audit.*
- b) The company has not issued any debentures.
- xii) Based on our examination of documents and records and as per the information and explanations given to us, we are of the opinion that the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) Based on our audit procedures and as per the information and explanations given to us, we are of the opinion that the Company is not a Chit Fund, Nidhi / Mutual Benefit Fund / Society. Therefore, provisions of clause (xiii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to this company.
- xiv) Based on our examination of the records and evaluation of the related internal controls, we are of the opinion that the Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, provisions of clause (xiv) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to this company.
- xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi) According to the information and explanations given to us and based on our audit procedures performed, we are of the opinion that the term loans raised during the year have been applied for the purpose for which the loans were obtained.
- xvii) According to the information and explanations given to us and on an over all examination of the balance sheet of the company, we are of the opinion that no funds raised on short term basis have been used for long term investment.
- xviii) According to the information and explanations furnished to us and based on the examination of the records, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix) According to the information and explanations furnished to us and based on the records verified by us, during the period covered by our audit report, the Company has not issued any debentures and hence creation of security or charge for the same does not arise.
- xx) According to the information and explanations furnished to us and based on the records verified during the period covered under audit, the Company has not raised any money through public issues and hence disclosure by the Management on the end usage of money raised by public issues and our comments on the same is not applicable.
- xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the Management of the Company, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

for SARATHY & BALU,
Chartered Accountants
(Firm Regn. No. 003621S)

Place: Hyderabad
Date: 12.05.2010

J. VENKATESWARLU
PARTNER
ICAI Ms. No.022481

Balance Sheet as at March 31, 2010

	Schedule No	As at 31.03.2010 ₹	As at 31.03.2009 ₹
I SOURCES OF FUNDS			
Shareholders' Funds			
Capital	1	44,215,620	44,215,620
Reserves & Surplus	2	1,263,006,749	1,257,112,985
Loan funds - Secured loans	3	273,995,181	246,230,600
Deferred Tax Liability (Net)	4	24,114,449	23,271,066
TOTAL		<u>1,605,331,999</u>	<u>1,570,830,271</u>
II APPLICATION OF FUNDS			
Fixed Assets	5		
Gross Block		1,747,356,160	1,565,971,058
Less : Depreciation		691,016,109	554,103,653
Net Block		<u>1,056,340,051</u>	<u>1,011,867,405</u>
Capital Work-in-progress	6	258,465,182	225,195,988
		<u>1,314,805,233</u>	<u>1,237,063,393</u>
Current Assets, Loans and Advances	7		
Inventories		157,587,039	131,465,936
Sundry debtors		231,039,431	223,769,421
Cash & bank balances		23,667,432	13,374,823
Other current assets		1,477,768	854,818
Loans & advances		85,803,884	83,411,201
		<u>499,575,554</u>	<u>452,876,199</u>
Less : Current liabilities & Provisions	8		
Current liabilities		185,143,881	103,645,398
Provisions		27,923,628	23,501,368
		<u>213,067,509</u>	<u>127,146,766</u>
Net Current assets		<u>286,508,045</u>	<u>325,729,433</u>
Miscellaneous Expenditure (to the extent not written off or adjusted)	9	4,018,721	8,037,445
TOTAL		<u>1,605,331,999</u>	<u>1,570,830,271</u>
Contingent Liabilities	10		
Significant Accounting Policies	18		
Notes on Accounts	19		

Schedules mentioned above form an integral part of the Accounts.
This is the balance sheet referred to in our report of even date.

	For and on behalf of the Board	
for SARATHY & BALU, Chartered Accountants (Firm Regn. No. 003621S)	Dr S P Vasireddi	Managing Director
	V Harriman	Director Technical
	V V Prasad	Executive Director
J. VENKATESWARLU PARTNER ICAI Ms. No.022481	T S Ajai	Director
	P Sankaraiah	VP - Finance & CFO
	A Venkata Ramana	Company Secretary & VP - Corporate Affairs
Place: Hyderabad	Place: Hyderabad	
Date: 12.05.2010	Date: 12.05.2010	

Profit & Loss Account for the year ended March 31, 2010

	Schedule No	Year Ended 31.03.2010 ₹	Year Ended 31.03.2009 ₹
INCOME			
Income from Testing services	11	899,570,861	861,127,596
Less: Service Tax		31,550,537	45,096,090
Net Income		<u>868,020,324</u>	<u>816,031,506</u>
Other Income	12	16,135,936	1,275,176
TOTAL		<u>884,156,260</u>	<u>817,306,682</u>
EXPENDITURE			
Testing expenses	13	298,328,721	254,294,574
Payments and Benefits to Employees	14	203,403,205	164,785,822
Administration and other general expenses	15	167,891,573	158,080,158
TOTAL		<u>669,623,499</u>	<u>577,160,554</u>
Profit before interest, depreciation, amortisation and tax		<u>214,532,761</u>	<u>240,146,128</u>
Interest and Finance charges	16	26,243,269	26,260,035
Depreciation	5	139,300,779	148,328,233
TOTAL		<u>165,544,048</u>	<u>174,588,268</u>
Profit before amortisation, Prior year adjustments & Tax		48,988,713	65,557,860
Less: Amortisation of share issue expenses		4,018,724	4,018,720
(Add) / Less : Prior year adjustments	17	4,240,814	(1,253,245)
Profit before tax		<u>40,729,175</u>	<u>62,792,385</u>
Less : Provision for			
Current tax		13,300,000	22,500,000
Fringe benefit tax		-	1,500,000
Deferred tax Liability/(Asset)		843,383	(1,650,461)
Profit After Tax		<u>26,585,792</u>	<u>40,442,846</u>
Add: Balance brought forward		429,334,595	413,783,777
Balance available for appropriations		<u>455,920,387</u>	<u>454,226,623</u>
APPROPRIATIONS :			
Transfer to General Reserve		3,000,000	4,200,000
Proposed dividend		17,686,248	17,686,248
Provision for tax on dividend		3,005,780	3,005,780
Balance carried to Balance Sheet		432,228,359	429,334,595
TOTAL		<u>455,920,387</u>	<u>454,226,623</u>
COMPUTATION OF EARNINGS PER SHARE			
a) Net Profit for the year		₹ 26,585,792	₹ 40,442,846
b) Weighted average no.of shares outstanding during the year		22,107,810	22,107,810
c) Basic and diluted earnings pershare (a / b)		₹ 1/-	₹ 2/-
d) Nominal value of shares (fully paid up)		₹ 2/- each	₹ 2/- each
Significant Accounting Policies	18		
Notes on Accounts	19		

Schedules mentioned above form an integral part of the Accounts.
This is the Profit & Loss Account referred to in our report of even date.

For and on behalf of the Board

for SARATHY & BALU,
Chartered Accountants
(Firm Regn. No. 003621S)

Dr S P Vasireddi
V Harriman
V V Prasad
T S Ajai

Managing Director
Director Technical
Executive Director
Director

J. VENKATESWARLU
PARTNER
ICAI Ms. No.022481

P Sankaraiah
A Venkata Ramana

VP - Finance & CFO
Company Secretary &
VP - Corporate Affairs

Place: Hyderabad
Date: 12.05.2010

Place: Hyderabad
Date: 12.05.2010

Schedules to Accounts

	As at 31.03.2010 ₹	As at 31.03.2009 ₹
1. SHARE CAPITAL		
Authorised : 35000000 Equity Shares of ₹ 2/- each (Previous year 35000000 equity shares of ₹ 2/- each)	<u>70,000,000</u>	<u>70,000,000</u>
Issued, Subscribed and Paid up 22107810 equity shares of ₹ 2/- each fully paid up (Previous year 22107810 shares of ₹ 2/- each fully paid up)	44,215,620	44,215,620
TOTAL	<u>44,215,620</u>	<u>44,215,620</u>
2. RESERVES AND SURPLUS		
i) Securities Premium Account - as in last year	<u>773,728,390</u>	<u>773,728,390</u>
ii) General Reserve		
As per last Balance Sheet	54,050,000	49,850,000
Add : Transfer from Profit & Loss Account	<u>3,000,000</u>	<u>4,200,000</u>
	57,050,000	54,050,000
iii) Surplus in Profit & Loss Account	<u>432,228,359</u>	<u>429,334,595</u>
TOTAL	<u>1,263,006,749</u>	<u>1,257,112,985</u>
3. SECURED LOANS		
A) Loans & Advances from Banks		
i) Cash Credit - Rupee loan	113,555,683	109,522,960
- Repayable in Foreign currency	47,338,744	-
ii) Term loans - Repayable in Foreign currency (due for repayment within one year - ₹ 34,737,615/- previous year ₹ 86,892,334/-)	88,702,598	102,356,168
SUB TOTAL	<u>249,597,025</u>	<u>211,879,128</u>
B) Other Loans & Advances		
Soft Loan from Technology Development Board (due for repayment within one year - ₹ 11,229,064/- previous year ₹ 11,678,128/-)	24,398,156	34,351,472
TOTAL	<u>273,995,181</u>	<u>246,230,600</u>
4 DEFERRED TAX LIABILITY		
Liability as per last Balance Sheet	23,271,066	24,921,527
Add / (Less) : Liability / (Asset) for the year	<u>843,383</u>	<u>(1,650,461)</u>
TOTAL	<u>24,114,449</u>	<u>23,271,066</u>

5. FIXED ASSETS

Sl. No.	Description	Gross Block			Depreciation			Net Block			
		As at 01.04.2009 ₹	Additions ₹	Deductions/ Adjsts ₹	Total as at 31.03.2010 ₹	Upto 31.03.2009 ₹	For the year ₹	on Deductions / Adjsts. ₹	Total upto 31.03.2010 ₹	As at 31.03.2010 ₹	As at 31.03.2009 ₹
1	Goodwill	3,550,000	0	0	3,550,000	609,792	355,000	0	964,792	2,585,208	2,940,208
2	Freehold Land & Site Development	21,877,668	0	0	21,877,668	0	0	0	0	21,877,668	21,877,668
3	Buildings	441,541,109	441,541,109	0	883,082,218	21,897,706	7,197,120	0	29,094,826	412,446,283	419,643,403
4	Lab Buildings	944,264	944,264	0	1,888,528	247,544	15,392	0	262,936	681,328	696,720
5	Staff Quarters	941,370,133	150,305,152	0	1,091,675,285	484,045,917	119,512,742	0	603,558,659	488,116,626	457,324,216
6	Plant & Machinery	47,273,536	9,255,971	0	56,529,507	8,031,378	2,357,820	0	10,389,198	46,140,309	39,242,158
7	Electrical Installation	6,992,882	1,624,675	0	8,617,557	1,747,499	379,455	0	2,126,954	6,490,603	5,245,383
8	Office Equipment	32,686,268	5,864,917	0	38,551,185	19,416,369	3,790,188	0	23,206,557	15,344,628	13,269,899
9	Computers	45,675,146	18,467,032	0	64,142,178	8,820,170	3,570,941	0	12,391,111	51,751,067	36,854,976
	Furniture & Fixtures	24,060,052	18,467,032	0	42,527,084	9,287,278	2,122,121	2,388,323	9,021,076	10,906,331	14,772,774
	Vehicles	1,565,971,058	185,517,747	4,132,645	1,753,621,450	554,103,653	139,300,779	2,388,323	691,016,109	1,056,340,051	1,011,867,405
	Total :	1,488,691,805	77,710,017	430,764	1,565,971,058	405,975,417	148,328,233	199,997	554,103,653	1,011,867,405	1,082,716,388
	Previous year										

6. CAPITAL WORKS-IN-PROGRESS

S.No.	Description	Gross Block			Balance as at	
		As at 01.04.2009 ₹	Additions ₹	Adjsts / Transfer ₹	31.03.2010 ₹	31.03.2009 ₹
1	Expansion Project at Alexandria Knowledge Park (Genome valley, Hyderabad					
	i) Advance for Capital Items	50,058,655	-	29,198,569	20,860,086	50,058,655
	ii) Building under construction	157,027,853	50,295,674	-	207,323,527	157,027,853
	iii) Unallocated expenditure pending capitalisation	18,109,480	12,172,089	-	30,281,569	18,109,480
	Total :	225,195,988	62,467,763	29,198,569	258,465,182	225,195,988
	Previous year	125,899,902	109,640,819	10,344,733	225,195,988	125,899,902

Schedules to Accounts

	As at 31.03.2010 ₹	As at 31.03.2009 ₹
7 CURRENT ASSETS, LOANS & ADVANCES		
a) Inventories (valuation as per Accounting Policy No. F)		
Chemicals & Consumables	86,235,110	93,166,840
Components, Stores & Spares	1,540,167	1,407,545
Works-in-progress	69,811,762	36,891,551
TOTAL	<u>157,587,039</u>	<u>131,465,936</u>
b) Sundry Debtors		
(Debts considered good for which the Company holds no security other than the debtors' personal security)		
Debts outstanding for a Period exceeding six months	37,778,139	35,227,213
Other debts	193,261,292	188,542,208
TOTAL	<u>231,039,431</u>	<u>223,769,421</u>
c) Cash & Bank Balances		
Cash balance on hand	1,113,426	631,609
Balances lying with Scheduled Banks in India:		
On Current Accounts	18,252,299	8,071,063
On Deposit Accounts	2,616,064	2,551,255
Cheques on hand	-	500,875
Unclaimed dividend account	1,685,643	1,620,021
TOTAL	<u>23,667,432</u>	<u>13,374,823</u>
d) Other Current Assets		
Interest accrued on deposits with banks & others	977,829	300,000
Retention money with customers	499,939	554,818
TOTAL	<u>1,477,768</u>	<u>854,818</u>
e) Loans and Advances		
(Considered good for which the Company holds no security other than the personal security of parties)		
Loans to employees (including accrued interest)	2,921,151	2,726,004
Advances recoverable in cash or in kind or for value to be received		
- Employees	2,753,152	3,401,003
- Others (for Services & supplies)	3,545,338	3,159,250
- Prepaid expenses	5,280,123	6,424,072
Deposits	13,729,385	13,129,416
Income-tax paid under protest (relating to earlier years)	8,989,830	8,989,830
Advance tax and tax deducted at source (net of tax payable)	48,584,905	45,581,626
TOTAL	<u>85,803,884</u>	<u>83,411,201</u>
The above loans and advances include -		
i) Loans due from officers of the company	731,840	916,940
(Maximum amount outstanding at any time during the year)	(916,940)	(1,133,000)
ii) Due from Vimta Specialities Ltd, a company under the same management within the meaning of Sec. 370(1B)		
- For Services & Supplies	0	1,547,180
- Rent deposit	4,712,400	3,000,000
Maximum amount outstanding at any time during the year		
- For Services & Supplies	2,192,733	3,699,650
- Rent deposit	4,712,400	3,000,000

Schedules to Accounts

	As at 31.03.2010 ₹	As at 31.03.2009 ₹
8 CURRENT LIABILITES & PROVISIONS		
A) Current Liabilities		
Sundry Creditors for services & supplies :		
- dues to SSI Undertakings	—	—
- dues to Micro & Small Enterprises	—	—
- dues to others (other than to directors)	108,962,019	51,873,179
Sundry creditors for Capital expenditure		
- dues to SSI Undertakings	—	—
- dues to Micro & Small Enterprises	—	—
- dues to others (other than to directors)	21,052,684	16,306,990
Advances from customers	7,621,851	7,020,050
Other Liabilities (other than to directors)	45,169,345	26,830,078
Other Liabilities (to directors)	652,339	—
Liability towards investor education and protection fund (Represents unclaimed dividend required to be transferred to the said fund on completion of 7 years. No such amount is due as on the balance sheet date)	1,685,643	1,615,101
SUB TOTAL	185,143,881	103,645,398
B) Provisions		
Proposed dividend	17,686,248	17,686,248
Tax on proposed dividend	3,005,780	3,005,780
Gratuity	3,045,419	-
Leave encashment	4,186,181	2,809,340
SUB TOTAL	27,923,628	23,501,368
TOTAL	213,067,509	127,146,766
The above current liabilities include -		
i) Dues to Vimta Specialities Ltd, a company under the same management within the meaning of Sec. 370(1B)		
- For Services & Supplies	1,842,748	-
Maximum amount outstanding at any time during the year		
- For Services & Supplies	2,498,629	-
9 MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)		
Share issue expenses (in connection with further issue of capital)		
Balance as per last balance sheet	8,037,445	12,056,165
Less: Written off during the year to Profit & Loss Account	4,018,724	4,018,720
TOTAL	4,018,721	8,037,445
10 CONTINGENT LIABILITIES		
Estimated amount of contracts remaining to be executed on capital account and not provided for	20,000,000	65,917,670
Disputed Income tax demand (Appeal pending before ITAT)	8,989,830	8,989,830
Guarantees issued by bank	10,080,840	11,383,857
Letters of credit issued by bank	-	11,201,680
Future minimum lease payments under operating lease	63,212,086	984,480
Disputed Service tax demand (Appeal pending before CESTAT)	369,112	6,886,252
TOTAL	102,651,868	105,363,769

Schedules to Accounts

	Year ended 31.03.2010 ₹	Year ended 31.03.2009 ₹
11 INCOME FROM TESTING SERVICES (Inclusive of Service Tax)		
Domestic	486,977,930	557,353,398
Exports	412,592,931	303,774,198
TOTAL	899,570,861	861,127,596
12 OTHER INCOME		
Interest on Deposits with Banks (including TDS of ₹ Nil Previous year ₹ 5,09,795)	76,835	634,589
Foreign exchange fluctuation (net)	10,616,625	-
Lease Rentals Received	1,200,000	-
Interest on electricity consumption deposit (including TDS of ₹ 33,242) (Previous year ₹ Nil)	343,329	300,000
Interest on income-tax refund	2,970,295	-
Miscellaneous receipts	928,852	340,587
TOTAL	16,135,936	1,275,176
13 TESTING EXPENSES		
Chemicals & Consumables,	186,468,599	129,683,264
Stores, Spares & Components	9,172,743	4,918,464
Sample preparation, Data Generation, Inspection and Testing Exps.	89,917,752	85,589,712
Power & Fuel	44,520,253	34,178,598
Water Charges	1,169,585	1,073,437
Sub-total	331,248,932	255,443,475
Add : Opening Works-in-Progress	36,891,551	35,742,650
Less : Closing Works-in-Progress	69,811,762	36,891,551
TOTAL	298,328,721	254,294,574
14 PAYMENTS AND BENEFITS TO EMPLOYEES		
Salaries & Wages	176,744,531	135,045,548
Bonus and Exgratia	4,535,311	8,845,290
Contribution to Provident & Other Funds	9,672,430	10,613,721
Gratuity	2,572,431	2,095,960
Leave encashment	2,444,311	1,382,032
Staff Welfare Expenses	7,434,191	6,803,271
TOTAL	203,403,205	164,785,822
Note : Expenditure not included above, charged to CWIP	11,101,461	6,583,236
15 ADMINISTRATION & OTHER EXPENSES		
Managerial remuneration	13,392,358	13,430,200
Sitting fees to directors	40,000	35,000
Rent	1,720,849	1,718,058
Rates, taxes, licences & renewals	4,017,809	7,585,466
Insurance	6,116,133	5,770,299
Travelling & conveyance	26,252,419	22,016,693
Advertisement & business promotion	7,515,344	8,492,554
Communication expenses	12,279,359	11,818,581
Printing & Stationery	8,748,561	4,252,521
Repairs & Maintenance	19,822,457	11,879,281
Payment to auditors	616,990	642,430
Books & Periodicals	285,635	73,404
Vehicle maintenance	3,590,400	3,293,199
Operating lease charges	12,929,858	6,474,602
Professional and consultancy charges	21,181,468	20,795,771
Membership & subscriptions	656,853	497,796
House keeping & premises maintenance	5,642,609	5,432,378
Security charges	3,292,461	3,561,418
Recruitment & training expenses	2,174,272	2,317,402
Commission	11,027,883	15,116,360
Software charges	4,514,645	4,549,177
Loss on sale of assets	844,322	73,767
Loss in fire Accident of Assets (Net of insurance claim of ₹ 1,877,193/-)	978,423	-
Foreign exchange fluctuation (net)	-	7,464,276
Miscellaneous expenses	250,465	789,525
TOTAL	167,891,573	158,080,158

Schedules to Accounts

	Year ended 31.03.2010 ₹	Year ended 31.03.2009 ₹
Note : Expenditure not included above and charged to CWIP		
Managerial remuneration	4,319,799	4,219,800
Professional charges	927,615	311,667
Travelling & conveyance	-	504,191
Recruitment & training	-	208,710
16 INTEREST AND FINANCE CHARGES		
i) Interest		
a) To Banks		
- On term Loans- repayable in foreign currency	8,309,245	9,748,253
- On Working capital loans		
In Foreign currency	1,292,930	-
In Indian rupees	9,936,818	12,364,659
b) To others, other than directors, on fixed loans	3,150,014	1,828,884
ii) Bank charges	3,554,262	2,318,239
TOTAL	<u>26,243,269</u>	<u>26,260,035</u>
Note : Expenditure not included above and charged to CWIP		
Interest on Term Loan- repayable in foreign currency	1,351,271	581,542
17 PRIOR YEAR ADJUSTMENTS		
i) Short provision of Income-tax	1,600,193	(1,253,245)
ii) Short provision of Gratuity	2,640,621	-
TOTAL	<u>4,240,814</u>	<u>(1,253,245)</u>

18. SIGNIFICANT ACCOUNTING POLICIES :

A) Basis of Preparation of Financial Statements :

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the generally accepted accounting principles in India and comply with the mandatory Accounting Standards (ASs) prescribed in the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956, ('the Act') to the extent applicable and having due regard to the fundamental accounting assumptions of going concern, consistency and accrual.

B) Use of Estimates :

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

C) Fixed Assets and Capital Work-in-Progress :

(i) Own : Fixed Assets, other than Goodwill are stated at historical cost of acquisition / construction, net of Modvat / Cenvat, less accumulated depreciation and impairment loss, if any. All costs including financing costs and revenue expenditure till commencement of commercial production / services, attributable to the fixed assets, are capitalized.

Grants/subsidies received, if any, from Government and others towards cost / part of the cost of fixed asset(s) are reduced from the cost of the respective asset(s) and the net cost incurred by the Company only is carried to the fixed assets block.

Goodwill is recorded in the books only when some consideration in money or money's worth has been paid for it. Whenever a business is acquired for a price (payable in cash or in shares or otherwise) which is in excess of the value of the net assets of the business taken over, the excess is termed as 'goodwill'.

(ii) Assets taken on Lease : Lease payments made for assets taken on operating lease are recognized as an expense in the Statement of Profit & Loss. After completion of the operating lease arrangements, the assets transferred onto the company's name are recorded at the cost price paid to the lessor for transfer of such assets.

(iii) Capital Work-in-Progress : Advances paid towards acquisition of fixed assets and the cost of assets not ready for use at the Balance Sheet date is disclosed under the head Capital Work-in-Progress at cost.

D) Depreciation and Amortization :

i) Depreciation on fixed assets, other than Plant & Machinery and Goodwill, is provided under Straight Line Method (SLM) at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

ii) Depreciation on Plant & Machinery is provided under Straight Line Method (SLM) at a higher rate of 15% p.a. as against the specified rates in Schedule XIV to the Companies Act, 1956.

iii) Good will is amortized over a period of ten years in equal installments commencing from the year in which the goodwill is recognized.

iv) Expenditure incurred on purchase / acquisition / development of Software is treated as revenue expenditure and charged to Profit & Loss Account.

v) Depreciation on additions/deletions during the year is calculated pro-rata from/to the month of addition / deletion.

Schedules to Accounts

- E) Impairment of Assets :** The Company assesses at each Balance Sheet date whether there is any indication that an asset including Goodwill may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and charged to the Profit and Loss A/c. If at the Balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. In respect of Goodwill, the impairment loss will be reversed only when it was caused by specific external events and their effect has been reversed by subsequent external events.
- F) Inventories :** Inventories comprising of chemicals, consumables, stores, spares & components and job works-in-progress are valued at lower of cost or net realizable value. Cost is arrived by using first-in-first-out (FIFO) formula and includes all cost of purchase, cost of conversion and other costs incurred in bringing them to their respective present location and condition.
- G) Revenue recognition :** Revenue is recognized to the extent it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.
- i) Revenue from Testing and Analysis Services is recognized as the service is performed in accordance with the methods prescribed in AS - 9, Revenue Recognition.
 - ii) Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- H) Research & Development :** Revenue expenditure on research and development is charged off as and when incurred. Capital expenditure on research and development is capitalized under the respective Fixed Asset and depreciated in accordance with the depreciation policy of the Company.
- I) Prior period expense/income :** The company follows the practice of making adjustments through "expenses/income under/over provided" in previous years in respect of material transactions pertaining to that period prior to the current accounting year.
- J) Employee Benefits :** Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged to Profit & Loss Account of the year when the contributions to the fund is due. There are no other obligations other than the contributions payable to the respective authority.
- Gratuity and leave encashment liabilities are a defined benefit plan and are provided for on the basis of an actuarial valuation on projected unit credit method made at the end of the each financial year. The Gratuity scheme is maintained and administered by an insurer to which the Trustees make periodic contributions.
- Short-term employee benefits such as wages, salaries and short-term compensated absences like bonus and other non-monetary benefits are provided for as per Company's Rules on best estimate basis.
- K) Foreign Currency Transactions :** Transactions in Foreign Currencies are recorded at the exchange rates prevailing on the date of the respective transactions. Foreign Currency monetary Assets and Liabilities are restated at year end exchange rates. Exchange difference arising on settlement or restatement of monetary items is recognized as income or expense in the year in which they arise.
- L) Miscellaneous expenditure (to the extent not written off or adjusted) :** Expenditure incurred in relation to issue of further capital is written off over a period of 5 years in equal installments commencing from the year in which the funds raised were first utilized.
- M) Tax Expense :** Tax expense comprises of current, deferred and Fringe Benefit Tax.
- i) Current Income tax and Fringe Benefit Tax is measured as per the provisions of Income Tax Act, 1961 and the rules made thereunder.
 - ii) Deferred tax resulting from "Timing Differences" between book and taxable profit is accounted for using the tax rates and laws that are enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets on timing differences are recognized only if there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. However, deferred tax assets on the timing differences when unabsorbed depreciation and losses carried forward exist, are recognized only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.
- N) Borrowing Costs :** Borrowing costs attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.
- O) Business / Geographical Segments :** The Company is engaged in the business of Testing and Contract Research in the fields of Clinical and Pre Clinical Studies, Clinical Reference, Analytical Testing, Advanced Molecular Biology and Environmental studies. Since the inherent nature of all these activities are integrated and governed by the same set of risks and returns and operating in the same economic environment, these are treated as a single Business and Geographical Segment. The said treatment is in accordance with the Accounting Standard - 17, Segment Reporting.
- P) Earnings per Share :** 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 period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduce earnings per share or increase loss per share are included.
- Q) Provision, Contingent Liabilities and Contingent Assets :** Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the balance sheet as a footnote. Contingent Assets are neither recognized nor disclosed in the financial statements.
- R) General :** Accounting policies not specifically referred to above are in consistent with the generally accepted accounting principles followed in India.

(in ₹)

19. Notes on Accounts

1. Secured Loans

- i) Cash credit limit ₹ 900 lakhs, Outstanding - ₹ 1021.44 lakhs (previous year ₹ 1000 lakhs and ₹ 1095.23 lakhs respectively) from State Bank of India is secured by hypothecation of all the current assets of the Company as primary security by way of pari passu charge and extension of parri passu charge on land, buildings and fixed assets of the company, other than the assets which are acquired with Hire Purchase loans, Soft loan from Technology Development Board and grants from Government and other Institutions.
- ii) Term Loans repayable in foreign currency from State Bank of India (limit ₹ 3300 lakhs; outstanding ₹ NIL lakhs) (previous year ₹ 3300 lakhs and ₹ 868.92 lakhs respectively) are secured by equitable mortgage of land and hypothecation of buildings situated at Plot Nos. 141/2 & 142, IDA Phase II, Cherlapally, Hyderabad and Plot No: 5, Alexandria Knowledge Park (formerly known as S P Bio-Tech Park), Genome Valley, Hyderabad and hypothecation of equipment procured with the term loans as primary security by way of pari passu charge and extension of pari passu charge on other fixed assets of the Company situated at other places, other than the assets which are acquired with Hire Purchase loans, Grants and Soft loans from Government and other institutions.
- iii) Term Loan repayable in foreign currency from The Hongkong and Shanghai Banking Corporation Limited (HSBC Bank) limit of ₹ 1000 lakhs and outstanding of ₹ 887.02 lakhs (previous year ₹ 1000 Lakhs and ₹ 154.64 lakhs respectively) is secured by pari passu charge on entire movable and immovable fixed assets of the company, both present and future as primary security and extension of pari passu charge on entire current assets of the company both present and future.
- iv) Working capital facilities from HSBC Bank aggregating is ₹ 650 lakhs consisting of PCFC loan and Vendor Finance repayable in foreign currency and Indian Rupees respectively, outstanding of ₹ 473.39 lakhs in Foreign Currency and ₹ 114.12 lakhs in Indian Rupees aggregating to ₹ 587.51 lakhs (Previous year ₹ Nil) is secured by first pari passu charge on entire current assets of the company both present and future and second pari passu charge on movable fixed assets of the company both present and future.
- v) Soft loan from Technology Development Board, Limit ₹ 485 lakhs, outstanding ₹ 243.98 lakhs, (previous year ₹ 485 lakhs and ₹ 343.51 lakhs respectively) is secured by hypothecation of plant and equipment procured with the said loan.

2. Current Liabilities and Provisions

a) Sundry Creditors

- i) Name(s) of small scale industrial undertakings to whom the Company owe any sum together with interest outstanding for more than 30 days - Nil (Previous year Nil)
- ii) The amount due to Micro and Small Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006 (as disclosed in schedule 8, Current Liabilities) has been determined to the extent such parties have been identified on the basis of information available with the company. The disclosures relating to Micro and small enterprises as at 31st March, 2010 are as under :-

Sl. No.	Description	As at 31.03.2010	As at 31.03.2009
1.	The principal amount remaining unpaid at the end of accounting year	Nil	Nil
2.	The interest due thereon remaining unpaid to supplier as at the end of accounting year	Nil	Nil
3.	The amount of interest paid in terms of Section 16, along with the amount of the payment made to the supplier beyond the appointed day during the year.	Nil	Nil
4.	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 act.	Nil	Nil
5.	The amount of interest accrued during the year and remaining unpaid at the end of the accounting year.	Nil	Nil
6.	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises, for the purpose of disallowance as a deductible expenditure under Sec. 23.	Nil	Nil

Note : Information on SSI Units and the Units covered under Micro, Small and Medium Enterprise Development Act, 2006 is based on the information collected by the Management from the vendors and relied upon by the auditors.

b) Income Tax Demand

An aggregate demand of ₹ 89.90 lakhs has been raised on the Company in the Income-tax assessments completed for assessment years 2002-03 to 2004-05, rejecting the claim of the Company for deduction of income from exports from its total income. The Company's legal counsel has confirmed the validity of the deductions claimed by the Company. The Company has deposited the demands in full under protest and disputed before the Appellate Authorities and the same are pending before ITAT, Hyderabad as on date. In view of the above, no provision is made for the said demand of ₹ 89.90 lakhs in the books of account. The same is reflected in the contingent liabilities.(Refer Sch. 10)

c) Service Tax Demand

A Service tax demand of ₹ 68.86 lakhs has been raised on the company for the period from 01.04.2003 to 31.01.2006 and the company has contested the same before Commissioner (Appeals) - III and got a relief of ₹ 65.17 lakhs. For the balance demand of ₹ 3.69 lakhs, the Company has filed an appeal before CESTAT, South Zonal Branch, Bangalore and the appeal is pending before them. The legal counsel has confirmed the validity of the company's claim. Hence no provision is made for this demand liability. It is shown as a contingent liability.(Refer Sch.10)

d) Export Obligations

In order to obtain Import Licenses under the Export Promotion Capital Goods Scheme of Government of India, the Company has given an undertaking to fulfill certain quantified export obligations. In case of non-fulfillment of such obligations, the Company shall be liable to pay the concessions in duty availed and interest on unfulfilled export obligations under the said scheme. Till 31.03.2010, the Company has fulfilled the required export obligations under the scheme and hence no liability is foreseen on account of this. Accordingly no liability is provided for on account of this.

Schedules to Accounts

e) Cess U/s.441A of Companies Act, 1956

As the Central Government has not yet notified the date for levy of Cess u/s 441A of the Companies Act, 1956, no provision has been made for the same.

f) Foreign currency exposure not hedged :

Foreign currency exposure not hedged by a derivative instrument or otherwise on account of Borrowings from Banks, including interest accrued thereon - USD 3050001 (Previous year USD 2109000).

3. Current Assets, Loans & Advances : In the opinion of Management, Current Assets, Loans & Advances have a value and realization will be equal to the amount at which they are stated in the Balance Sheet and provision for all known unrecoverable items has been made.

4. Deferred Tax

i) Computation of Deferred Tax as per Accounting Standard -22 "Accounting for taxes on Income", is as under :-

(₹ in lakhs)		
	As on 31.03.2010	As on 31.03.2009
A) Timing Differences		
i) Depreciation	781.77	712.74
ii) Leave encashment	(41.86)	(28.09)
iii) Gratuity	(30.45)	---
Net timing differences	<u>709.46</u>	<u>684.65</u>
B) Deferred tax on the above timing differences	241.14	232.71
Less : Opening balance b/f.	232.71	249.21
Liability/(Asset) recognized for the year	<u>8.43</u>	<u>(16.50)</u>

ii) Component wise break up of deferred tax liability/ (asset) :

(₹ in lakhs)		
	As on 31.03.2010	As on 31.03.2009
a) Deferred tax liability on depreciation	265.72	242.26
b) Deferred tax asset on Leave encashment expenses	(14.23)	(9.55)
c) Deferred tax asset on Gratuity	(10.35)	---
Net liability as at the year end	<u>241.14</u>	<u>232.71</u>

5. Related party disclosures

Pursuant to Accounting Standard-18 (AS-18) issued by the ICAI, the names of the related parties and nature of relationships and particulars of transactions with the said related parties during the year are as follows :

i) Names of the related parties and description of relationship.

A) Key Management Personnel

Dr S P Vasireddi	Chairman & Managing Director
V Harriman	Director - Technical
V V Prasad	Executive Director
Harita Vasireddi	Director - Quality

B) Relatives of Key Management Personnel

V Swarnalatha	General Manager
V Sireesh Chandra	Manager-IT
V Sujani	Asst. Manager-Fin. & Admn.
N Satya Sreenivas	Manager-BD.
V Rajeswari	Owner of Chennai Office Premises

C) Associates

Vimta Specialities Limited

D) Other related parties

Ananth Technologies Limited
L V Prasad Eye Institute

Note : Information of related parties and the relationship is as identified by the Company on the basis of information available with them and relied upon by the auditors.

ii) Aggregate Related Party transactions for the year 2009-10

(in ₹)

	Key Management Personnel	Relatives of Key Management Personnel	Associates	Other related parties in which directors interested	Total
Remuneration paid (Previous year)	17,712,157 (17,650,000)	1,892,356 (1,667,490)	---	---	19,604,513 (19,317,490)
Services rendered (Previous year)	---	---	307,150 (738,432)	(1,699,935)	307,150 (2,438,367)
Services availed (Previous year)	---	84,000 (84,000)	3,865,678 (6,693,448)	1,985,400	5,935,078 (6,777,448)
Lease rentals paid (Previous year)	---	---	10,395,552	---	10,395,552
Rent deposit (Previous year)	---	---	4,712,400 (3,000,000)	---	4,712,400 (3,000,000)
Account payable (Previous year)	652,339	131,680	1,842,748	446,715	3,073,482
Accounts receivable (Previous year)	---	---	---	337,097 (337,097)	337,097 (337,097)
Dividend paid (Previous year)	5654071 (5638056)	190,878 (137,639)	---	---	5,844,949 (5,775,695)

As the liability for Gratuity is provided on actuarial basis for all the employees of the Company as a whole, the amount pertaining to the Key Management Personnel and their relatives is not ascertainable and therefore not included above.

6. Operating Leases :

The Company has taken certain equipment under non cancelable operating lease agreements for a period of 36 months. The lease rental charge grouped under operating lease charges during the year ended March, 2010 is ₹ 22.04 lakhs (Previous year ₹ 64.75 lakhs) and maximum obligation on long-term non-cancelable operating lease payable as per the rentals stated in respective agreements are as follows :

(₹ in lakhs)		
	As on 31.03.2010	As on 31.03.2009
i) Obligation on Non-cancelable operating leases :		
a) not later than one year	219.45	9.88
b) later than one year and not later than five years	416.79	Nil
c) later than five years	Nil	Nil
ii) Total of minimum sub-lease payments expected	Nil	Nil
iii) Lease payments recognized in the statement of Profit & Loss for the Period	22.04	64.75
iv) Sub lease payments received or receivable recognized in P&L A/c during the period	Nil	Nil
v) General description of significant leasing arrangements		
a) Description of the assets taken on operating lease	*	**
b) Basis on which contingent rent payments are determined	As per the terms of the lease agreement	
c) Terms of renewal or purchase options and escalation clauses of lease arrangements	As per the terms of the lease agreement	
d) Restrictions imposed by lease agreements, if any	Nil	Nil

* Hewlett Packard, Servers, Hardware & Software etc.

** IBM Servers,Laptops, Software etc.

7. Disclosures in terms of Accounting Standard - 15 "Employee Benefits"

	As on 31.03.2010 ₹	As on 31.03.2009 ₹
i) Defined Contribution Plan		
Contribution to Provident Fund	8,829,254	7,578,013

	Gratuity		Leave Encashment	
	As on 31.03.2010 ₹	As on 31.03.2009 ₹	As on 31.03.2010 ₹	As on 31.03.2009 ₹
ii) Defined Benefit Plans				
A Assumptions				
Discount Rate	8%	8%	8%	8%
Salary Escalation	4%	4%	4%	4%
Rate of return on plan assets	9.15%	9.15%	0%	0%
Expected average remaining lives of the employees (years)	28	29	28	29
B Table showing the changes in present value of obligations				
a) Present value of obligations at the beginning of the year	6,025,383	5,391,083	2,809,340	2,525,050
b) Interest Cost	482,031	431,287	224,747	202,004
c) Current service cost	1,451,821	883,073	143,237	284,440
d) Benefits paid Actuals	(1,540,605)	(1,666,340)	(1,067,470)	(1,097,742)
e) Expected liability at the year end	6,418,630	5,039,103	2,109,854	1,913,752
f) Present value of obligations at the end of the year	7,308,093	6,025,383	4,186,181	2,809,340
g) Actuarial Loss on obligations	889,463	986,280	2,076,327	895,588
C Changes in fair value of Assets				
a) Fair value of Assets at the beginning of the year	3,384,762	3,031,183	-	-
b) Expected return on plan assets	250,884	219,540	-	-
c) Contributions	2,167,633	1,800,379	-	-
d) Benefits paid- Actuals	1,540,605	1,666,340	1,067,470	1,097,742
e) Actuarial gain / (loss) on plan assets	Nil	Nil	Nil	Nil
f) Fair value of assets at the end of the year	4,262,674	3,384,762	-	-
D Table showing fair value of plan assets				
a) Fair value of plan assets at the beginning of the year	3,384,762	3,031,183	-	-
b) Actual return on plan assets	250,884	219,540	-	-
c) Contributions	2,167,633	1,800,379	-	-
d) Benefits paid	1,540,605	1,666,340	1,067,470	1,097,742
e) Fair value of plan assets at the end of the year	4,262,674	3,384,762	-	-
f) Funded status	(3,045,419)	(2,640,621)	(4,186,181)	(2,809,340)
g) Excess of actual over estimated return on plan assets	Nil	Nil	Nil	Nil
E Actuarial Loss or Gain recognized				
a) Loss for the year – Obligation	889,463	986,280	2,076,327	895,588
b) Loss for the year – Plan assets	Nil	Nil	Nil	Nil
c) Total loss for the year	889,463	986,280	2,076,327	895,588
d) Actuarial loss recognized in the year	889,463	986,280	2,076,327	895,588
F Amounts to be recognized in the Balance sheet and statement of P&L				
a) Present value of obligations as at the end of the year	7,308,093	6,025,383	4,186,181	2,809,340
b) Fair value of assets at the end of the year	4,262,674	3,384,762	-	-
c) Funded Status	(3,045,419)	(2,640,621)	(4,186,181)	(2,809,340)
d) Net (Liability)/asset recognized in balance sheet	(3,045,419)	(2,640,621)	(4,186,181)	(2,809,340)
G Expenses recognized in statement of Profit and Loss				
a) Current service cost	1,451,821	883,073	143,237	284,440
b) Interest Cost	482,031	431,287	224,747	202,004
c) Expected return on plan assets	250,884	219,540	-	-
d) Net actuarial loss recognized in the year	889,463	986,280	2,076,327	895,588
e) Expenses recognized in statement of Profit & Loss	2,572,431	2,081,100	2,444,311	1,382,032

Note : Employees include Managing & Whole time Directors and other managerial personnel

Schedules to Accounts

8. Disclosures in terms of Accounting Standard "Impairment Losses"

(₹ in lakhs)

	As on 31.03.2010	As on 31.03.2009
i) Amount of impairment losses recognized in the Profit & Loss A/c.	Nil	Nil
ii) Amount of reversal of impairment losses recognized in the Profit & Loss A/c.	Nil	Nil
iii) Amount of impairment losses recognized directly against revaluation surplus	Nil	Nil
iv) Amount of reversals of impairment losses recognized directly in revaluation surplus	Nil	Nil

9. Information pursuant to the provisions of Part II of Schedule VI to the Companies Act, 1956 to the extent applicable to the Company

(₹ in lakhs)

	Current year	Previous year
a) Value of Imports calculated on CIF Basis in respect of:		
i) Capital Goods	935.06	366.13
ii) Chemicals & Consumables	80.61	56.09
iii) Components and spare parts	48.87	60.25
iv) Reference Standards / Proficiency testing	39.50	65.35
v) Software	20.97	16.43
b) Expenditure in Foreign Currency on account of:		
i) Travelling expenses	5.57	37.09
ii) Membership & Subscriptions	3.46	3.40
iii) Licenses	4.89	-
iv) Commission	87.58	131.08
v) Interest on Foreign Currency Term Loan paid to Banks	109.53	103.30
vi) Printing & Stationery	0.24	-
vii) Seminars & Conferences	2.01	-
c) i) Amount remitted during the year in foreign currency on account of dividends	-	-
ii) Number of Non-Resident Shareholders	81	77
iii) Number of shares held by them	188968	160641
iv) Year to which the dividends related (Dividend was paid to NRI shareholders in Indian Rupees only)	2008-09 1.51	2007-08 1.29
d) Earnings in foreign exchange: Export Income from testing services	4125.93	3037.74

e) Value of all imported and indigenous raw materials, spare parts & components consumed during the year and the percentage of each to the total consumption

The Company is not carrying on any manufacturing activities but engaged in the business of Contract Research and Testing in the fields of Clinical and Pre Clinical Studies, Clinical Reference, Analytical Testing, Advanced Molecular Biology and Environmental studies. The Company's business requires variety of chemicals and consumables in small quantities and does not require any raw materials. It is not practicable to furnish the quantitative details of these chemicals & consumables as number of small quantities are consumed. Hence, aggregate value of all imported and indigenous chemicals & consumables and spares & components consumed and the percentage of each to the total consumption are furnished below:

Schedules to Accounts

(₹ in lakhs)

	Current year		Previous year	
	Consumption	% to total	Consumption	% to total
a) Chemicals & Consumables				
- Indigenous	1731.77	96	1206.73	95
- Imported	75.54	4	57.61	5
Total	1807.31	100	1264.34	100
b) Spares & Components				
- Indigenous	79.55	87	39.17	80
- Imported	12.17	13	10.01	20
Total	91.72	100	49.18	100

f) Managerial Remuneration

Managerial remuneration U/s. 198 of the Act paid/payable to the Managing Director and other Whole-time Directors is as follows :

(in ₹)

	Dr S P Vasireddi Managing Director	V Harriman Director-Technical	V V Prasad Executive Director	Harita Vasireddi Director Quality	Total
Salary & Allowances	4,800,000 (4,800,000)	3,914,516 (3,900,000)	3,914,516 (3,900,000)	3,274,997 (3,250,000)	15,904,029 (15,850,000)
Perquisites	576,000 (576,000)	434,322 (432,000)	434,322 (432,000)	363,484 (360,000)	1,808,128 (1,800,000)
Total	5,376,000	4,348,838	4,348,838	3,638,481	17,712,157
Prev. year	5,376,000	4,332,000	4,332,000	3,610,000	17,650,000

Notes:

- i) The above amount consists of remuneration paid up to 25.03.2010 in accordance with the terms of appointment approved by the members in the general meeting held on 19.09.2009 and for the balance period in accordance with the terms of appointment approved by the Board in its meeting held on 26.03.2010, which requires approval of shareholders by way of Special resolution.
- ii) As the net profit computed in accordance with the provisions of Sec.349 of the Companies Act, 1956 is inadequate to pay the remuneration and commission to the Managing and other whole-time directors as per Section 198, minimum remuneration permissible under Clause B of Section II of Part II of Schedule XIII to the Companies Act, 1956 is paid.
- iii) Perquisites include Company's contribution towards PF and other non-monetary benefits valued as per Income Tax Rules.
- iv) As the liability for Gratuity is provided on actuarial basis for all the employees of the company as a whole, the amount pertaining to the Directors is not ascertainable and therefore not included above.

g) Repairs & Maintenance

(in ₹)

Particulars	Current Year	Previous Year
a) On Buildings	4,951,452	2,802,398
b) On Plant & Machinery	11,199,877	5,798,366
c) On other Assets	3,671,128	3,278,517
Total	19,822,457	11,879,281

h) Payment to Auditors

(in ₹)

Particulars	Current Year	Previous Year
i) As auditors	551,500	551,500
ii) As advisors or in any other capacity, in respect of :		
- Taxation matters	58,090	58,708
- Management Services	—	22,472
iii) Out of pocket expenses	7,400	9,750
Total	616,990	642,430

Schedules to Accounts

10. Information to be furnished under Sec. 22 of Micro, Small and Medium Enterprises Development Act, 2006 in relation to dues and interest payable on the dues to micro, small and medium enterprises is – Nil
11. As per the provisions of Income tax Act, 1961 applicable for the current year, no tax needs to be deducted at source from the proposed dividend on equity shares.
12. Previous year's figures have been regrouped / recasted wherever considered necessary to conform to the layout of the accounts adopted in the current year.
13. Paise are rounded off to the nearest rupee.
14. Information pursuant to the provisions of part IV of schedule VI of the companies Act, 1956.

i. Registration details	
Registration No.	11977
State Code	01
Balance Sheet Date	31.03.2010

(₹ in thousands)

	Current Year	Previous Year
ii. Capital raised during the year		
Public Issue	Nil	Nil
Bonus Issue	Nil	Nil
Right Issue	Nil	Nil
Private placement	Nil	Nil

(₹ in thousands)

	As at 31.03.2010	As at 31.03.2009
iii. Position of mobilization and deployment of funds		
Total Liabilities	1,605,332	1,570,830
Sources of funds		
Paid-up Capital	44,216	44,216
Reserves & Surplus	1,263,007	1,257,113
Secured Loans	273,995	246,230
Deferred Tax	24,114	23,271
Total Assets	1,605,332	1,570,830
Application of funds		
Net fixed assets	1,314,805	1,237,063
Net Current Assets	286,508	325,729
Misc. Expenditure	4,019	8,038

(₹ in thousands)

	Current Year	Previous Year
iv. Performance of Company		
Turnover (Excluding Other income)	868,020	816,031
Total Expenditure (Including prior year adjustments)	843,427	754,514
Profit before tax	40,729	62,792
Profit after tax	26,586	40,443
Earning per share (₹)	1	2
Dividend Rate	40%	40%

- v. Item code No. : —
Product description : Contract research & testing services

Schedules 1 to 19 referred to above form an integral part of the Balance Sheet and Profit & Loss Account

for SARATHY & BALU,
Chartered Accountants
(Firm Regn. No. 003621S)

J. VENKATESWARLU
PARTNER
ICAI Ms. No.022481

Place: Hyderabad
Date: 12.05.2010

For and on behalf of the Board

Dr S P Vasireddi
V Harriman
V V Prasad
T S Ajai

P Sankaraiah
A Venkata Ramana

Place: Hyderabad
Date: 12.05.2010

Managing Director
Director Technical
Executive Director
Director

VP - Finance & C F O
Company Secretary &
VP - Corporate Affairs

Cash Flow Statement

Particulars	31.03.2010 (₹)	31.03.2009 (₹)
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax and Extraordinary items	40,729,175	62,792,385
Adjustment for :		
Depreciation	139,300,779	148,328,233
Interest debited to P & L Account	22,689,007	23,941,796
Amortisation of preliminary expenses	4,018,724	4,018,720
Prior year adjustments	4,240,814	(1,253,245)
Loss in fire accident of assets	978,423	0
Loss on sale of assets	844,322	73,767
	172,072,069	175,109,271
Operating profit before working capital changes	212,801,244	237,901,656
Adjustments for :		
Trade and other receivables	(10,285,643)	73,858,716
Inventories	(26,121,103)	(34,916,865)
Trade payables	85,920,743	(13,792,145)
	49,513,997	25,149,706
Cash generated from operations	262,315,241	263,051,362
Taxes paid (including FBT)	13,300,000	24,000,000
Prior year adjustments	4,240,814	(1,253,245)
Cash flow before extraordinary items	244,774,427	240,304,607
NET CASH FLOW FROM OPERATING ACTIVITIES	244,774,427	240,304,607
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets (after adjustments)	(219,765,364)	(177,006,103)
Sale of fixed assets	900,000	157,000
NET CASH USED IN INVESTING ACTIVITIES	(218,865,364)	(176,849,103)
C) CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid on term loans	(22,689,007)	(23,941,796)
Proceeds from long term borrowings from HSBC	73,238,764	15,463,834
Repayment of long term borrowings	(86,892,334)	(56,714,280)
Repayment of soft loan from TDB	(9,953,316)	(11,907,549)
Dividends & Dividend tax paid	(20,692,028)	(20,692,028)
Change in the other borrowings (net)	51,371,467	21,421,456
NET CASH FLOW USED IN FINANCING ACTIVITIES	(15,616,454)	(76,370,363)
Net increase/(decrease) in cash and cash equivalents	10,292,609	(12,914,859)
Cash and Cash equivalents Opening Balance :		
Cash and bank balances	13,374,823	26,289,682
Cash and Cash equivalents Closing Balance :		
Cash and bank balances	23,667,432	13,374,823

- Note: i. Cash Flow statement has been prepared under the indirect method as set out in the Accounting Standard (AS) 3 ; Cash Flow statements referred to section 211(3C) of the Companies Act, 1956.
ii. Previous year's figures have been regrouped/reclassified wherever necessary

This is the Cash Flow statement referred to in our report of even date.

For and on behalf of the Board

Dr S P Vasireddi
Managing Director

V Harriman
Director Technical

V V Prasad
Executive Director

T S Ajai
Director

Place: Hyderabad
Date: 12.05.2010

P Sankaraiah
VP - Finance & C F O

A Venkata Ramana
Company Secretary & VP - Corporate Affairs

AUDITOR'S CERTIFICATE

We have examined the above Cash Flow statement of VIMTA LABS LIMITED, for the year ended 31st March, 2010. The statement has been prepared by the Company in accordance with the requirements of Clause 32 of the listing agreement entered into with the Stock Exchanges and is based on and in agreement with the corresponding Profit & Loss account and the Balance sheet of the Company covered by our Report to the members of the Company.

Place: Hyderabad
Date: 12.05.2010

for SARATHY & BALU,
CHARTERED ACCOUNTANTS
(Firm Regn. No. 003621S)

J. VENKATESWARLU
PARTNER
ICAI Ms. No.022481

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Vimta Labs Limited

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