



Annual Report
2010 - 11

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

A VENKATA RAMANA

BANKERS

State Bank of India
Plot No. 241/A, 2nd & 3rd Floor
Rajala Centre, Road No. 36
Jubilee Hills, Hyderabad

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, Raghava Ratna Towers
Chirag Ali Lane, Abids
Hyderabad - 500 001

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NOTICE is hereby given that the twenty first Annual General Meeting of the members of VIMTA LABS LIMITED will be held on 24-09-2011 at 09.30 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, 2011 and Profit & Loss Account for the year ended on that date together with Cash Flow statements, reports of the Auditors and Directors thereon.
2. To approve the Dividend.
3. To appoint a Director in place of Dr Subba Rao Pavuluri who retires by rotation and being eligible, offers himself for reappointment.
4. 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, 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.”

Place : Hyderabad
Date : 22.07.2011

By Order of the Board

A VENKATA RAMANA
COMPANY SECRETARY

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. The Register of Members and the Share Transfer Books of the Company will remain closed from 19-09-2011 to 24-09-2011 (both days inclusive) for the purpose of annual closing and declaration of dividend.
3. 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 & 2003-04 have been transferred to the Investor Education and Protection Fund. Dividends pertaining to the financial years 2004-05 to 2009-10 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 2004-05 to 2009-10 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.

4. 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).
5. Members are requested to bring their copy of Annual Report to the Meeting.
6. The Company's equity shares are listed on Bombay Stock Exchange Limited and National Stock Exchange Limited. Further, the listing fees in respect of shares of the Company have been paid to the aforesaid Stock Exchanges for the financial year 2011-12.

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

Name of the Director	Dr Subba Rao Pavuluri
Date of Birth	05.08.1952
Date of first Appointment	16.06.2003
Expertise in specific functional areas	He is a technologist and an entrepreneur. He has more than 18 years of business experience.
Qualification	M.E, Ph.D
Shareholding in the Company as on 30.06.2009 (No. of equity shares of ₹. 2 each)	Nil
List of other public limited companies in which directorship held	M/s Ananth Technologies Ltd
Chairman/Member of the Committees of the Board across all public companies of which he is a Director as on 31.03.2011	Vimta Labs Limited Audit Committee - Member Remuneration Committee - Member Shareholders/Grievance Committee - Member

IMPORTANT COMMUNICATION TO MEMBERS

The Ministry of Company Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register their e-mail ID with M/s CIL Securities Ltd., 214, Raghava Ratna Towers, Chira-Ali-Lane, Abids, Hyderabad-500 001.

To
The Members of
VIMTA LABS LIMITED

Your Directors have pleasure in presenting the 21st Annual Report and audited accounts of your Company for the year ended March 31, 2011.

FINANCIAL RESULTS

Financial Results for the year under review are as follows :

	(₹ in lakhs)	
	For the Year 2010-2011	For the Year 2009-2010
1. Profit before interest, Depreciation & Taxes	1569.43	2145.33
Less : Finance Charges & Interest	301.98	262.43
Depreciation	<u>1652.92</u>	<u>1393.01</u>
2. Profit /(Loss) before Amortization, Prior year adjustments & Taxes	(385.47)	489.89
Less : Amortization of Preliminary Expenses	40.19	40.19
Less/(Add) : Prior year adjustments	<u>112.96</u>	<u>42.41</u>
3. Profit /(Loss) before tax	(538.62)	407.29
4. Less : a) Provision for Tax (regular)		133.00
c) Deferred Tax Liability/(Asset)	<u>(72.11)</u>	<u>8.43</u>
5. Profit /(Loss) after Tax	(466.51)	265.86
6. Add / (Less) : Surplus brought forward from previous years	<u>4322.29</u>	<u>4293.35</u>
Amount available for appropriations	<u>3855.78</u>	<u>4559.21</u>
APPROPRIATIONS :		
Transfer to General Reserve	---	30.00
Proposed dividend	88.43	176.86
Provision for tax on proposed dividend	14.69	30.06
Surplus carried to Balance sheet	<u>3752.66</u>	<u>4322.29</u>
	<u>3855.78</u>	<u>4559.21</u>

OPERATIONS

During the first quarter of the year under review, your Company has started commercial activities at its pre-clinical facility. Consequently the costs towards manpower; administrative expenses and depreciation have gone up as compared to the previous fiscal resulting net loss for the year. Further during this year, your Company had to charge off certain non recurring i.e. one time expenses to profit and loss account in line with the applicable Accounting Standards. Your Directors are confident that in the coming years, the Company would make adequate profits. With better control over logistics, the Pathology Testing activities of Noida were moved back to Genome Valley facility during third quarter of the year under review.

Earnings before interest, depreciation, taxes and amortization (EBIDTA) for the year are ₹ 1569.43 lakhs as compared to the previous year earnings of ₹ 2145.33 lakhs. Loss after tax (including deferred tax) stood at ₹ 466.50 lakhs as against a profit of ₹ 265.86 lakhs in the previous year.

RECOGNITIONS & ACCREDITATIONS :

Your Company received the following recognitions and Accreditations during the year under review.

- USFDA CGMP approval for Drugs Laboratory.
- AAALAC (Association for Assessment and Accreditation of Laboratory Animal Care) Certification for Pre Clinical Laboratory.
- QCI-NABET Accreditation as Environmental Impact Assessment (EIA) consultancy organization
- WHO CGMP pre qualification.

DIVIDEND

From the surplus available in the Profit and Loss account, your Directors are pleased to recommend a dividend of 20% i.e. ₹. 0.40 per each equity share of ₹ 2/- each for the financial year 2010-11.

Transfer to Reserves

In the absence of profits for the year under review, no transfer of Profit to General Reserve. After providing ₹. 103.12 lakhs for payment of dividend and tax, the balance of ₹. 3752.66 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, Dr Subba Rao Pavuluri and Prof K Ramachandran, Directors of the Company would retire by rotation at the ensuing Annual General Meeting, and are eligible for re-appointment. While Dr Subba Rao Pavuluri opted himself for re-appointment, Prof K Ramachandran has opted not to be re-appointed due to personal reasons.

Your Directors recommend the re-appointment of Dr Subba Rao Pavuluri as Director subject to retirement by rotation.

Your Directors express their sincere gratitude to Prof K Ramachandran for his contribution to the Company.

AUDITORS

M/s Sarathy & Balu, Chartered Accountants, Auditors of the Company would hold 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 appoint them as auditors of the Company to hold office from the conclusion of the ensuing Annual General Meeting till the conclusion of next Annual General Meeting.

PARTICULARS OF EMPLOYEES

No employee of the Company has received remuneration in excess of the limits specified under Section 217(2A) of the Companies Act, 1956 read with the rules made there under. Hence, the Board confirming nil information to be furnished under this section.

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 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.
- 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 your 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 Analytical, Preclinical, Clinical, Clinical Diagnostics, Cellular & Molecular Biology and Environmental assessments. During the year under review, Indian CRO Industry has experienced severe delays in receiving regulatory approvals for contract research projects.

Potential and Outlook

Almost all approvals / recognitions and certifications are in place except GLP Certification of the Pre-clinical Laboratory. The application was filed with GLP Monitoring Authority of India on 14.10.2010 and inspection is expected to take place during 2011. Consequent to the progress made over last two years, demand for VIMTA services has been increasing.

Outlook for 2011-12 is bright in all areas except Clinical Research, due to recent unprecedented regulatory developments in Clinical Research industry causing inordinate delays in receiving approvals.

Strengths

Quality, Technology and Knowledge have been the three prime drivers for your Company. The national and international accreditations, success in audits by global regulatory 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 have entered the business verticals 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.

Risks and Concerns

The increasing demand for Vimta's services has increased the pressure on human resources. Due to high demand and less availability of talented human resources, employee turnover has become a challenge and may continue in the near future. Your Company is doing its best to employ qualified people and impart on the job training to cope with the increasing work loads. Further, steep increase in the input costs due to high inflation and manpower cost are major concerns. Vimta is making all efforts to reduce expenditure to offset the effect of this inflation.

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 of the Company. Some of the major activities in these areas have been recycling of waste water; working towards green building recognition, training of staff at all levels to the required standards of safety, health and environment.

Foreign exchange fluctuations

The net loss during the year on account of Foreign exchange fluctuations against foreign currency term loan accounts and overseas customer accounts is ₹. 36.48 lakhs and the same is accounted under the head Administrative and General Expenses in Profit and Loss accounts.

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, Pre-Clinical, Cellular Molecular Biology, Clinical 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 that 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 system, Company is in the process of implementation of SAP ERP and is expected to go live from 2011-12 fiscal.

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 2010-11 is ₹. 9603.82 lakhs as compared to the previous year of ₹. 8841.56 lakhs. During the year under review, the domestic sales have gone up by 32% with a

reduction of export sales by 13.76% as compared to the previous year. The reduction of export sales is predominantly due to unprecedented regulatory developments in Clinical Research industry causing inordinate delays in receiving clearances which has resulted in delays in execution of projects for overseas customers. The Net loss stood at ₹.466.51 lakhs as compared to the previous years net profit of ₹.265.86 lakhs.

Human Resources

Human Resource is one of the strong drivers of the Company. At the end of the financial year, Vimta has 712 employees including 31 Medical Doctors; 33 PhDs and 416 Scientists, Engineers and Technicians.

Research & Development

Vimta's R & D is registered with Department of Scientific and Industrial Research, Ministry of Science and Technology. 15 new assays for clinical diagnostics and Biologics were developed during 2010-11 fiscal.

During the year your Company has spent ₹.96.46 lakhs on its R & D activities towards manpower and chemicals and consumables.

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 new Corporate Governance guidelines 2009 issued by Ministry of Company 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 is prepared and is 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 and 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, Raghava Ratna 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 & 2003-04 to Investor Education and Protection Fund. The details of unclaimed dividends and due dates for transfer of other financial years are 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 13.05.2011, 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 inflows in time. However, all the payments were made before the end of the respective months in which they were payable.

With respect to Auditors qualification in item No. xi (a) of their report, the delay in repayment of term loan instalments to the bankers were due to delay in receipt of expected cash inflows in time. However, all the delays were made good before the end of the year under review.

FIXED DEPOSITS

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

ACKNOWLEDGMENTS

Your Directors wish to place on record their gratitude to shareholders and thank the customers, vendors, franchisees, bankers, 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 : 22.07.2011

DR S P VASIREDDI
CHAIRMAN & MANAGING DIRECTOR

ANNEXURE

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

(Forming part of the Directors' Report for the year ended 31st March, 2011)

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, ISO, APHA, JP, 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 equipments 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 an efficient power distribution system 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 needed in most areas in the lab.
- iii) Occupancy sensors were installed at the Life Sciences Facility to control artificial lighting.
- iv) Solar water heaters were installed.
- v) An integrated building management system is installed at the Life Sciences facility to help conservation of energy.

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

Existing energy intensive cooling systems are being replaced with energy efficient and environment friendly cooling systems.

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

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

d) Total energy consumption and energy consumption per unit of production 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 IS, ISO, DCGI, USFDA, GCP, GLP, cGMP and ICH etc. Technology is absorbed to the extent permitted by the suppliers.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the financial year, the Company has earned foreign exchange of ₹. 3558.28 lakhs (previous year ₹. 4125.93 lakhs). The Company's foreign exchange outgo was of ₹. 491.28 lakhs (previous year ₹. 1338.29 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 : 22.07.2011

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 : 22.07.2011

DR S P VASIREDDI
CHAIRMAN & MANAGING DIRECTOR

INTRODUCTION**Company Philosophy on Corporate Governance**

Vimta Labs Limited ("Vimta" / "The Company") believes that Corporate Governance goes beyond being a regulatory requirement and has 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 has added value in the decision making process of the Board of Directors.

During the year ended March 31, 2011 the Board of Directors met four times. These were held on May 12, 2010; July 28, 2010; October 29, 2010 and January 29, 2011.

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	4	Present	1	----
V Harriman Promoter Executive Director	4	Present	1	----
V V Prasad Promoter Executive Director	4	Present	1	----
Harita Vasireddi Executive Director	3	Present	----	----
T S Ajai Non-Executive & Independent Director	4	Absent	----	----
Dr Subba Rao Pavuluri Non-Executive & Independent Director	4	Present	1	----
Prof D Balasubramanian Non-Executive & Independent Director	1	Absent	----	----
Prof K Ramachandran Non-Executive & Independent Director	1	Present	1	----

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 other issues which come up during discussions.

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	2

The Company Secretary, 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	1	1
T S Ajai, Member	1	1
Dr Subba Rao Pavuluri, Member	1	1

The Company Secretary, 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	4,800,000	576,000	—	5,376,000
V V Prasad	4,800,000	576,000	—	5,376,000
Harita Vasireddi	4,800,000	576,000	—	5,376,000
T S Ajai	—	—	20,000	20,000
Dr Subba Rao Pavuluri	—	—	—	—
Prof. D Balasubramanian	—	—	5,000	5,000
Prof. K Ramachandran	—	—	5,000	5,000

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

SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

Director heading the committee	V V Prasad
Compliance Officer	A Venkata Ramana
No. of shareholders' complaints received	Nil
No. of complaints resolved	Nil
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.	2007-2008	AGM	Regd. Office	04.09.2008	10.00 a.m.
2.	2008-2009	AGM	Regd. Office	19.09.2009	10.00 a.m.
3.	2009-2010	AGM	Regd. Office	30.09.2010	10.00 a.m.

There were no Extra-Ordinary General Meetings (EGMs) during the Financial year 2010-11

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 needed 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.

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 by fax, e-mail and by courier immediately after they are approved by the Board. 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 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	: 24.09.2011
Time	: 09.30 A M
Venue	: Plot No.141/2 & 142, IDA, Phase-II, Cherlapally, Hyderabad : 500051

Financial Calendar

Financial year	: April 1, 2011 to March 31, 2012
First quarter results	: On or before August 14, 2011
Half yearly results	: On or before November 14, 2011
Third quarter results	: On or before February 14, 2012
Fourth quarter/Annual Results:	On or before May 30, 2012
Date of Book Closure	: 19.09.2011 to 24.09.2011 (both days inclusive)
Date of dividend payment	: Within 30 days from declaration by the members in their meeting to be held on 24.09.2011.

Unclaimed dividend

Dividend pertaining to the financial years 2001-02, 2002-03 and 2003-04 which remain unclaimed for a period of seven years, was transferred to the Investor Education and Protection Fund. The unclaimed dividends for the financial years 2004-05 to 2008-09 are due for transfer 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	2004-2005	12.07.2004	16.08.2011
2	2004-2005	25.05.2005	29.06.2012
3	2005-2006	09.06.2006	14.07.2013
4	2006-2007	09.08.2007	13.09.2014
5	2007-2008	04.09.2008	09.10.2015
6	2008-2009	19.09.2009	24.10.2016
7	2009-2010	30.09.2010	04.11.2017

Listing with Stock Exchanges

Name of the Stock Exchanges & Address

- Bombay Stock Exchange Limited
Phiroze 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

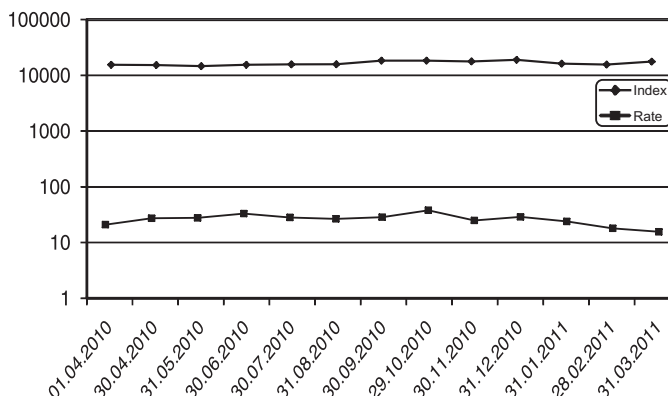
Stock Price Data

Monthly high and low share quotations on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited, Mumbai for the financial year 2010- 2011 are as follows :

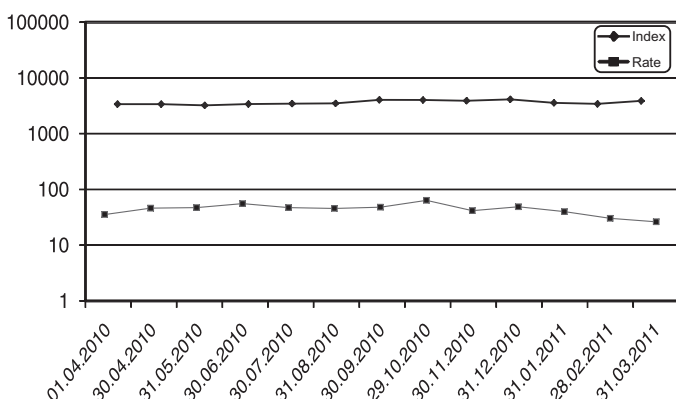
(in ₹)

Year 2010-11	Bombay Stock Exchange Ltd.		National Stock Exchange of India Ltd.	
	High	Low	High	Low
April,2010	34.50	25.85	34.20	25.70
May'2010	34.90	29.30	34.80	29.60
June'2010	38.00	29.95	37.25	30.00
July'2010	43.00	32.80	41.70	32.60
August'2010	38.00	31.50	35.95	31.45
September'2010	35.35	31.15	35.85	31.60
October'2010	48.00	32.00	48.45	32.30
November'2010	41.50	28.70	41.45	28.90
December'2010	37.00	29.90	37.20	30.15
January'2011	34.70	27.00	34.85	26.05
February'2011	29.80	21.70	30.45	21.50
March'2011	25.75	20.00	26.90	20.00

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 15 to 20 days from the date of receipt, subject to the documents being valid and complete in all respects.

Distribution of shareholding as on 31.03.2011

Shares held From - To	Shareholders		No. of Shares	
	No.	%	No.	%
Upto 5000	9306	97.12	4653282	21.05
5001-10000	138	1.44	1054455	4.77
10001-20000	62	0.65	903906	4.09
20001-30000	19	0.20	543570	2.46
30001-40000	9	0.09	314712	1.42
40001-50000	10	0.10	459949	2.08
50001-100000	15	0.16	1073862	4.86
100001 and above	23	0.24	13104074	59.27
Total	9582	100	22107810	100

Categories of shareholders as on 31.03.2011

Category	No. of Shares	%
Shareholding of Promoter & Promoter Group		
Indian	8141986	36.83
Foreign	Nil	Nil
Public Shareholding		
Institutional Investors	1214429	5.49
Non - Institutional Investors	12751395	57.68
TOTAL	22107810	100

Dematerialization of shares and liquidity

Over 96.47% of the Company's equity shares have been dematerialised as on 31.03.2011. 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 2010-11 is

	*(₹ in lakhs)	
	Bombay Stock Exchange Ltd.	National Stock Exchange of India Ltd.
Total shares traded	14870466	15907639
Turnover value*	5486.29	5788.16

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.

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
Genome Valley, Turkapally (V)
Shameerpet (M), Pin : 500078
Phone : 040-67404040

Other locations

a) Laboratory locations

- i) 29-5-1, Shyam Enclave, Opp. Glaxo, Cherukupalli Vari Street Prakasam Road, Governorpet, Vijayawada - 520002
- ii) 14-37-41/2, Krishna Nagar, Maharanipet, Visakhapatnam - 530002
- iii) 47 & 48, Cowley Brown Road, R S Puram, Coimbatore - 641002
- iv) 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, 2011, 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, 2011 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 : 22.07.2011

C E O / C F O CERTIFICATE

The Board of Directors
Vimta Labs Limited

We have reviewed financial statements and the cash flow statement for the financial year ended March 31, 2011, 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, there are 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 taken 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;
 - 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.
- f) We hereby confirm and undertake that the financial statements together with notes to accounts and cash flow statement prepared for the financial year ended March 31, 2011 are in compliance with the provisions of section 209 and 211 of the Companies Act, 1956 and Rules made there under. Further, we confirm that all applicable Accounting Standards prescribed in the companies (Accounting Standards) rules, 2006 were complied.

DR S P VASIREDDI
MANAGING DIRECTOR

Hyderabad
Date : 22.07.2011

P SANKARAI AH
C F O

To
The Members of VIMTA LABS LIMITED

1. We have audited the attached Balance Sheet of VIMTA LABS LIMITED ("the Company") at 31st March 2011, 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 2011;
 - b) in the case of the Profit and Loss Account, of the loss 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, 2011, taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 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: 13.05.2011

J. VENKATESWARLU
PARTNER
ICAI Ms. No.022481

Annexure to Audit Report dated 13.05.2011

(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 stocks.
- iii) The Company has neither granted nor accepted any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Hence, our comments on sub-clauses (b), (c), (d), (f) & (g) of clause (iii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are Nil.
- 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) 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 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, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth-tax, Service tax, Custom duty, Excise-duty, Cess and other statutory dues as applicable to it with the appropriate authorities.
- b) there are some delays in depositing the Income Tax Deducted at Source (TDS) and Service tax in a few cases. 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 31-3-2011 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 audited by us, we report that:
- a) The Company has defaulted in repayment of some of the installments (principal amounts) of loans (under Buyers Credit Facility) to the Bank with delay ranging from 5 days to 22 days and the amount of dues in each installment was ranging from a minimum of ₹.36.63 lacs to a maximum of ₹.119.13 lacs. However, all the defaults have been made good during the year under audit and there were no defaults as at the Balance sheet date.
- b) The Company has defaulted in repayment of some of the (principal amounts) loans under Packing Credit in Foreign Currency (PCFC) facility to the bank with delay ranging from 1 day to 65 days and the dues delayed was ranging from a minimum of ₹.0.16 lacs to a maximum of ₹.46.90 lacs. As at the balance sheet date, the aggregate amount of dues delayed under this facility is ₹.187.07 lacs and the period of delay was ranging from 24 days to 55 days. However, all the defaults existing at the Balance sheet date have been made good as on the date of our audit report.
- c) The Company has not issued any debentures during the period covered under audit.
- 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.
- 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.
- xvii) 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.
- xviii) 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.
- xix) 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.
- xx) 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: 13.05.2011

J. VENKATESWARLU
PARTNER
ICAI Ms. No.022481

	Schedule No	As at 31.03.2011 ₹	As at 31.03.2010 ₹
I SOURCES OF FUNDS			
Shareholders' Funds			
Capital	1	44,215,620	44,215,620
Reserves & Surplus	2	1,206,043,977	1,263,006,749
Loan funds - Secured loans	3	252,651,610	273,995,181
Deferred Tax Liability (Net)	4	16,903,787	24,114,449
TOTAL		<u>1,519,814,994</u>	<u>1,605,331,999</u>
II APPLICATION OF FUNDS			
Fixed Assets	5		
Gross Block		2,016,050,094	1,747,356,160
Less : Depreciation		854,607,173	691,016,109
Net Block		1,161,442,921	1,056,340,051
Capital Work-in-progress	6	18,139,731	258,465,182
		<u>1,179,582,652</u>	<u>1,314,805,233</u>
Current Assets, Loans and Advances	7		
Inventories		197,151,193	157,587,039
Sundry debtors		288,705,900	231,039,431
Cash & bank balances		14,016,647	23,667,432
Other current assets		806,911	1,477,768
Loans & advances		85,122,562	85,803,884
		<u>585,803,213</u>	<u>499,575,554</u>
Less : Current liabilities & Provisions	8		
Current liabilities		218,571,838	185,143,881
Provisions		26,999,033	27,923,628
		<u>245,570,871</u>	<u>213,067,509</u>
Net Current assets		<u>340,232,342</u>	<u>286,508,045</u>
Miscellaneous Expenditure (to the extent not written off or adjusted)	9	-	4,018,721
TOTAL		<u>1,519,814,994</u>	<u>1,605,331,999</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 SARATHY & BALU,
Chartered Accountants
(Firm Regn. No. 003621S)

J. VENKATESWARLU
PARTNER
ICAI Ms. No.022481

For and on behalf of the Board

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

Managing Director
Director Technical
Executive Director
Director

P Sankaraiah
A Venkata Ramana

VP - Finance & CFO
Company Secretary

Place: Hyderabad
Date: 13.05.2011

Place: Hyderabad
Date: 13.05.2011

	Schedule No	Year Ended 31.03.2011 ₹	Year Ended 31.03.2010 ₹
INCOME			
Income from Testing services	11	999,869,398	899,570,861
Less: Service Tax		42,856,681	31,550,537
Net Income		957,012,717	868,020,324
Other Income	12	3,369,652	16,135,936
TOTAL		960,382,369	884,156,260
EXPENDITURE			
Testing expenses	13	317,637,828	298,328,721
Payments and Benefits to Employees	14	269,490,316	203,403,205
Administration and other general expenses	15	216,311,416	167,891,573
TOTAL		803,439,560	669,623,499
Profit before interest, depreciation, amortisation and tax		156,942,809	214,532,761
Interest and Finance charges	16	30,198,353	26,243,269
Depreciation	5	165,291,544	139,300,779
TOTAL		195,489,897	165,544,048
Profit/(Loss) before Amortisation, Prior year adjustments & Tax		(38,547,088)	48,988,713
Less : Amortisation of share issue expenses		4,018,721	4,018,724
Prior year adjustments	17	11,295,768	4,240,814
Profit/(Loss) before tax		(53,861,577)	40,729,175
Less : Provision for :			
- Current tax		-	13,300,000
- Deferred tax Liability/(Asset)		(7,210,662)	843,383
Profit/(Loss) After Tax		(46,650,915)	26,585,792
Add : Surplus in Profit & Loss Account brought forward		432,228,359	429,334,595
Balance available for appropriations		385,577,444	455,920,387
APPROPRIATIONS :			
Transfer to General Reserve		-	3,000,000
Proposed dividend		8,843,124	17,686,248
Provision for tax on dividend		1,468,733	3,005,780
Balance carried to Balance Sheet		375,265,587	432,228,359
TOTAL		385,577,444	455,920,387
COMPUTATION OF EARNINGS PER SHARE			
a) Net Profit/(Loss) for the year		₹. (46,650,915)	₹. 26,585,792
b) Weighted average no.of shares outstanding during the year		22,107,810	22,107,810
c) Basic and diluted earnings per share (a / b)		₹. (-)2/-	₹. 1/-
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	Managing Director	
	V Harriman	Director Technical	
	V V Prasad	Executive Director	
	T S Ajai	Director	
J. VENKATESWARLU PARTNER ICAI Ms. No.022481	P Sankaraiah	VP - Finance & CFO	
	A Venkata Ramana	Company Secretary	
Place: Hyderabad	Place: Hyderabad		
Date: 13.05.2011	Date: 13.05.2011		

	As at 31.03.2011 ₹	As at 31.03.2010 ₹
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	57,050,000	54,050,000
Add : Transfer from Profit & Loss Account	-	3,000,000
	<u>57,050,000</u>	<u>57,050,000</u>
iii) Surplus in Profit & Loss Account	<u>375,265,587</u>	<u>432,228,359</u>
TOTAL	<u>1,206,043,977</u>	<u>1,263,006,749</u>
3. SECURED LOANS		
A) Loans & Advances from Banks		
i) Cash Credit - Rupee loan	132,317,255	113,555,683
- Repayable in Foreign currency	47,287,743	47,338,744
ii) Term loans - Rupee loan	7,577,036	-
Repayable in Foreign currency	54,671,388	88,702,598
(due for repayment within one year - ₹. 42,044,183/-; previous year ₹. 34,737,615/-)		
SUB TOTAL	<u>241,853,422</u>	<u>249,597,025</u>
B) Other Loans & Advances		
Soft Loan from Technology Development Board	10,798,188	24,398,156
(due for repayment within one year - ₹. 10,798,188/- previous year ₹. 11,229,064/-)		
TOTAL	<u>252,651,610</u>	<u>273,995,181</u>
4. DEFERRED TAX LIABILITY		
Liability as per last Balance Sheet	24,114,449	23,271,066
Add / (Less) : Liability / (Asset) for the year	<u>(7,210,662)</u>	<u>843,383</u>
TOTAL	<u>16,903,787</u>	<u>24,114,449</u>

5. FIXED ASSETS

Sl. No.	Description	Gross Block			Depreciation			Net Block			
		As at 01.04.2010	Additions	Deductions/ Adjts.	Total as at 31.03.2011	Upto 31.03.2010	For the year	on Deductions / Adjts.	Total upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
		₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
1	Goodwill	3,550,000	-	800,000	2,750,000	964,792	275,000	186,666	1,053,126	1,696,874	2,585,208
2	Feehold Land & Site										
3	Development Buildings	21,877,668	-	-	21,877,668	-	-	-	-	21,877,668	21,877,668
	Lab Buildings	441,541,109	211,165,329	-	652,706,438	29,094,826	10,352,282	-	39,447,108	613,259,330	412,446,283
	Staff Quarters	944,264	-	-	944,264	262,936	15,392	-	278,328	665,936	681,328
4	Plant & Machinery	1,091,675,285	48,545,942	146,000	1,140,075,227	603,558,659	141,107,545	52,925	744,613,279	395,461,948	488,116,626
5	Electrical Installation	56,529,507	8,539,246	-	65,068,753	10,389,198	3,055,964	-	13,445,162	51,623,591	46,140,309
6	Office Equipment	8,617,557	745,569	-	9,363,126	2,126,954	416,538	-	2,543,492	6,819,634	6,490,603
7	Computers	38,551,185	378,702	-	38,929,887	23,206,557	4,278,848	-	27,485,405	11,444,482	15,344,628
8	Furnitures & Fixtures	64,142,178	1,415,968	-	65,558,146	12,391,111	4,001,238	-	16,392,349	49,165,797	51,751,067
9	Vehicles	19,927,407	2,186,409	3,337,231	18,776,585	9,021,076	1,788,737	1,460,889	9,348,924	9,427,661	10,906,331
	Total :	1,747,356,160	272,977,165	4,283,231	2,016,050,094	691,016,109	165,291,544	1,700,480	854,607,173	1,161,442,921	1,056,340,051
	Previous year	1,565,971,058	185,517,747	4,132,645	1,747,356,160	554,103,653	139,300,779	2,388,323	691,016,109	1,056,340,051	1,011,867,405

6. CAPITAL WORKS-IN-PROGRESS

S.No.	Description of the Asset	Gross Block			Balance as at	
		As at 01.04.2010	Additions	Adjts / Transfer	31.03.2011	31.03.2010
		₹	₹	₹	₹	₹
1	Expansion Project at Biotech Park, Genome valley, Hyderabad	20,860,086	18,961,105	32,066,152	7,755,039	20,860,086
	i) Advance for Plant & Equipment	207,323,527	18,517,292	225,840,819	-	207,323,527
	ii) Building under construction	-	10,384,692	-	10,384,692	-
	iii) Plant & Machinery under erection	-	-	-	-	-
	iv) Unallocated expenditure pending capitalisation	30,281,569	2,978,100	33,259,669	-	30,281,569
	Total :	258,465,182	50,841,189	291,166,640	18,139,731	258,465,182
	Previous year	225,195,988	62,467,763	29,198,569	258,465,182	225,195,988

	As at 31.03.2011 ₹	As at 31.03.2010 ₹
7. CURRENT ASSETS, LOANS & ADVANCES		
a) Inventories (valuation as per Accounting Policy No. F)		
Chemicals & Consumables	90,415,785	86,235,110
Components, Stores & Spares	1,312,411	1,540,167
Works-in-progress	105,422,997	69,811,762
TOTAL	<u>197,151,193</u>	<u>157,587,039</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	87,273,007	37,778,139
Other debts	201,432,893	193,261,292
TOTAL	<u>288,705,900</u>	<u>231,039,431</u>
c) Cash & Bank Balances		
Cash balance on hand	1,813,235	1,113,426
Balance with Scheduled Banks in India:		
On Current Accounts	6,973,635	9,323,138
On Deposit Accounts	2,697,499	2,616,064
On EEFC (Current) Accounts	952,207	8,929,161
Unclaimed dividend account	1,580,071	1,685,643
TOTAL	<u>14,016,647</u>	<u>23,667,432</u>
d) Other Current Assets		
Interest accrued on deposits with banks & others	284,365	977,829
Retention money with customers	522,546	499,939
TOTAL	<u>806,911</u>	<u>1,477,768</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)	1,574,237	2,921,151
Advances recoverable in cash or in kind or for value to be received from :		
- Employees (for expenses)	5,345,530	2,753,152
- Others (for Services & supplies)	3,167,960	3,545,338
Prepaid expenses for services	5,816,157	5,280,123
Deposits	9,574,724	13,729,385
Income-tax paid under protest	-	8,989,830
Advance tax and tax deducted at source (net of tax payable)	59,643,954	48,584,905
TOTAL	<u>85,122,562</u>	<u>85,803,884</u>
The above loans and advances include -		
i) Loans due from officers of the Company	482,180	731,840
(Maximum amount outstanding at any time during the year)	(731,840)	(916,940)
ii) Due from Vimta Specialities Ltd, a Company under the same management within the meaning of Sec. 370(1B)		
- For Services & Supplies	-	-
- Rent deposit	-	4,712,400
Maximum amount outstanding at any time during the year		
- For Services & Supplies	802,773	2,192,733
- Rent deposit	4,712,400	4,712,400

	As at 31.03.2011 ₹	As at 31.03.2010 ₹
8 CURRENT LIABILITIES & PROVISIONS		
A) Current Liabilities		
Sundry Creditors for services & supplies :		
- dues to Micro & Small Enterprises	—	—
- dues to others (other than to directors)	144,314,097	108,962,019
Sundry creditors for Capital expenditure		
- dues to Micro & Small Enterprises	—	—
- dues to others (other than to directors)	6,274,607	21,052,684
Advances from customers	7,899,237	7,621,851
Other Liabilities (other than to directors)	55,317,911	45,169,345
Other Liabilities (to directors)	3,185,915	652,339
Liability towards investor education and protection fund (Represents unclaimed dividend required to be transferred to the fund on completion of 7 years. No such amount is due as on the balance sheet date)	1,580,071	1,685,643
SUB TOTAL	218,571,838	185,143,881
B) Provisions		
Proposed dividend	8,843,124	17,686,248
Tax on proposed dividend	1,468,733	3,005,780
Gratuity	15,011,378	3,045,419
Leave encashment	1,675,798	4,186,181
SUB TOTAL	26,999,033	27,923,628
TOTAL	245,570,871	213,067,509
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	3,059,332	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	4,018,721	8,037,445
Less : Written off during the year to Profit & Loss Account	4,018,721	4,018,724
TOTAL	-	4,018,721
10 CONTINGENT LIABILITIES		
Estimated amount of contracts remaining to be executed on capital account and not provided for	19,870,344	20,000,000
Disputed Income tax demand (Appeal pending before ITAT)	-	8,989,830
Guarantees issued by bank, not provided for	11,124,476	10,080,840
Future minimum lease payments under operating lease	44,372,150	63,212,086
Disputed Service tax demand (Appeal pending before CESTAT)	369,112	369,112
TOTAL	75,736,082	102,651,868

	Year ended 31.03.2011 ₹	Year ended 31.03.2010 ₹
11 INCOME FROM TESTING SERVICES (Inclusive of Service Tax)		
Domestic	644,041,560	486,977,930
Exports	355,827,838	412,592,931
TOTAL	999,869,398	899,570,861
12 OTHER INCOME		
Interest on Deposits with Banks (including TDS of Rs.9526/- Previous year Rs.Nil)	90,961	76,835
Foreign exchange fluctuation (net)	-	10,616,625
Lease Rentals Received	1,572,000	1,200,000
Interest on deposit with electricity authority (including TDS of Rs.52621) (Previous year Rs.33242)	352,896	343,329
Interest on income-tax refund	1,262,751	2,970,295
Miscellaneous receipts	91,044	928,852
TOTAL	3,369,652	16,135,936
13 TESTING EXPENSES		
Chemicals & Consumables consumed	186,472,074	186,468,599
Stores, Spares & Components consumed	5,174,839	9,172,743
Sample preparation, Data Generation, Inspection and Testing Exps.	104,355,327	89,917,752
Power & Fuel	56,538,167	44,520,253
Water Charges	708,656	1,169,585
Sub-total	353,249,063	331,248,932
Add: Opening Works-in-Progress	69,811,762	36,891,551
Less: Closing Works-in-Progress	105,422,997	69,811,762
TOTAL	317,637,828	298,328,721
14 PAYMENTS AND BENEFITS TO EMPLOYEES		
Salaries & Wages	218,940,729	176,744,531
Bonus and Exgratia	9,246,235	4,535,311
Contribution to Provident & Other Funds	12,216,388	9,672,430
Gratuity	14,320,160	2,572,431
Leave encashment	5,979,889	2,444,311
Staff Welfare Expenses	8,786,915	7,434,191
TOTAL	269,490,316	203,403,205
Note : Expenditure not included above, charged to CWIP	-	11,101,461
15 ADMINISTRATION & OTHER GENERAL EXPENSES		
Managerial remuneration	21,504,000	13,392,358
Sitting fees to directors	30,000	40,000
Rent	1,604,688	1,720,849
Rates, taxes, licences & renewals	4,016,258	4,017,809
Insurance	6,283,596	6,116,133
Travelling & conveyance	25,814,918	26,252,419
Advertisement & business promotion	3,992,004	7,515,344
Communication expenses	13,005,970	12,279,359
Printing & Stationery	9,498,599	8,748,561
Repairs & Maintenance	26,180,186	19,822,457
Payment to auditors	697,440	616,990
Books & Periodicals	516,247	285,635
Vehicle maintenance	4,571,469	3,590,400
Operating lease charges	23,039,190	2,204,306
Other lease charges	3,825,184	10,725,552
Professional and consultancy charges	17,777,847	21,181,468
Membership & subscriptions	238,122	656,853
House keeping & premises maintenance	5,126,539	5,642,609
Security charges	3,949,400	3,292,461
Recruitment & training expenses	1,395,711	2,174,272
Commission	14,213,750	11,027,883
Software charges	7,560,301	4,514,645
Loss on sale of assets	894,417	844,322
Loss in fire Accident of Assets (Net of insurance claim of Rs.1877193/-)	-	978,423
Bad debts writtenoff	15,998,498	-
Impairment loss on assets (Goodwill)	613,334	-
Foreign exchange fluctuation (net)	3,648,088	-
Miscellaneous expenses	315,660	250,465
TOTAL	216,311,416	167,891,573

	Year ended 31.03.2011 ₹	Year ended 31.03.2010 ₹
Note : Expenditure not included above and charged to CWIP		
Managerial remuneration	-	4,319,799
Professional charges	-	927,615
16 INTEREST AND FINANCE CHARGES		
i) Interest		
a) To Banks		
- On term Loans- payable in foreign currency	2,049,077	8,309,245
- On Working capital loans		
Payable in foreign currency	1,463,314	1,292,930
Payable in Indian rupees	13,695,845	9,936,818
b) To others, other than directors, on fixed loans	647,387	3,150,014
ii) Bank charges	<u>12,342,732</u>	<u>3,554,262</u>
TOTAL	<u>30,198,353</u>	<u>26,243,269</u>
Note : Expenditure not included above and charged to CWIP		
Interest on Term Loan- repayable in foreign currency	-	1,351,271
Interest on Rupee Term Loan	210,075	-
17 PRIOR YEAR ADJUSTMENTS		
i) Income-tax	11,295,768	1,600,193
ii) Gratuity	-	2,640,621
TOTAL	<u>11,295,768</u>	<u>4,240,814</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 accrual basis of accounting in accordance with the generally accepted accounting principles followed 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 the 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 incurred 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 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 are shown as 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.

- 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 costs 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.
- Revenue from Testing and Analysis Services is recognized as the service is performed in accordance with the methods prescribed in AS - 9, Revenue Recognition.
 - 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 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 and leave encashment schemes are 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 tax and deferred tax.
- Current Income tax is measured as per the provisions of Income Tax Act, 1961 and the rules made thereunder.
- 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, when unabsorbed depreciation and losses carried forward exist, deferred tax is 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 govern 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) Provisions, 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 foot-note. 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 from State Bank of India - limit ₹ 1200 lakhs, Outstanding - ₹ 1323.17 lakhs (previous year ₹ 900 lakhs and ₹ 1021.44 lakhs respectively) is secured by hypothecation of all the current assets of the Company as primary security by way of pari passu charge and extension of pari 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) Corporate Loan from State Bank of India limit ₹ 250 lakhs; outstanding ₹ 75.77 lakhs (previous year ₹ Nil) is secured by hypothecation of equipment procured with the loan as primary security and extension of pari passu charge on other fixed assets of the Company other than the assets which are acquired with Hire Purchase loans, Technology Development Board and Grants from Government and other institutions. In addition, also secured by second charge on current assets on pari passu basis.
- iii) Term Loan from The Hongkong and Shanghai Banking Corporation Limited (HSBC Bank) repayable in foreign currency limit of ₹ 1000 lakhs and outstanding ₹ 546.71 lakhs (previous year ₹ 1000 lakhs and ₹ 887.02 lakhs respectively) is secured by pari passu charge on entire movable and immovable 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 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 facility from HSBC Bank aggregating is ₹ 650 lakhs (consisting of PCFC loan and Vendor Finance repayable in foreign currency and Indian Rupees), outstanding of ₹ 472.88 lakhs repayable in Foreign Currency and ₹ Nil in Indian Rupees (Previous year ₹ 473.38 lakhs repayable in foreign currency and ₹ 114.11 lakhs in Indian rupees) is secured by first pari passu charge on entire current 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 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 ₹ 107.98 lakhs, (previous year ₹ 485 lakhs and ₹ 243.98 lakhs respectively) is secured by hypothecation of plant and equipment procured with the said loan.

2. Current Liabilities and Provisions**a) Sundry Creditors**

- i) Amounts 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, 2011 are as under :-

Sl. No.	Description	As at 31.03.2011	As at 31.03.2010
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) Service Tax Demand

Out of the Service tax demand of ₹ 68.86 lakhs raised on the Company in earlier years, the Commissioner (Appeals) - III gave a relief of ₹ 65.17 lakhs to the Company. 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 liability. It is shown as a contingent liability. (Refer Sch.10)

c) 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 31.03.2011, 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.

d) 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.

e) 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 2293720 (Previous year USD 3050001).

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 31.03.2011	As on 31.03.2010
A) Timing Differences		
i) Depreciation	675.75	781.77
ii) Leave encashment	(16.76)	(41.86)
iii) Gratuity	(150.11)	(30.45)
Net timing differences	<u>508.88</u>	<u>709.46</u>
B) Deferred tax on the above timing differences		
Less : Opening balance b/f.	169.04	241.14
Liability/(Asset) recognized for the year	<u>(72.10)</u>	<u>8.43</u>

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

	(₹ in lakhs)	
	As on 31.03.2011	As on 31.03.2010
a) Deferred tax liability on depreciation	224.47	265.72
b) Deferred tax asset on Leave encashment expenses	(5.57)	(14.23)
c) Deferred tax asset on Gratuity	(49.86)	(10.35)
Net liability as at the year end	<u>169.04</u>	<u>241.14</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 2010-11

(in ₹)

	Key Management Personnel	Relatives of Key Management Personnel	Associates	Other related parties in which directors interested	Total
Remuneration paid (Previous year)	21,504,000 (17,712,157)	2,310,690 (1,892,356)	---	---	23,814,690 (19,604,513)
Services rendered (Previous year)	---	---	(307,150)	---	(307,150)
Services availed (Previous year)	---	84,000 (84,000)	952,271 (3,865,678)	2,978,100 (1,985,400)	4,014,371 (5,935,078)
Lease rentals paid (Previous year)	---	---	3,465,184 (10,395,552)	---	3,465,184 (10,395,552)
Rent deposit (Previous year)	---	---	---	---	---
Account payable (Previous year)	3,185,915 (652,339)	402,069 (131,680)	---	3,127,005 (446,715)	6,714,989 (3,073,482)
Accounts receivable (Previous year)	---	---	---	---	---
Dividend paid (Prev. Year)	5,654,311 (5,654,071)	385,518 (385,518)	---	---	6,039,829 (6,039,589)

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, 2011 is ₹ 230.39 lakhs (Previous year ₹ 22.04 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 31.03.2011	As on 31.03.2010
i) Obligation on Non-cancelable operating leases :		
a) not later than one year	243.34	219.45
b) later than one year and not later than five years	200.38	416.79
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	230.39	22.04
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.

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

	As on 31.03.2011 ₹	As on 31.03.2010 ₹
i) Defined Contribution Plan		
Contribution to Provident Fund	11,424,063	8,829,254

	Gratuity		Leave Encashment	
	As on 31.03.2011 ₹	As on 31.03.2010 ₹	As on 31.03.2011 ₹	As on 31.03.2010 ₹
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%	8%	0%
Expected average remaining lives of the employees (years)	27	28	27	28
B Table showing the changes in present value of obligations				
a) Present value of obligations at the beginning of the year	7,308,093	6,025,383	4,186,181	2,809,340
b) Interest Cost	584,647	482,031	265,856	224,747
c) Current service cost	1,773,449	1,451,821	2,957,203	143,237
d) Benefits paid Actuals	(637,644)	(1,540,605)	1,725,965	(1,067,470)
e) Expected liability at the year end	9,028,545	6,418,630	5,683,275	2,109,854
f) Present value of obligations at the end of the year	21,358,996	7,308,093	8,749,123	4,186,181
g) Actuarial Loss on obligations	12,330,451	889,463	3,065,848	2,076,327
C Changes in fair value of Assets				
a) Fair value of Assets at the beginning of the year	4,262,674	3,384,762	-	-
b) Expected return on plan assets	368,387	250,884	301,350	-
c) Contributions	2,354,201	2,167,633	8,490,271	-
d) Benefits paid- Actuals	637,644	1,540,605	1,725,965	1,067,470
e) Actuarial gain / (loss) on plan assets	Nil	Nil	7,668	Nil
f) Fair value of assets at the end of the year	6,347,618	4,262,674	7,073,324	-
D Table showing fair value of plan assets				
a) Fair value of plan assets at the beginning of the year	4,262,674	3,384,762	-	-
b) Actual return on plan assets	368,387	250,884	301,350	-
c) Contributions	2,354,201	2,167,633	8,490,271	-
d) Benefits paid	637,644	1,540,605	1,725,965	1,067,470
e) Fair value of plan assets at the end of the year	6,347,618	4,262,674	7,073,324	-
f) Funded status	(15,011,378)	(3,045,419)	(1,675,799)	(4,186,181)
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	12,330,451	889,463	3,065,848	2,076,327
b) Gain/Loss for the year - Plan assets	Nil	Nil	7,668	Nil
c) Total loss for the year	12,330,451	889,463	3,058,180	2,076,327
d) Actuarial loss recognized in the year	12,330,451	889,463	3,058,180	2,076,327
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	21,358,996	7,308,093	8,749,123	4,186,181
b) Fair value of assets at the end of the year	6,347,618	4,262,674	7,073,324	-
c) Funded Status	(15,011,378)	(3,045,419)	(1,675,799)	(4,186,181)
d) Net (Liability)/asset recognized in balance sheet	(15,011,378)	(3,045,419)	(1,675,799)	(4,186,181)
G Expenses recognized in statement of Profit and Loss				
a) Current service cost	1,773,449	1,451,821	2,957,203	143,237
b) Interest Cost	584,647	482,031	265,856	224,747
c) Expected return on plan assets	368,387	250,884	301,350	-
d) Net actuarial loss recognized in the year	12,330,451	889,463	3,058,180	2,076,327
e) Expenses recognized in statement of Profit & Loss	14,320,160	2,572,431	5,979,889	2,444,311

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

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

	(₹ in lakhs)	
	As on 31.03.2011	As on 31.03.2010
i) Amount of impairment losses recognized in the Profit & Loss A/c.	613,334	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	80.56	935.06
ii) Chemicals & Consumables	63.64	80.61
iii) Components and spare parts	25.67	48.87
iv) Reference Standards / Proficiency testing	121.69	39.50
v) Software	11.74	20.97
b) Expenditure in Foreign Currency on account of:		
i) Travelling expenses	13.30	5.57
ii) Membership & Subscriptions	2.84	3.46
iii) Licenses	-	4.89
iv) Commission	104.55	87.58
v) Interest on Foreign Currency Term Loan paid to Banks	65.84	109.53
vi) Printing & Stationery	-	0.24
vii) Seminars & Conferences	1.45	2.01
c) i) Amount remitted during the year in foreign currency on account of dividends	-	-
ii) Number of Non-Resident Shareholders	111	81
iii) Number of shares held by them	181357	188968
iv) Year to which the dividends related (Dividend was paid to NRI shareholders in Indian Rupees only)	2009-10 1.45	2008-09 1.51
d) Earnings in foreign exchange: Export Income from testing services	3558.27	4125.93

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:

(₹ in lakhs)

	Current year		Previous year	
	Consumption	% to total	Consumption	% to total
a) Chemicals & Consumables				
- Indigenous	1733.35	96	1731.77	96
- Imported	80.16	4	75.54	4
Total	1813.51	100	1807.31	100
b) Spares & Components				
- Indigenous	23.64	46	79.55	87
- Imported	28.11	54	12.17	13
Total	51.75	100	91.72	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 (Prev. year)	4,800,000 (4,800,000)	4,800,000 (3,914,516)	4,800,000 (3,914,516)	4,800,000 (3,274,997)	19,200,000 (15,904,029)
Perquisites (Prev. Year)	576,000 (576,000)	576,000 (434,322)	576,000 (434,322)	576,000 (363,484)	2,304,000 (1,808,128)
Total	5,376,000	5,376,000	5,376,000	5,376,000	21,504,000
Prev. year	5,376,000	4,348,838	4,348,838	3,638,481	17,712,157

Notes:

- The above remuneration is in accordance with the terms of appointment approved by the members in the general meeting held on 30.09.2010.
- 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 has been provided/paid.
- Perquisites include Company's contribution towards Provident Fund.
- As the liability for Gratuity and Leave Encashment 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	9,514,037	4,951,452
b) On Plant & Machinery	14,528,272	11,199,877
c) On other Assets	2,137,877	3,671,128
Total	26,180,186	19,822,457

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	83,090	58,090
- Management Services	55,150	---
iii) Out of pocket expenses	7,700	7,400
Total	697,440	616,990

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	31.03.2011

(₹ 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 31.03.2011	As at 31.03.2010
iii. Position of mobilization and deployment of funds		
Total Liabilities	1,519,815	1,605,332
Sources of funds		
Paid-up Capital	44,216	44,216
Reserves & Surplus	1,206,043	1,263,007
Secured Loans	252,652	273,995
Deferred Tax	16,904	24,114
Total Assets	1,519,815	1,605,332
Application of funds		
Net fixed assets	1,179,583	1,314,805
Net Current Assets	340,232	286,508
Misc. Expenditure	–	4,019

(₹ in thousands)

	Current Year	Previous Year
iv. Performance of Company		
Turnover (Excluding Other income)	957,012	868,020
Total Expenditure (Including prior year adjustments)	1,014,243	843,427
Profit before tax	(-)53,861	40,729
Profit after tax	(-)46,651	26,586
Earning per share (₹)	(-)2	1
Dividend Rate	20%	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: 13.05.2011

For and on behalf of the Board

Dr S P Vasireddi
V Harriman
V V Prasad
T S Ajai
Managing Director
Director Technical
Executive Director
Director

P Sankaraiah
A Venkata Ramana
VP - Finance & C F O
Company Secretary

Place: Hyderabad
Date: 13.05.2011

Particulars	31.03.2011 (₹)	31.03.2010 (₹)
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net profit/(loss) before tax and Extraordinary items	(53,861,577)	40,729,175
Adjustment for :		
Depreciation	165,291,544	139,300,779
Interest debited to P & L Account	17,855,622	22,689,007
Amortisation of preliminary expenses	4,018,721	4,018,724
Prior year adjustments	11,295,768	4,240,814
Loss in fire accident of assets	-	978,423
Impairment loss on assets	613,334	-
Loss on sale of assets	894,417	844,322
	<u>199,969,406</u>	<u>172,072,069</u>
Operating profit before working capital changes	146,107,828	212,801,244
Adjustments for :		
Trade and other receivables	(56,314,289)	(10,285,643)
Inventories	(39,564,154)	(26,121,103)
Trade payables	42,883,533	85,920,743
	<u>(52,994,910)</u>	<u>49,513,997</u>
Cash generated from operations	93,112,918	262,315,241
Taxes paid	-	13,300,000
Prior year adjustments	11,295,768	4,240,814
Cash flow before extraordinary items	81,817,150	244,774,427
NET CASH FLOW FROM OPERATING ACTIVITIES	81,817,150	244,774,427
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets (after adjustments)	(32,651,714)	(219,765,364)
Sale of fixed assets	1,075,000	900,000
NET CASH USED IN INVESTING ACTIVITIES	(31,576,714)	(218,865,364)
C) CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid on term loans	(17,855,622)	(22,689,007)
Proceeds from long term borrowings from HSBC	-	73,238,764
Proceeds from long term borrowings from SBI	7,577,036	-
Repayment of long term borrowings	(34,031,210)	(86,892,334)
Repayment of soft loan from TDB	(13,599,968)	(9,953,316)
Dividends & Dividend tax paid	(20,692,028)	(20,692,028)
Change in the other borrowings (net)	18,710,571	51,371,467
NET CASH FLOW USED IN FINANCING ACTIVITIES	(59,891,220)	(15,616,454)
Net increase / (decrease) in cash and cash equivalents	(9,650,785)	10,292,609
Cash and Cash equivalents Opening Balance :		
Cash and bank balances	23,667,432	13,374,823
Cash and Cash equivalents Closing Balance :		
Cash and bank balances	14,016,647	23,667,432

Note : 1. Cash flow statement has been prepared under the "indirect method" as set out in the Accounting Standard (AS) 3, Cash flow statements.
2. Previous year's figures have been regrouped/reclassified wherever necessary to conform to the current year's classification.

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: 13.05.2011

P Sankaraiah
VP - Finance & C F O

A Venkata Ramana
Company Secretary

AUDITOR'S CERTIFICATE

We have examined the above Cash Flow statement of VIMTA LABS LIMITED, for the year ended 31st March, 2011. 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.

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

Place: Hyderabad
Date: 13.05.2011

J. VENKATESWARLU
PARTNER
ICAI Ms. No.022481

IMPORTANT COMMUNICATION TO MEMBERS

The Ministry of Company Affairs has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by the Companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register their e-mail ID with M/s CIL Securities Ltd., 214, Raghava Ratna Towers, Chira-Ali-Lane, Abids, Hyderabad- 500 001.

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Life Sciences Facility :

Vimta Labs Limited

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