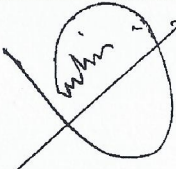
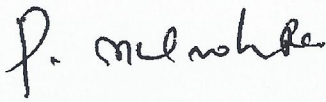
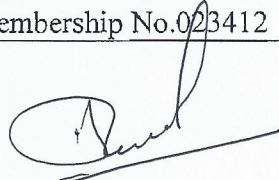


FORM A
(Pursuant to Clause 31(a) of the Listing Agreement)

1.	Name of the Company:	Vivimed Labs Limited .
2.	Annual financial statements for the year ended	31 st March 2014
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not Applicable
5	To be signed by-	
	<ul style="list-style-type: none"> • CEO/Managing Director 	 Santosh Varalwar CEO & Managing Director
	<ul style="list-style-type: none"> • CFO 	--
	<ul style="list-style-type: none"> • Auditor of the company 	 P.Murali Mohana Rao For P.Murali & Co Membership No.023412
	<ul style="list-style-type: none"> • Audit Committee Chairman 	 Mr.P.V.Rathnam Chairman, Audit Committee



Vivimed

Vivimed Labs Limited

Annual Report 2013-14



Vivimed

78/A, Kolhar Industrial Area,
Bidar – 585403, Karnataka
www.vivimedlabs.com

Forward-looking information

In this annual report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report may contain forward-looking statements that set out anticipated results based on the management’s plans and assumptions. We have tried wherever possible to identify such statements by using words such as ‘anticipates’, ‘estimates’, ‘expects’, ‘projects’, ‘intends’, ‘plans’, ‘believes’, and words of similar substance in connection with any discussion on future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and estimates taken as assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

‘tomo rrow’

At Vivimed Labs Limited, ‘tomorrow’ means... making relevant products, enhancing knowledge and making business growth sustainable. This is precisely what we did with our business in 2013-14.

Contents

Corporate Identity [02](#) | 2013-14 in retrospect [10](#) | From the CEO’s desk [12](#) | Alathur. The perfect fit. [14](#) | Management Discussion and Analysis [16](#) | Socially Responsible [33](#) | Corporate Information [34](#) | Directors’ Report [35](#) | Corporate Governance Report [44](#) | General Shareholder Information [54](#) | Financial Section [58](#) | Notice [102](#)

Vivimed Labs Limited.

Multiple businesses.

Singular focus.

Global presence.

Indian address.

Vivimed Labs (Vivimed) is a successful and respected international brand in the Specialty Chemicals and Pharmaceuticals businesses.



38.13%

Promoters' stake
(March 31, 2014)

29.78%

Institutional stake
(March 31, 2014)

Unique business model

- Uses chemistry to create ingredients which touch human lives every single day
- Focused on the Healthcare, Personal Care, Home Care and Industrial segments globally
- Multiple manufacturing and R&D centres provide efficient platforms in India across business segments
- Product portfolio caters to over 75% of the Personal Care ingredient market
- Combination of stable margin and high-growth global businesses

Best-in-class operations

- 12 manufacturing facilities and five R&D centres across the world (four US FDA-approved sites)
- Healthcare revenues: regulated markets - 85%; semi-regulated markets - 15%
- High entry barriers: Longstanding customer relationships and in-house knowledge base
- Flexible manufacturing capabilities across API and active ingredients

Attractive industry dynamics

- India is expected to emerge as the third largest global generic API market by 2016 with a 7.2% market share
- Between 2011 and 2016, patented drugs worth US\$255 billion are estimated to go off-patent
- Indian pharmaceutical industry is expected to grow by 12% compounded to reach US\$45 billion in 2020

Robust financial performance

- Net sales growth of 40% (5-year CAGR) and EBITDA CAGR of 32%
- R&D investments at 4% of 2013-14 revenue
- Strong transnational management team with a proven record of delivering growth



2,300+

Team size
(March 31, 2014)

₹ 10,643 million

Enterprise value
(March 31, 2014)

₹ 13,590 million

Revenues in
2013-14

Adjusting the frequency

of our API business

At Vivimed Labs, we have invested in strategic initiatives that promise to make our business stronger, profitable and sustainable.

ADJUSTED DYNAMICS FOR HIGHER MARGINS

- Undertook initiatives to integrate backwards for manufacturing intermediates and making the API business more profitable; initiated supplies of 8 intermediates from India for our global operations.
- Implemented product repairs and procedural improvements across eight products that enhanced our competitiveness and addressable market (accounting for 50% of the API revenues) which will improve our margins.
- Restructured the generic product portfolio at our Mexican facility in favour of value-accretive APIs.

IN DOING SO, WE ARE CONFIDENT OF EXPANDING OUR MARGINS OVER THE NEXT 12-24 MONTHS.

ADJUSTED CAPACITIES FOR HIGHER VOLUMES

- Strengthened relationships with existing customers, which are expected to increase business volumes
- Planned to add more products per customer by 2015-16, translating into incremental volumes.

ADJUSTED KNOWLEDGE FOR WIDER BUSINESS BANDWIDTH

- Strengthened our R&D team, accelerating DMF filings for products to be launched in Europe and the US.
- Embarked on the filing of more DMFs over the next 12-24 months.

Adding bandwidth

to our Formulations business

At Vivimed, we intend to grow into a global pharmaceutical major with a meaningful presence in key markets.

ADDED CONTRACTS FOR SUPERIOR ECONOMIES-OF-SCALE

- Received approvals for four products from a large domestic institution in early 2014-15 with revenue visibility for 24-36 months.
- Added one large domestic pharmaceutical player to our CMO client list.

ADDED BRANDS FOR BETTER VISIBILITY

- Launched new branded Formulations, most of them in the ophthalmic segment, which is expected to generate growth from the current year.
- Acquired seven domestic Formulation brands, widened our product basket, regional presence and distribution network.

ADDED MARKETS FOR SUSTAINABLE PROFITABILITY

- Invested in an US FDA-approved Formulation facility at Alathur with two commercially active ANDAs (Losartan and Donepezil), which provides an instant access to the US market.
- Acquired three ANDAs which are expected to be commercialised in Q4 FY2015.
- Filed a number of dossiers in Ukraine, Malaysia and Mexico, which are expected to generate good revenues in the next 12-24 months.
- Expect to file more ANDAs in over the next 12-24 months in the areas where we have strong in-house APIs.

THESE MEASURES SHOULD HELP WIDEN OUR FOOTPRINT ACROSS CRITICAL GLOBAL MARKETS, STRENGTHENING FORMULATION REVENUES AND PROFITS.

Widening horizons

of our Speciality Chemicals business

At Vivimed, we have invested in our business with the objective to generate sustainable growth for each product, customer and segment.

WIDENED PRODUCT ACCEPTABILITY THROUGH INCREASED APPROVALS

- Received two orders with significant revenue potential from leading consumer companies extending across 24 to 30 months in the Sun Care and Hair Care segments.
- Received approval for an anti-microbial from a large US company, which is expected to generate sizeable volumes in 2014-15.

WIDENED OUR OPPORTUNITY WINDOW THROUGH NICHE PRODUCTS

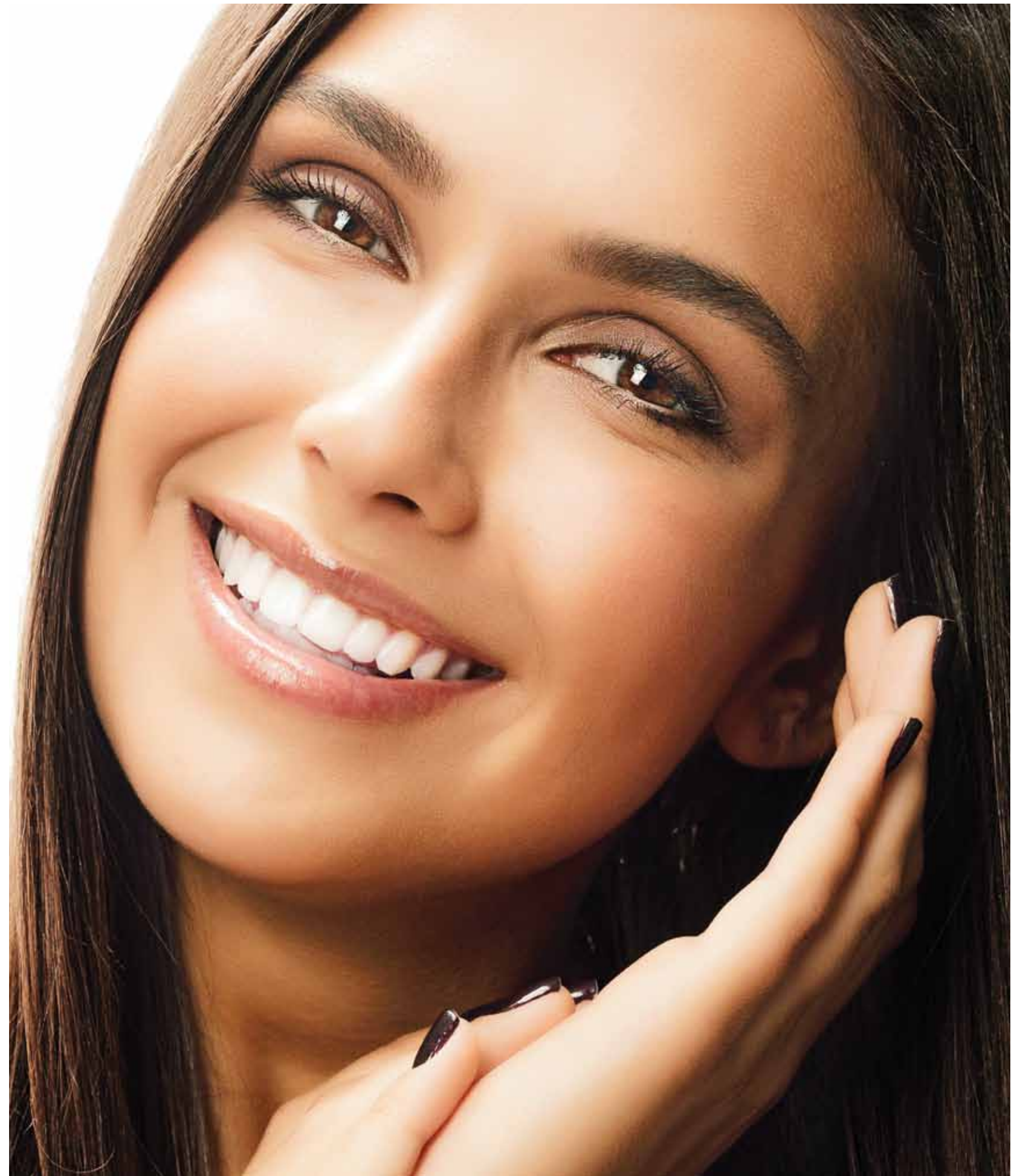
- Intend to launch new products in the Sun Care segment in 2014-15, which are expected to yield considerable returns from 2015-16.

- Developing promising peptides for prospective launch over the next 18-24 months.

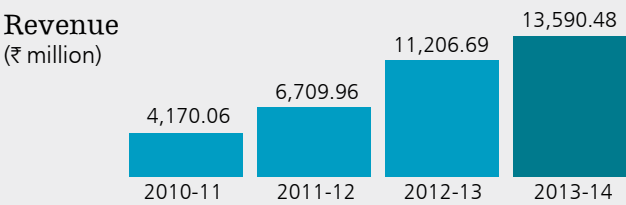
WIDENED OUR HORIZON THROUGH NEW APPLICATIONS

- Received approval from a large US air-bag manufacturer for a product for which initial supplies commenced in 2013-14 and meaningful despatches are expected from 2014-15 onwards.
- Received approval for photochromatic products from one of the largest lens manufacturers in the world and other clients in Korea and China; supplies are expected to commence in 12 months.

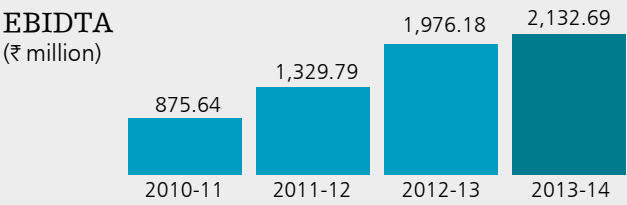
THESE KNOWLEDGE-INTENSIVE INVESTMENTS ARE EXPECTED TO ENHANCE GLOBAL VISIBILITY AND PROFITABILITY OF THE SPECIALTY CHEMICALS SEGMENT OVER THE COMING YEARS.



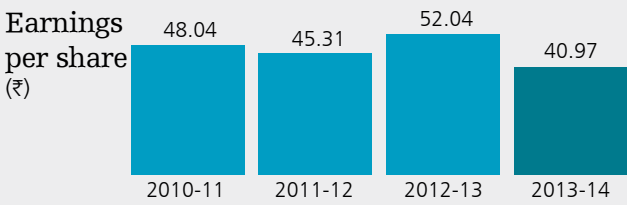
2013-14 in retrospect



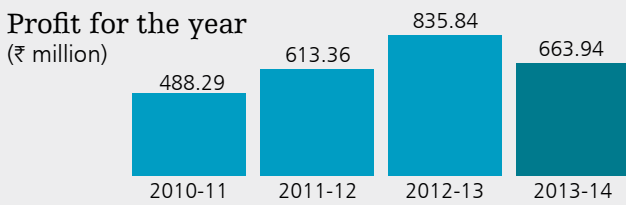
40.4
CAGR over 5-years (%)



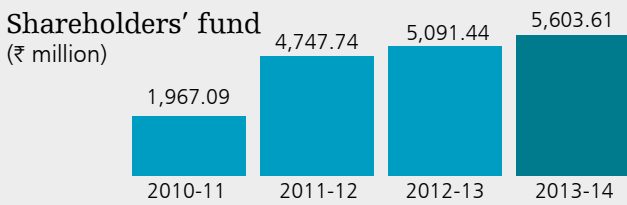
32.3
CAGR over 5-years (%)



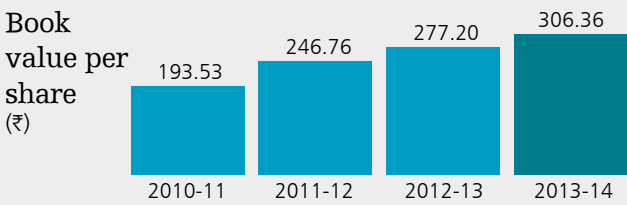
7.1
CAGR over 5-years (%)



21.0
CAGR over 5-years (%)



40.2
CAGR over 5-years (%)



20.5
CAGR over 5-years (%)



- Acquired a US FDA-approved Formulation facility from Actavis, a global specialty pharmaceuticals leader

Provides immediate access to the regulated markets

- Secured long-term contracts (Sun Care and Hair Care segments) from leading consumer companies

Multi-year contracts with significant revenue potential

Post-Balance Sheet development

- Received GMP PIC/S approval for supplying Finished Dosage Formulations to the CIS region

Testiment of the qualitative excellence of our manufacturing facilities and stringent adherence to global regulatory norms

From the CEO's desk

"Vivimed expects to move into a new orbit in 24 months."



Dear fellow shareholders,

At Vivimed Labs, we are optimistic of our prospects to transform our fundamentals and improve shareholder returns.

Tomorrow's promise

In the Healthcare space, we expect to transform from an API-dominated pharmaceutical player into a fully integrated healthcare company with a strong presence in regulated and semi-regulated markets.

In the Specialty Chemicals space, our relentless focus on product development is expected to open up new avenues and strengthen our global footprint.

In view of these projected developments, we expect that Vivimed will graduate into a new orbit in 24 months.

Healthcare transformation

The year 2013-14 can be regarded as an inflection point for our Healthcare business as we established a strong foothold in the US, the largest pharmaceutical market in the world, following the acquisition of a US FDA-approved Formulation unit in Alathur, India.

Operational rationale: Vivimed has three US FDA-approved facilities for the manufacture of APIs; we integrated

backwards to manufacture our own intermediates and recently invested in a Formulation and dossier development facility in Hyderabad. However, a US FDA-approved Formulation facility was the critical missing link in the healthcare value chain.

Strategic perspective: Despite a strong global API presence, we could not take advantage of the growing generic formulation space in the regulated markets, without which our business model remained incomplete in terms of capability, global recognition and value-addition.

The acquisition plugged two strategic gaps. It saved about three to four years necessary for commissioning a new formulations unit (as per our original plan) and securing regulatory approvals; facilitated the ownership of two commercially active ANDAs, which made it possible to enter the US market immediately (first consignment shipped in the last quarter of 2013-14). This further strengthened our relationship with Actavis.

Going ahead, our focus will be on product and dossier development in our Formulations R&D unit; this unit will be developing products where APIs can be sourced from Uquifa, enhancing our competitiveness. Over the next 18-24 months, we expect to have a number of active ANDAs in the US market and an equally strong filing pipeline to sustain our growth into the long-term.

Our API business will continue to focus on product development, efficient procurement, procedural improvements and product repairs, which have been the cornerstone of our integration strategy. At the API R&D front, new teams have been added to accelerate

DMF filings.

The CMO business performed creditably in 2013-14 as we scaled up customer accounts. We are optimistic that business volumes will increase meaningfully with several potential new projects with existing and new customers.

Widening the speciality chemicals canvas

By virtue of having partnered global MNCs in the Personal and Home Care segments, Vivimed possesses thought leadership in terms of products, processes and markets. The result is that Vivimed has emerged as a valuable partner for leading consumer product MNCs like Unilever, P&G and L'Oreal.

Leveraging chemistry expertise and global visibility, Vivimed is exploring growth avenues. The Company's two-year investment in establishing a presence in the automotive specialties yielded results when it received approval for a product from a leading US-based company; Vivimed is on course to receive approvals for two more products from the same customer in the current year. Besides, Vivimed's photochromatic product was approved by one of the world's leading lens manufacturers, which promises to translate into sizeable business over the next 18-36 months.

Our natural ingredient-based solution in the Sun and Hair Care segments registered sizeable volumes in the US and EU markets; we are in the process of developing a strong pipeline of products based on natural ingredients.

Having received a positive response for certain natural actives, we will position this portfolio as alternate replacements

over synthetic chemistry ingredients in home and personal care products.

While we widen our opportunity canvas through joint product development with existing customers, we are also broad-basing our overall business, which is expected to enhance our profitability.

Message to shareholders

During the early part of our journey, we transformed from a pure Specialty Chemicals player into a thriving enterprise with a synergistic and balanced mix of Healthcare and Specialty Chemicals.

In the second phase, which is currently under implementation, we expect to strengthen our global positioning in both businesses.

The benefits of this transition are likely to be visible over the medium-term through improved profitability and enhanced cash generation, by the strengthening of our financials and enhanced shareholder value.

Your company Vivimed is really special as a diversified and unique player in Specialty Chemicals and Pharmaceuticals. I and Vivimed are appreciative of your continued zeal and support and I am confident of healthy growth, increased profitability and superior shareholder value of the Company.

Warm regards,

Santosh Varalwar
Managing Director and CEO

Alathur. Perfect fit.



Fiscal 2013-14 will be regarded as an inflection point in Vivimed's journey as it creates a seamless pathway for the Company's entry into the US market. In less than three years, Vivimed

transformed from a contract manufacturer of Formulations for large pharmaceutical companies into a vertically integrated player set to make a mark in the global pharmaceutical

market. The key highlight of this transformation has been the pace at which the Company strategically identified and acquired the pieces (read companies).

Alathur, the perfect fit in our US strategy

US FDA-approved APIs facilities	R&D facility with global expertise	US FDA-approved Formulation facility
Uquifa (acquired November 2011), a globally-reputed API manufacturer with three US FDA-approved facilities, 150 active DMFs, over 20 CoS and over 100 customers in 70 countries.	Finoso (acquired in February 2013) is a pharmaceutical development service Company focused on Formulations development for large and respected global pharmaceutical companies; operates around a self-sustaining model.	Alathur (acquired July 2013) is a US FDA-approved plant with 1.2 billion SOD capacity and two commercially active ANDAs providing long-term revenue potential.

The acquisition

In August 2014, Vivimed acquired the US FDA-approved SOD facility of Actavis Pharma for ₹1.22 billion. The acquisition was funded through accruals and debt. Located in Alathur (Tamil Nadu), the plant is engaged in the manufacture of SOD Formulations (tablets and capsules) with a capacity of 1.2 billion per annum. This US FDA-approved facility comes with two active ANDAs, allowing the Company with an instant entry into the US markets.

Visible benefit

- The acquisition eliminates the usual three-to-four year gestation to secure regulatory approvals essential to enter the US market.
- The two ANDAs (Losartan and Donepezil) address global markets worth US\$3.2 billion and US\$2.2 billion respectively.

Intangible positives

- Immediate access to trained manpower, systems and processes arising out of this having been a US FDA-approved site for years
- Facility expandable to 5 billion SOD capacity given unutilised land on site.

Build-up

Capacity: The Company is expanding the capacity of the unit to 2 billion SOD per annum including capability expansion through the addition of a blister line (addressing the European market), as well as a sachet and granules line for Canadian and CIS customers.

Addition: The Company purchased three ANDAs from a US company for which the Company filed for site transfers to the Alathur facility, which could lead to EU inspection and approval.

Filings: The Company will file more ANDAs from the site in 12 to 18 months, leveraging in-house APIs, based on Formulations development by the in-house R&D team.

Medium-term earnings

The earnings from the facility are expected to grow in a phased manner. Up to the first half of 2014-15, revenue will be primarily generated from supplies to Actavis while from the second half, the two ANDAs (acquired with the plant) could start generating meaningful revenues.

US market optimism

The Patient Protection and Affordable Care Act (PPACA), commonly called the Affordable Care Act (ACA) or 'Obamacare', focuses on increasing the health insurance quality and affordability, expanding public and private insurance coverage, while reducing healthcare costs for individuals and the government.

This reform could make an additional 32 million uninsured citizens become potential customers of the pharmaceutical sector (beginning January 2014), resulting in up to US\$115 billion worth of new business over the next 10 years.

Obamacare will be a harbinger of a tectonic change in the way generic consumption grows in the US, a development that could benefit India significantly. Experts say generic drugs are pivotal to the success of the new healthcare system because nearly 90% of US patients have some kind of co-payment on their insurance, which encourages them to take lower-priced generics rather than branded drugs and often causes out-of-pocket expenses to decline to nil. Obamacare envisages savings of US\$150 billion per year from drug cost reductions.

Generics – curing and savings

An analysis by the Generic Pharmaceutical Association (GPhA) revealed that savings to consumers and the US Healthcare system from the use of generic prescription drugs was US\$193 billion in 2011 and more than US\$1 trillion over 10 years (2002-2011). In 2011, nearly 80% of the 4 billion prescriptions written in the US were addressed through generic medicines, while accounting for only 27% of the total drug spending.



Management discussion and analysis

Economic review

Global: The global economy remained subdued, as global GDP growth decelerated for the third consecutive year. Most developed economies addressed the reality through appropriate remedial fiscal policy action. Besides, a number of emerging economies, which had already experienced a debilitating slowdown across two years, encountered domestic and international headwinds during the period.

Prospects: As per latest IMF estimates, the world economy growth was revised to 3.4% for 2014 from 3.7% projected earlier. The principal reason of this slow global recovery is attributed to the negative growth registered by the US during the first quarter, a high public debt level and rampant unemployment in the EU and Japan.

The various reasons that staggered growth in different parts of the world were largely domestic in nature. With normalisation of the American monetary policy, it is quite possible that a part of global finance channelised into emerging economies may go back to the US, raising the cost of

finance and uncertainty in the stock markets of emerging economies.

India: India's economic growth of sub-5% in 2013-14 was primarily due to the global slowdown and domestic factors such as high interest rate and inflation. This situation was aggravated due to unfavourable foreign exchange variations resulting in higher import costs. However, the Indian economy experienced some early improvement in the overall sentiment driven by a better current account and fiscal deficit situation.

Prospects: The Indian economy is expected to grow at around 5.4% in 2014-15 as per IMF estimates. This growth would be driven by recovery in the manufacturing sector due to better business and consumer sentiment that could also offset the impact of an unfavourable monsoon on agricultural growth. Furthermore, the Index of Industrial Production (IIP) data has shown positive growth in the beginning of the year and monetary policy has been providing more stable environment in terms of interest rates, liquidity and credit conditions.

3rd

India became the world's third biggest economy in terms of purchasing power parity (PPP) according to a World Bank report, rising from the tenth position in 2005 (Source: *The Economic Times* April 30, 2014).

Business overview

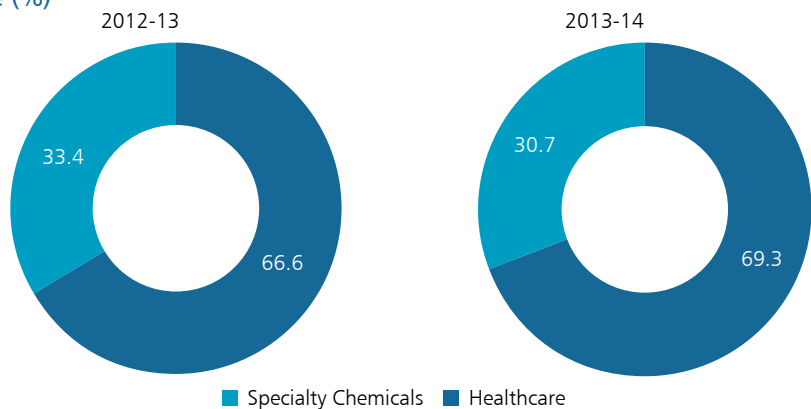
Vivimed operates in two verticals – Healthcare and Specialty Chemicals.

The Healthcare segment is engaged in contractual manufacturing services (APIs and Formulations) and the manufacture of branded Formulations, whereas the Specialty Chemicals segment is a provider of active ingredients for a range of Home, Personal Care and Industrial products.

The common thread that links the

two seemingly-unrelated businesses is chemistry skills in which Vivimed possesses rich expertise and experience. This has positioned Vivimed as the 'partner of choice' for global brands across both businesses. While the pharmaceutical business is primarily a high growth business with stable margins, the speciality chemical space provides customised niche solutions, attracting high margins.

Revenue pie (%)



A multinational global platform that provides Vivimed access to markets and significant cost advantage



Facilities	Mexico	Spain	UK	China	USA	India	Total
Healthcare – API	1	2					3
Healthcare – FDF						7	7
Specialty Chemicals – Active Ingredients						2	2
Total Facilities	1	2				9	12
R&D Facilities		1	1			3	5
Global Support Offices		1	1	1	1	1	5



Business segment – 1

Healthcare

9,365

Revenue in 2013-14
(₹ million)

69

Contribution to
consolidated topline (%)

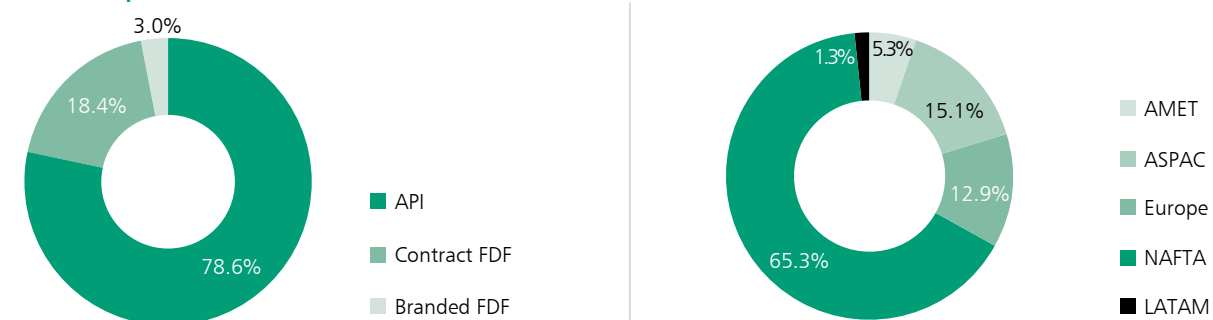
84

5-year CAGR
(%)

2013-14 in retrospect

- Business grew by 26.8% from ₹7,384 million in 2012-13 to ₹9,365 million in 2013-14
- EBIT from the business stood at ₹645 million in 2013-14 at a 6.9% margin
- Acquired the US FDA-approved Formulation facility (capacity 1.2 billion SOD) from Actavis; deal comprised two commercially active ANDAs

Break-up of revenues, 2013-14



Overview

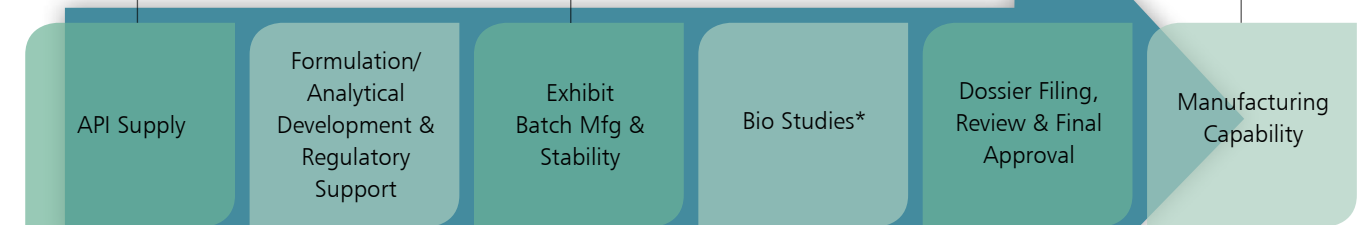
The Company is an integrated pharmaceutical player with a footprint across the entire value chain. The Company manufactures and markets API and

Formulations covering diverse therapeutic segments across the globe. This flagship business segment is divided into APIs, Contract Formulations and Branded Formulations.

- Supply pipeline
- Quality manufacturing platform
- Strong customer relationships
- Access to regulated markets

- Step towards generic drug filing

- Quality manufacturing platforms across forms of delivery such as tablets, capsules, nasal sprays and ointments
- Targeted towards regulated & semiregulated markets



- Differentiated R&D platform for generic formulation development

- Regulatory step required to sell finished formulations
- The last step in the whole drug (ANDA) filing process
- Once the FDA approves the submitted dossier, companies can start commercialisation

* Outsourced

Competitive advantage

Business model: A strong presence across the entire value chain has graduated the Company from a product vendor to a solutions provider to a global pharmaceutical player.

Marquee clients: Strong business relationships with global pharmaceutical majors (through contractual services) resulting in long-term revenue visibility.

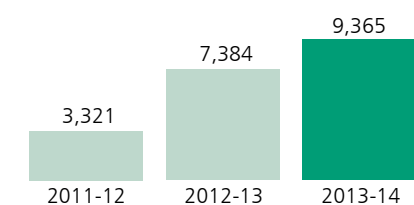
Approved facilities: Manufacturing facilities aligned with stringent global operating standards and approved by

reputed global regulatory authorities provides a wide marketing footprint in regulated and semi-regulated markets.

Product basket: A large product basket (owing to successful inorganic initiatives) covering high-value, high-growth lifestyle therapeutic segments expands our addressable market.

Innovation: Hands-onchemistry skills in developing research-based combination therapies facilitate a robust product pipeline.

Revenues
(₹ million)



67.9%
Growth (3 year CAGR)



API business

The API business comprises generic products and custom manufacturing operations (CMO) for global pharma majors. The Company manufactures 25-plus APIs covering diverse therapeutic segments across international facilities (Spain and Mexico) which possess close to about 100-150 filed DMFs filed (about 50 active). About 40% of the portfolio comprises anti-ulcer medications; the rest comprises various segments, namely oncology, HIV, general therapeutics and quaternary APIs.

Global manufacturing facilities

Lliçà, Barcelona, Spain	SantCeloni, Barcelona, Spain	Cuernavaca, Mexico
US FDA-approved	US FDA-approved	US FDA-approved
<ul style="list-style-type: none"> ISO 14001:2004 certified Approvals from Spanish and Japanese health authorities 	<ul style="list-style-type: none"> ISO 14001:2004 certified Approvals from Spanish, Brazilian, Japanese and Korean health authorities 	<ul style="list-style-type: none"> Approvals from Danish, Japanese and Korean health authorities

Highlights, 2013-14

- Ramped up production volumes of a key contract manufacturing account received towards the end of 2012-13.
- Initiated API supplies to a global innovator whose finished dosage product was launched in 2013-14; this is a fruition of the efforts over the last two years of development work (consequent to an early-stage R&D alliance), which yielded sizeable volumes in 2013-14 and is expected to grow further.
- Added teams to the API R&D department to catalyse the filing of new DMFs.
- Initiated supplies of eight intermediates to

global API facilities from the Indian facilities.

- De-bottlenecked manufacturing facilities in Spain and Mexico, increasing overall capacity by about 15%.

- Invested in a pilot plant in Mexico to accelerate DMF filings.

2014-15 blue print

The Company is growing its high-margin CMO segment by strengthening relationships with existing clients and global innovator companies. In the generics space, the Company will continue its product churn and new product filings which is expected to strengthen profitability.



15%

Capacity added through de-bottlenecking of manufacturing facilities in Spain and Mexico

Formulations

The Company practices a multi-pronged Formulations strategy of manufacturing products across various delivery platforms for global pharmaceutical majors, manufacturing and marketing branded Formulations in India and establishing a presence in semi-regulated markets.

Manufacturing facilities

Jeedimetla, Hyderabad	Jeedimetla, Hyderabad	Bolarum, Hyderabad	Haridwar, Uttarakhand	Kashipur, Uttarakhand	Kolkata, West Bengal	Alathur, Tamil Nadu
Manufactures dosage forms across delivery platforms such as liquid orals, tablets, capsules and ointments	Manufactures dosage forms across delivery platforms such as tablets, capsules, nasal sprays and ointments	Consists of liquid and tablet manufacturing lines	Manufactures wide range of sterile products and small volume parenterals	Manufactures non-sterile syrups, tablets, capsules and dry powders	Manufactures dosage forms across delivery platforms such as tablets, capsules, nasal sprays and ointments	Manufactures solid dosage forms
	ISO 13485-certified CE certificate for medical devices		ISO 9001-2000, ISO 14001 and OHSAS 18001 certifications	ISO 9001-2000, ISO 14001 and OHSAS 18001 certifications		US FDA-approved unit acquired from Actavis
			Has complex equipment designed as per stringent US FDA norms			



a) Contract manufacturing

The Company enjoys contractual relationships with globally-respected pharmaceutical brands, a majority of them extending beyond five years. The Company manufactures Finished Dosages across diverse delivery platforms.

Delivery platform	End product
Capsules/tablets	Flexasur, Spasmosip Plus, Codarin, Butaproxivon, Valenzia, Arachitol and C Pink
Syrups and liquids	Codarex, Inalgel, Viscodyne, Brozedex, Celadrin, MITS Codeine Linctus, Candid lotion and Candid mouth paint
Sterile opthalmics and nasal products	Otrivin, Nasivion Moist, Navision, Candibiotic ear drop, Otrivin nasal spray and Tobrop
Capacity: Tablets >2 billion; Capsule ~1 billion, Others ~145 kilolitres across delivery platforms	

Clients



Highlights, 2013-14

- Double-digit revenue growth largely due to increased business with existing customers.
- Operations at the Jeedimetla facility remained subdued due to prolonged audit formalities for the PIC/S approval.
- Added a leading Indian pharmaceutical company to the CMO client list for a high-volume product.

2014-15, the blueprint

Following the PIC/S approval for the Jeedimetla unit, the Company will focus on CMO operations at its Kashipur and Haridwar sites; the Jeedimetla unit will cater to demand arising from the semi-regulated market.

While the Company awaits dossier approvals from various semi-regulated markets, the Company will leverage the Jeedimetla capacity to cater to the institutional business – government agencies, hospitals and defence – for which it has secured approvals.



b) Branded Formulations

The Company’s Branded Formulation comprised products in the ophthalmic, nutraceuticals and dermatological therapeutic segments. A majority of the Formulation brands were marketed in India through the Company’s marketing team; Formulations were exported to Russia and the CIS through a dedicated sales team.

The ophthalmic segment comprised 50+ trademark products, which included renowned brands like Renicol, Lysicon-V, Care Tears and Dexacort. These were marketed by a 150-member team which established brand awareness in Bihar, Andhra Pradesh and North-Easternstates.

The nutraceuticals segment catered to the needs of women and children and included enzymatic preparations, betalactams, antioxidants and multi-vitamins. The products were marketed by 125 medical representatives in Bihar, Andhra Pradesh, Jharkhand and the North-Eastern states.

Highlights, 2013-14

- Domestic
- Added marketing representatives in Bihar, Jharkhand and the North-Eastern states, which resulted in a better traction for branded products.
 - Added two products in the Ophthalmic segment and launched brand extensions.
 - Established a foothold in markets like Tamil Nadu, Madhya Pradesh and Eastern Uttar Pradesh; created focused marketing teams for these regions.
 - Created a new marketing division focused on niche ophthalmic products.
 - Strategically used the Haridwar facility for scaling CMO operations for a leading

- brand of a large domestic pharmaceutical corporate.
- Semi-regulated markets
- Exports were subdued due to geopolitical disturbances in CIS; despatched consignments of ophthalmic products to Vietnam.
 - Filed 20 dossiers for product registration in the semi-regulated markets; several product registrations are at various stages of receiving approval (March 31, 2014)
- Regulated markets
- Signed a distribution agreement with a large US distributor; shipped a consignment of Losartan tablets to US from the Alathur facility.

3

ANDAs acquired to expand the product basket for the US market.



- Embarked on source change for Donepezil, which will allow the Company to become more competitive in the US generic market.
- Continued to supply Formulations to Actavis under a contractual agreement valid up to July 2014
- Acquired three ANDAs to expand the product basket for the US market.

2014-15 blueprint

- Domestic
- Ophthalmic segment:* The team is working towards enhancing brand awareness in Madhya Pradesh, Uttarakhand, Uttar Pradesh, Tamil Nadu, Kerala and Karnataka.
- Nutraceuticals:* The Company plans to strengthen its footprint in Madhya Pradesh, Uttarakhand, Uttar Pradesh, Tamil Nadu, Kerala and Karnataka.
- Dermatology:* The team is increasingly promoting dermatology products to general physicians with plans to expand its portfolio.
- Semi-regulated markets:** With the PIC/S approval in place, the Company expects to establish a strong presence in Malaysia, Mexico, Ukraine, Russia and other CIS nations. The blueprint involves filing dossiers, addressing regulatory queries and seeking marketing approvals from authorities in these geographies.
- Regulated markets:** The acquisition of the Alathur plant will make it possible to create a meaningful presence in regulated markets like the US. The team is working on securing approvals for four ANDAs for which it undertook minor modifications and initiated supplies to US markets. Moreover, the Company’s Formulation R&D department plans to file more ANDAs to create a robust product pipeline for sustained growth.

Sectoral optimism

Global pharmaceutical space

The role of medicines in improving the health of millions has never been more important. Many countries are moving toward universal health coverage, ensuring access to medicines and other Healthcare elements for all.

Total global spending on medicines is expected to exceed US\$1 trillion for the first time in 2014 and reach almost US\$ 1.2 trillion by 2017. The decelerated growth over the next five years reflects reduced spending across developed markets on the back of austerity measures.

The mix of total global spending on medicines will shift toward generics over the next five years, rising from 27% to 36% of the total by 2017, even as brands continue to account for more than two-thirds of developed market spending.

Absolute spending on brands in developed markets could decline by US\$113billion over five years due to products losing their exclusivity, slower uptake of new medicines and more restrictive access approaches. This could be offset by US\$40billion of

expected generic spending, resulting in a US\$73billion 'patent dividend' in 2017. In the US, US\$83billion, or 34% of the 2012 brand spending, could shift to generics at dramatically lower prices. In other developed markets, the average brand spending exposed to generic competition could be 22%, except in Canada where 30% of spending could be exposed.

The use of generics will be at its highest in pharmerging markets where 63% of the spending could go to generic products. Patients in pharmerging markets will increasingly have access to affordable generics for primary care treatments and total spending on traditional pharmaceuticals in these markets is expected to rise from US\$199 billion in 2012 to US\$336 billion in 2017.

Indian pharmaceutical sector

Over the last decade, the sector carved out a significant global share by leveraging strengths and enhancing regulatory and technical maturity.

The Domestic Formulations market with annual sales of ₹720 billion in FY2013

was ranked third globally in terms of volume and tenth in terms of value. It maintained a steady growth at a CAGR of ~12.5% during the past five years despite sluggish economic conditions.

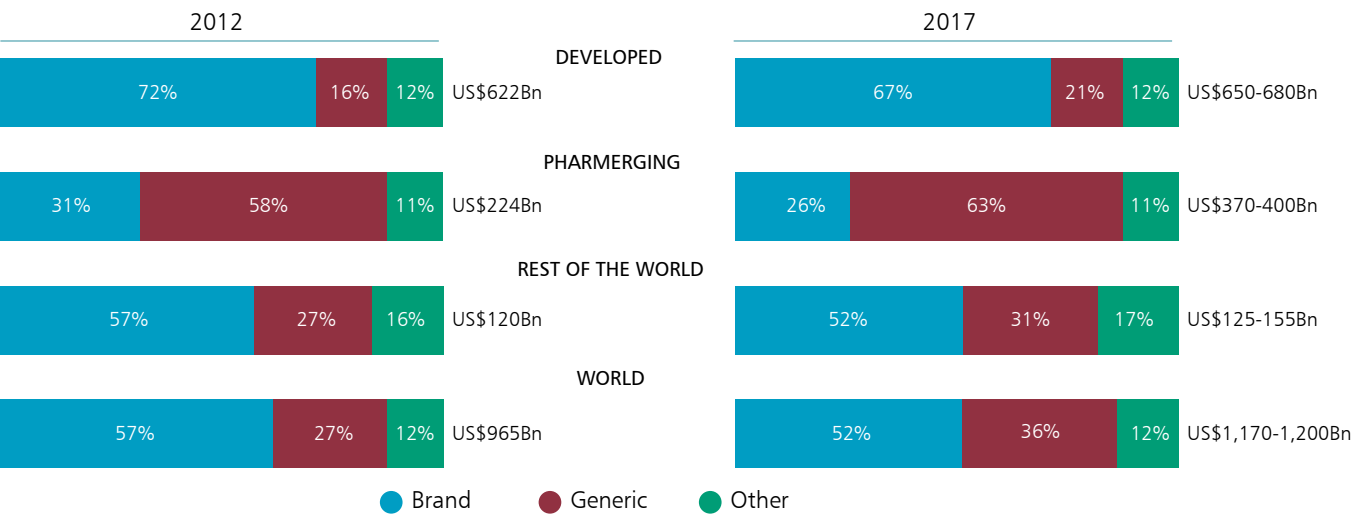
The branded focus of the Domestic Formulations market helped deliver steady profitable growth over the last five years despite being fragmented and marked by intense price competition.

Attractive demographics, growing demand-supply gap in the Indian Healthcare services industry and a low level of government spending provide significant opportunities for private players. Rising in-patient capacity and incidence of lifestyle-related diseases should support 11% industry sales CAGR over the next five years. Estimates suggest that an incremental investment of ~US\$70 billion is required over 10-15 years to address additional Healthcare requirements.

Changing landscape of the Indian pharma industry, a CII-PwC report, states that the drivers of growth could be rural areas (14.5%) followed by Tier-I locations (10%).

Generics will represent a larger share of the market in volume and value terms

Global Spending, 2012 and 2017



Source: IMS Health Thought Leadership, September 2013



Business segment – 2

Specialty chemicals

4,143

Revenue in 2013-14 (₹ million)

31

Contribution to consolidated topline (%)

12

5-year CAGR (%)

2013-14 in retrospect

- Revenues grew by 11.9% over the previous year as a result of increased volumes from the Sun Care and Hair Care segments.
- EBIT margins stood at 19.9% in 2013-14 against 18.4% in 2012-13.
- Ramped up volumes of niche products, riding key customer accounts; increased market share with key customers in the Skin Care segment.
- Received two orders from leading consumer companies with significant revenue potential over 24 to 30 months in the Sun Care and Hair Care segments.
- Introduced 5 new products in the Personal Care segment (especially the Sun Care and Hair Care segments).

- Launched a substitute for Triclosan (offtake declining); Vivimed is one among the three global manufacturers of this product.
- Implemented strategic portfolio rationalisation to reduce exposure to high-volume, low-value products.
- Made relevant distributor appointments especially in the LatAm region and in the Middle East for superior visibility and deeper penetration.
- Enhanced production capability by about 20% through various procedural improvement initiatives.
- Restructured the R&D setup from dispersed teams working in silos to a group-based global R&D platform.





Overview

Specialty Chemicals are a niche, high-value business, manufacturing active ingredients used in Home Care, Personal Care and Industrial Care products. Manufactured at its facilities at Bidar and Bonthapally, the Company's product portfolio caters to more than 10 global brands. The Company's focus on R&D is reflected in a 109-member dedicated team across India and the UK. The Company has developed and patented processes for 20 Specialty Chemicals.

Specialty Chemicals represent a niche with customised products matching stringent global and customer-specific standards. Establishing new customer relations is an arduous and time-consuming process; customer switching vendors is infrequent. Factors such as brand sensitivity, technical qualifications, pricing and timeliness act as entry barriers for new suppliers. These hurdles notwithstanding, Vivimed established itself as a leading global player.

Our competitive edge

Innovation: The wide R&D expertise, spanning molecular research to collaborative development, helped the Company develop products widening its opportunity canvas and providing solutions to leading global brands. This helped the Company graduate from transactional interaction to long standing relationships. On an average, the

Company invested about 4% of revenues in R&D spending.

Wide basket: The large product basket catered to diverse applications, de-risking the business from an excessive reliance on a particular user segment. The Company diversified its product offering by adding new molecules in Hair Care and Sun Care segments.

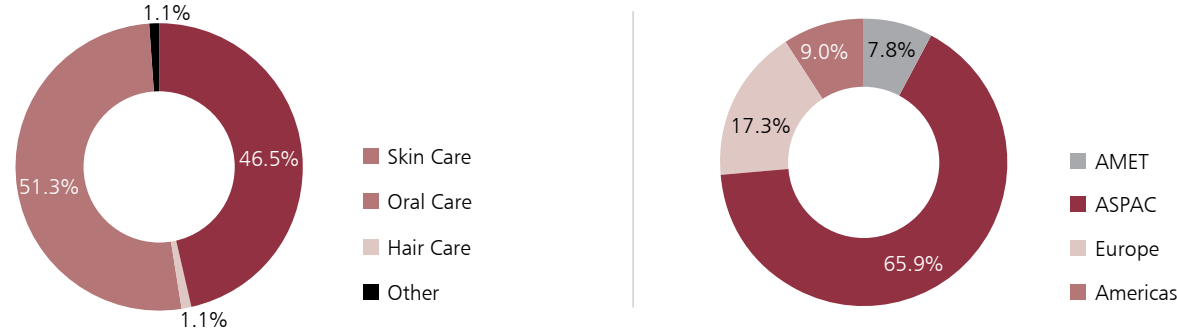
Quality certifications: The Company's manufacturing facilities were aligned to global manufacturing processes and quality standards. The certifications received by Vivimed include:

- The Integrated Management System (IMS) certification and Social Accountability (SA 8000: 2008) certification
- ISO 9001:2008 QMS certification for the manufacturing facilities
- ISO 14001:2004 certification for Environmental Management System
- ISO 18001: 2007 certification for Safety Management System
- Certification for bio-terrorism preparedness from the US FDA (a prerequisite for exporting to certain countries)
- Pre-registered its products for REACH (Registration, Evaluation and Authorisation of Chemicals) in Europe
- R&D department certified as a GLP Laboratory by CISR, a Government of India undertaking

20

Specialty Chemicals processes developed and patented by Vivimed.

Break-up of revenues, 2013-14



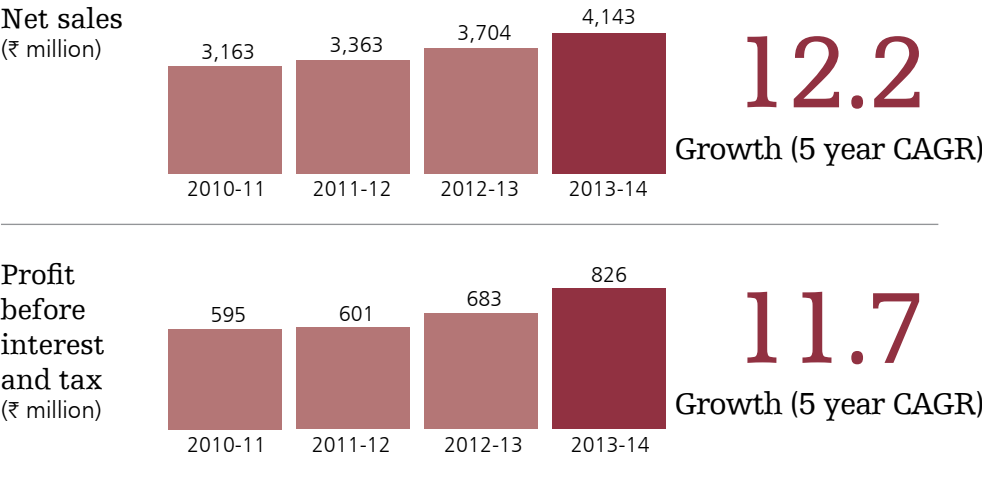
Our global recognition

Global customers: Vivimed is an approved supplier of active ingredients to world-famous consumer product brands, namely Procter & Gamble, ITC, Unilever, L'Oreal and Johnson & Johnson, a testament to its innovation and product quality. About 30% of the division's topline accrued from top-10 global brands.

Preferred partner: The Company featured in the 'partner to win' list of Unilever and was recognised as a 'Strategic Partner' for Procter & Gamble, Unilever and L'Oreal, providing the Company access to innovation platforms, which attracts Tier-II customers.

Sustained growth.

In the Sun Care segment, Vivimed enjoyed a market-leading position in the UV absorber space for one of its product which is expected to emerge as a key business driver.



Sectoral optimism

From soaps and shampoos in the morning to overnight repair face creams, from sunscreen products in summer to moisturising lotions in winter, personal care products touch our daily lives. The personal care products we use mirror our lifestyles and standards of living. And with promise of economic progress the personal care industry is expected to sustain its growth momentum.

Global space: Rising consumer incomes and changing lifestyles have accelerated the offtake of beauty and personal care products globally. Revenues are forecast to reach an estimated \$265 billion in 2017 with a CAGR of 3.4%, driven by the increasing demand from the Asia-Pacific (APAC) region and Europe. These geographies have seen an incremental growth in their GDPs and a noticeable improvement in living standard, according to a report titled Global Beauty Care Products Industry 2012-2017: Trend, Profit, and Forecast Analysis by Lucintel, a leading global management consulting and market research firm

Indian space: The personal care industry is inherently intertwined with

the socioeconomic reality of the region. With India getting younger and the average Indian becoming keener to improve his/her lifestyle the demand for personal care products is expected to receive a fillip over the coming years thereby enabling the sector to register a strong double digit growth.

- With the median age at 25 years, Indian is among the world’s newest countries, as compared to 46 years in Japan and 36 years in the US. In about seven years, the median individual in India will be 29 years old, very likely a city-dweller, making it the youngest country in the world.
- The nation’s population base of 1.2 billion is estimated to rise to 1.5 billion by end-2030. Its urban population is expected to grow from 340 million in 2008 to 590 million in 2030.
- The population in the age-group of 15-34 increased from 353 million in 2001 to 430 million in 2011. Current predictions suggest a steady increase in the youth population to 464 million by 2021.
- Consumer focus in India has seen a steady shift from traditional to new generational ones; for instance, demand

for soaps has shifted to liquid solutions and men’s lotions to foam and gel-based products.

2014-15 blueprint

Vivimed focused on strengthening business profitability through a multi-pronged strategy:

- **Operations:** Increase productivity through procedural innovation leading to productivity improvement and cost optimisation.
 - **Products:** Evaluate product-wise profitability to facilitate an increasing focus on high-value products.
 - **Client relations:** Increasing market share with large global players by increasing the number of products across geographies and locations.
 - **Applications:** Establish a strong footprint in the automotive and photo-chromatic segments.
 - **Client acquisition:** Leverage existing relations with MNCs to scale products and offers solutions to Tier-II customers.
- Increasing the customer base with regional brands in fast-growing emerging markets.

Personal Care

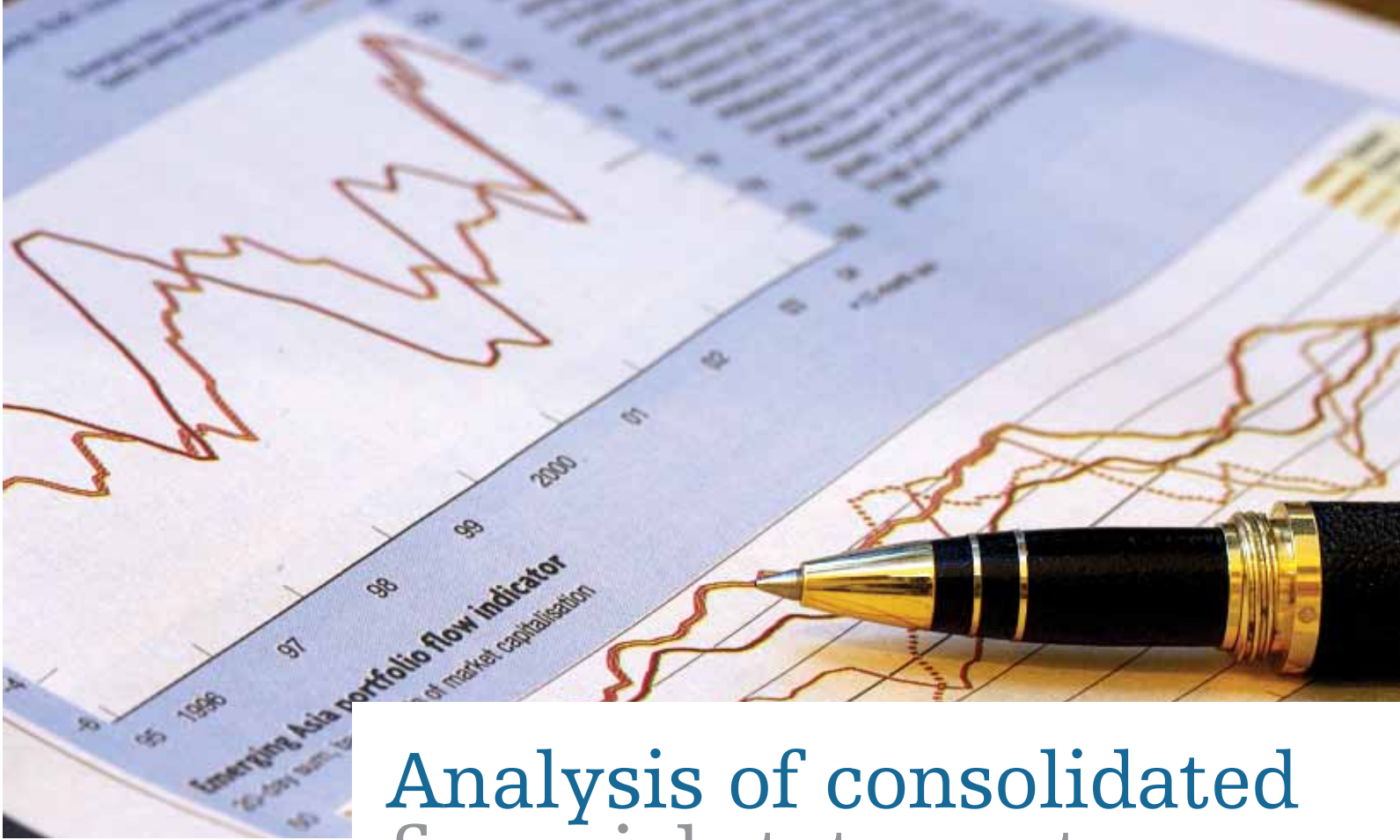
Category	Number of products	End uses	Revenue share of business in 2013-14 (%)
Sun Care	7	Sun screen lotions, lipsticks	36.6
Skin Care	6	Anti-wrinkle and skin whitening creams, moisturisers	5.9
Hair Care	4	Shampoos, conditioners, scalp treatment and hair dyes	31.0
Oral Care	2	Toothpastes and mouth washes	1.0
Naturals	5	Soaps and shampoos	0.9

Key clients: L’Oreal, Johnson & Johnson, Unilever, ITC, Dabur, Beiserdorf

Home and Industrial Care

Category	Number of products	End uses	Revenue share of business in 2013-14 (%)
Anti-microbials and Preservatives	6	Soaps, hand washes, textiles, paints, hand gels and cosmetics	20.1
Photochromatic dyes	18	Lenses, toys, films, clothes and cosmetics like nail varnishes	3.5
Imaging chemicals	4	X-rays and photography	1.0

Key clients: BASF India, Johnson & Johnson, Unilever, Corning, Keystone, Mildex Optical, Kodak and LG



Analysis of consolidated financial statements

“The fiscal 2013-14, was an important juncture in our existence. We were faced with a choice between profitable business operations in the short-term and strong financials over the long-term. Although it came at the cost of a dip in profits and profitability over the short-term, we ended up choosing the latter.”

Santosh Varalwar
Managing Director & CEO

A snapshot of the financial performance in 2013-14 (₹ million)

	2013-14	2012-13	Growth (%)
Revenue from operations	13,590	11,203	21.3
EBIDTA	2,133	1,976	7.9
Profit before tax	869	979	(11.3)
Profit for the year	664	836	(20.6)
EBIDTA margin (%)	15.7	17.6	(194) bps
Net margin (%)	4.9	7.5	(257) bps
Earnings per share (₹)	40.97	52.04	(21.3)
Book value per share (₹)	306.36	277.19	10.5
Net worth	5,604	5,091	10.1
Capital employed	14,684	12,600	16.5
Tangible fixed assets	7,078	6,334	11.7
Net debt-equity ratio	1.39	1.13	
ROCE (%)	7.7	9.4	
RONW (%)	13.4	18.8	

Statement of Profit and Loss

Revenue from operations: Revenues grew by 21.3% from ₹11,206.70 million in 2012-13 to ₹13,590.48 million in 2013-14. This increase was primarily on account of a significant growth in Healthcare revenues driven by API contract manufacturing operations. The revenue growth from the Specialty Chemical business remained subdued due to a strategic portfolio rationalisation initiative undertaken to improve margins.

Cost of business operations: An increase in business scale necessitated the deployment of additional resources leading to an increase in total expenses – up by 24.1% from ₹9,230.51 million in 2012-13 to ₹11,457.79 million in 2013-14.

Cost of material consumed: This increased by 23.5% from ₹5,374.33 million in 2012-13 to ₹6,637.08 million in 2013-14. This was primarily due to expanded operations, rupee depreciation and increase in input costs.

Employee expenses: Expenses under this head increased by 30.9% from ₹503.27 million in 2012-13 to ₹658.81 million in 2013-14. This was primarily due to the addition of a team deployed for managing the Alathur facility. The strengthening of the branded formulations marketing team in domestic markets also led

to the increase. As a percentage of sales, Employee expenses were 4.8% in FY2014 compared with 4.5% in FY2013.

Other manufacturing expenses: Stores and consumables, power, repairs and R&D expenses accounted for a majority of the growth in manufacturing expenses, largely a fallout of growing business operations. The management's focus on strengthening its product pipeline for its Healthcare and Specialty Chemicals businesses was also responsible for the increase.

Administrative expenses: Despite a sizeable increase in business operations, administrative expenses increased by only 9.6% - from ₹848.88 million in 2012-13 to ₹930.38 million in 2013-14. This increase was primarily owing to an increase in marketing and selling expenses (for increasing product awareness and brand visibility)

Profits and profitability: EBITDA grew by 7.9% from ₹1,976.19 million in 2012-13 to ₹2,132.69 million in 2012-13 – this growth was a result of scaling up of business volumes and increasing acceptance of niche products across geographies. However, EBITDA margin declined by 194 bps from 17.6% in 2012-13 to 15.7% in 2013-14 adversely impacted by rising costs.

The profit before tax declined by 11.3% from ₹978.76 million in 2012-13 to ₹868.62 million in 2013-14, primarily

due to an increase in interest liability. The profit for the year declined by 20.6% from ₹835.84 million in 2012-13 to ₹663.94 million in 2013-14.

Balance Sheet

Shareholders' fund: The total net worth increased by 10.1% from ₹5,091 million as on March 31, 2013 to ₹5,603.61 million as on March 31, 2014. This increase was due to two factors:

- Increase in the equity share capital due to the allotment of shares to complete the Finoso acquisition initiated in February 2013
- Addition of business surplus earned in 2013-14 – ₹637.31 million was ploughed back to reserves as on March 31, 2014

The equity share capital as on March 31, 2014 stood at ₹162.04 million comprised 162,03,783 shares of ₹10 each. The reserves and surplus balance on that date was ₹4,778.40 million. The book value per share stood at ₹306.36 as on March 31, 2014 against ₹277.19 as on March 31, 2013.

Non-current liabilities: Non-current liabilities comprise long-term liabilities, including debt, provisions and deferred tax liability (an accounting entry to be adjusted subsequently). The balance under this head increased by 18.4% from ₹4,496.79 million as on March 31, 2013 to ₹5,325.55 million as on March

31, 2014. This increase was primarily due to the 47.1% increase in long-term borrowings (₹2,969.20 million as in March 31, 2013 to ₹4,366.31 million as on March 31, 2014) to fund the acquisition of the Alathur facility.

Current liabilities: These are short-term liabilities (short-term borrowings, trade payables, short-term provisions and other liabilities), which are to be liquidated during the current year.

Short-term borrowings: Increased by 24.7% from ₹3,011.27 million as on March 31, 2013 to ₹3,754.54 million as on March 31, 2014. This increase was due to an increase in fund-based credit facilities from banks (working capital loans, cash and packing credit and foreign bill discounting) to support growing business operations especially a widening international presence.

Trade payables: Increased by 22.7% from ₹1,662.79 million as on March 31, 2013 to ₹1,993.89 million as on March 31, 2014, owing to an increase in business volumes.

Non-current assets: These comprised fixed assets and long-term investments of the Company. The balance under this head increased by 14.8% from ₹7,544.72 million as on March 31, 2013 to ₹8,664.64 million as on March 31, 2014.

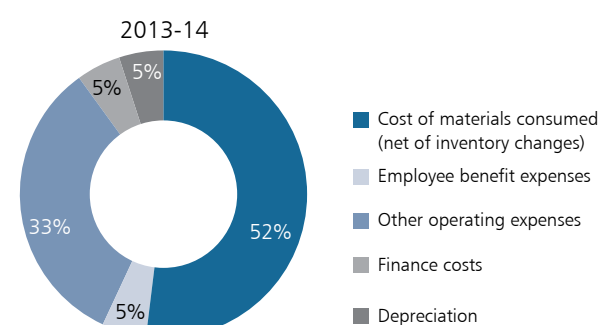
Total fixed assets increased by 13.9% from ₹7,359.57 million to ₹8,460.38 million as on March 31, 2014. This increase was largely owing to the acquisition of the SOD facility at Alathur. The capital work-in-progress was on account of the capacity expansion initiative, expected to be commissioned by December 2014.

Current assets: The current assets balance increased by 20.8% from ₹8,150.83 million as on March 31, 2013 to ₹9,844.42 million as on March 31, 2014 owing to growing business volumes and expanding revenue verticals.

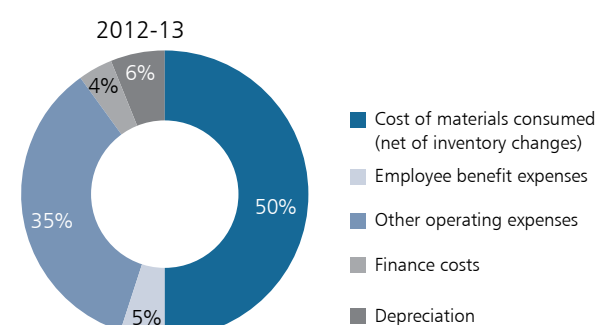
Inventories: Increased by 25.4% from ₹3,402.62 million as on March 31, 2013 to ₹4,266.60 million as on March 31, 2014. This increase was primarily on account of increased inventory of rawmaterial, work-in-process and goods-in-transit at the year end.

Trade receivables: Increased by 12.8 % from ₹3,082.25 million as on March 31, 2013 to ₹3,478.26 million as on March 31, 2014. This increase was significantly lower than business growth, which showcases an improving receivable cycle.

How the rupee was spent



Total expenditure - ₹12,721 million

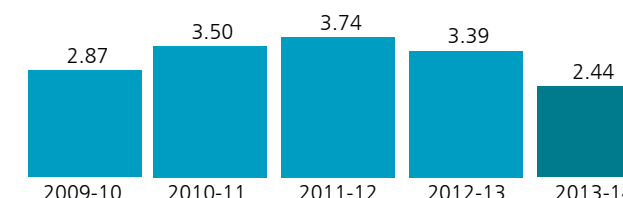


Total expenditure - ₹10,227 million

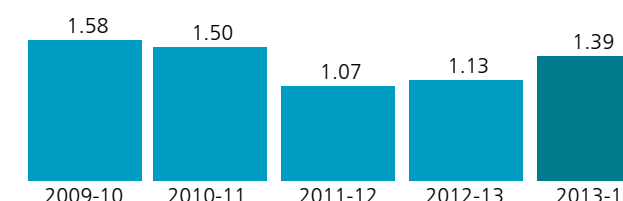
4.1%

R&D expenses as a percentage of revenue in 2013-14.

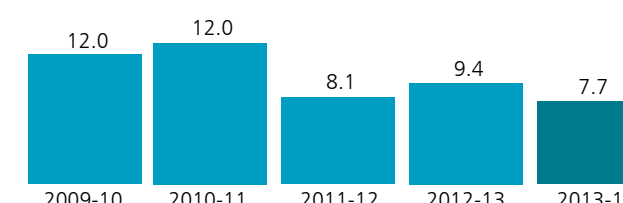
Interest cover (x)



Net debt-equity (x)



ROCE (%)



Making the business
stronger, successful
and sustainable.

Business is about embracing challenges, successfully navigating through numerous roadblocks and sustaining growth against all odds. Vivimed leverages sectoral knowledge, experience and expertise to envision and implement strategies that guarantees success over the long-term.

How are we making our business stronger?	Healthcare business: Addition of brands and molecules, new contracts with domestic and international customers and the PIC/S approval (which facilitates the Company’s entry into the CIS nations) is expected to strengthen prospects.	Specialty Chemical business: We widened our opportunity canvas by foraying into new areas, namely automobiles and photochromatic products. Besides, new product launches in the Sun and Skin Care segments are expected to catalyse business growth.	The corporate: Our investments in new products, new geographies and new customers are expected to strengthen business growth.
How are we making our business more successful?	Healthcare business: We transformed from an API-led pharmaceutical company into a fully-integrated healthcare company with best-in-class R&D and global manufacturing platform, economies of scale and leveraging India’s sourcing advantage.	Specialty Chemical business: Our ability to win recurring orders in the Home and Personal Care segments from global brands reflects our qualitative superiority and relentless commitment, enabling us to generate superior margins. Besides, a calculated portfolio churn, with an aim to maximise the output of niche products, is expected to improve our profitability.	The corporate: Having invested in our capabilities, the team remains focused on garnering superior returns.
How do we plan to make business growth sustainable?	Healthcare business: We are working to establish a strong presence in the US, the world’s largest generic Formulations market by creating a robust product pipeline – to start generating revenues in 2015-16 with a DMF and ANDA pipeline.	Specialty Chemical business: Our ‘strategic partner’ status with leading global brands like Procter & Gamble, L’Oreal and Unilever enables us to develop customer solutions as opposed to simply supplying products. These strong business relations assure us growing volumes over the foreseeable future.	The corporate: The Company transformed into a respected global player in both business segments.

Socially responsible



Vivimed is committed on an ongoing basis to serve the communities, regions and states it operates in and making a difference in the lives of the people residing there. Here is a snapshot of few of the CSR activities supported and sponsored by Vivimed:

Continued sponsorship of new year’s lunch at Devnar School for the Blind in Hyderabad

Like in the previous two years, Vivimed employees from Unit 2, Bonthapally participated in a special new year’s lunch with the children at the Devnar School for the Blind in Hyderabad. The Company is committed to continue this activity over the foreseeable future.

Eye camp at Adilabad, Telangana

As in 2012-13, this year too, Vivimed organised an annual eye camp at Adilabad, Telangana in association with the renowned L.V. Prasad Eye Institute and the Indian Medical Association. About 100 patients visited

the camp of which 30 cataract patients were identified for surgical help and rectification. 40 patients had eye vision defects for whom spectacles or contact lenses were provided.

Support to the Ankoli Tribal Middle School in Adilabad, Telangana

Vivimed provided computers, presentation equipment and an overhead projector for educational purposes to the Ankoli Tribal Middle School in Adilabad, Telangana. Moreover, for the past few years, Vivimed has been providing funds to meet the infrastructural needs at this school and other under-privileged government schools in and around the city of Hyderabad.

Long distance education and infrastructure support through digital media for underprivileged students and teachers in Telangana and Andhra Pradesh

Vivimed believes that education and technology are vital to lift the economically deprived in Telangana and Andhra Pradesh out of poverty and help mainstream them. As part of this initiative, Vivimed has invested in a large digital and web-based technology infrastructure to educate underprivileged middle and high school children and youth on a consistent basis. Vivimed has also sponsored training programmes for teachers and educators in low-income regions of Telangana and Andhra Pradesh.

Corporate information

Board of Directors

Mr. Santosh Varalwar, *Managing Director & CEO*
 Dr. V. Manohar Rao, *Whole Time Director*
 Mr. Subhash Varalwar, *Whole Time Director*
 Mr. Sandeep Varalwar, *Whole Time Director*
 Mr. S. Raghunandan, *Whole Time Director*
 Mr. P.V. Rathnam, *Independent Director*
 Dr. M. Bhagvanth Rao, *Independent Director*
 Dr. Peesapati Venkateswarlu, *Independent Director*
 Mr. Nixon Patel, *Independent Director*
 Mr. Srinivas Chidambaram, *Nominee Director*

Audit Committee

Mr. P.V. Rathnam, *Chairman*
 Dr. M. Bhagvanth Rao, *Member*
 Mr. Srinivas Chidambaram, *Member*

Investors Grievance Committee

Mr. P.V. Rathnam, *Chairman*
 Mr. Santosh Varalwar, *Member*
 Dr. V. Manohar Rao, *Member*

Remuneration Committee

Dr. M. Bhagvanth Rao *Chairman*
 Mr. P.V. Rathnam *Member*
 Mr. Srinivas Chidambaram *Member*

Compensation Committee

Mr. P.V. Rathnam, *Chairman*
 Mr. Santosh Varalwar, *Member*
 Dr. M. Bhagvanth Rao, *Member*

Management Committee

Dr. V. Manohar Rao, *Chairman*
 Mr. Santosh Varalwar, *Member*
 Mr. Subhash Varalwar, *Member*

Company Secretary & Compliance Officer

Mr. Yugandhar Kopparthi

Registered Office

78/A, Kolhar Industrial Area,
 Bidar – 585403, Karnataka

Corporate Office

2nd Floor, Veeranag Towers,
 Habsiguda, Hyderabad – 500007
 Tel: 91-40-27176005/27176006
 Fax: 91-40-27172242

Auditors

M/s P. Murali & Co., Chartered Accountant
 6-3-655/2/3, Somajiguda, Hyderabad – 500082

Internal Auditors

Price Waterhouse Coopers Pvt. Ltd.
 # 8-2-293/A/113/A
 Road No. 36
 Jubilee Hills
 Hyderabad – 500034

Cost Auditors

M/s Bharthula & Associates, Cost Accountants
 G2, GSK Towers, Santhi Nagar,
 Baghameer, Kukatpally,
 Hyderabad – 500 072

Registrar & Transfer Agents

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

Listing

Bombay Stock Exchange Limited
 National Stock Exchange of India Limited

Bankers

State Bank of Hyderabad
 State Bank of India
 Axis Bank
 Exim Bank
 Bank of Bahrain & Kuwait B.S.C.
 Allahabad bank
 IFCI

Director's report

To the Members,

Your Directors are pleased to present their Twenty Sixth Annual Report on business and operations of the Company and the accounts for the financial year ended March 31, 2014.

The year in retrospect

The consolidated net revenue of the Company during 2013-14 grew by 21.8% at ₹13,508.33 million as compared to ₹11,087.96 million last year. The Company has achieved a standalone net revenue of ₹4,319.93 million during the year under review, as compared with ₹4,231.25 million during the previous year, a rise of 2.1%

Consolidated profit before tax decreased to ₹868.62 million, as compared with ₹978.76 million in the previous year, a decrease of (11.25)% over the last year. Standalone profit before tax decreased to ₹388.07 million from ₹513.81 million, a decline of (2.47)% over last year.

Consolidated profit after tax decreased to ₹663.94 million as compared with ₹835.84 million in the previous year, a decrease of (20.56)% over the last year. The Company recorded a Standalone profit after tax of ₹266.30, a decrease (27.50)% as compared with last year's ₹367.36 million.

A detailed review of operations and performance of the Company is contained in the Management Discussion and Analysis Report, which is given as a separate chapter in the Annual Report.

Detailed summary of financial performance is given in table below:

Particulars	Standalone		Consolidated	
	Year ended 31.03.2014	Year ended 31.03.2013	Year ended 31.03.2014	Year ended 31.03.2013
Revenue from Operations	4,319.93	4231.25	13,508.33	11,087.96
Other Income	15.50	33.79	82.15	118.74
Change in Inventory	14.10	75.53	73.84	241.59
Total Income	4,349.53	4,340.57	13,664.32	11,448.29
Total operating expenditure	3,337.39	3,370.32	11,531.63	9,472.09
Operating Profit (EBIDTA)	1,012.17	970.25	2,132.69	1,976.20
Finance Cost	443.44	284.38	602.91	409.32
Depreciation and Amortisation	180.63	172.07	661.16	588.11
Profit Before Tax	388.08	513.81	868.62	978.76
Current Tax	77.64	102.53	199.81	183.01
Deferred Tax	44.14	103.24	4.86	19.22
Profit After Tax	266.30	367.36	663.94	835.84
Basic EPS	16.43	22.87	40.97	52.04
Diluted EPS	16.43	22.87	40.97	52.04

₹ in millions

Standalone financials

The Ministry of Corporate Affairs (MCA) vide notification no. S.O. 447(E) dated February 28, 2011 amended the existing Schedule VI to the Companies Act, 1956. The revised Schedule VI is applicable from financial year commencing from April 1, 2011. The financial statements of our Company for the year ended March 31, 2014 have been prepared in accordance with the revised Schedule VI and accordingly, the previous year's figures have been reclassified/ regrouped to conform to this year's classification.

Consolidated financials

The Ministry of Corporate Affairs (MCA) by General Circular No. 2/2011 dated February 8, 2011, had granted an exemption to companies from complying with Section 212 of the Companies Act, 1956, provided such companies fulfill conditions mentioned in the said circular. Accordingly, the Board of Directors of our Company at its meeting held on May 29, 2014, approved the Audited Consolidated Financial Statements for the financial year 2013-14 in accordance with the Accounting Standard (AS-21) and other Accounting Standards issued by the Institute of Chartered Accountants of India as well as Clause 32 of the Listing Agreement, which include financial information of all its subsidiaries, and forms part of this report. The Consolidated Financial Statements of your Company for the financial year 2013-14, have been prepared in compliance with the applicable Accounting Standards and where applicable the Listing Agreement as prescribed by the Securities and Exchange Board of India.

Changes to Share Capital

During the year under review the Issued, Subscribed and Paid up Capital has increased by an amount of ₹160.6 million to ₹162.0 million. This change in Issued, Subscribed and Paid Up Shares Capital is attributed to allotment of Equity Shares against Acquisition of Finoso Pharama, to its shares holders. The Authorised Share Capital of the Company Stands at ₹1,110 million.

Dividend

The Board recommended a dividend of ₹3/- on fully paid equity shares of ₹10 each for the FY 2013-14 for your approval. There will be no tax deduction at source on Dividend Payments, but the Company will have to bear tax on dividend @ 15.45%, inclusive of surcharge.

The dividend if approved, shall be payable to the shareholders registered in the books of the Company to those Members, holding shares in physical form, whose names shall appear on the Company's Register of Members on close of business hours on Thursday, September 25, 2014; in respect of the shares

held in dematerialised form, the dividend will be paid to the Members whose names are furnished by the National Securities Depository Limited and the Central Depository Services (India) Limited as the beneficial owners as at the close of business hours on Thursday, September 25, 2014. (the book closure from 26th September 2014 to 30th September 2014 (both days inclusive).

Transfer to general reserves

The General Reserves, on a standalone basis, at the beginning the year was ₹40.30 million. General Reserves at the end of the year are ₹80.71 million. Our Board has decided to transfer an amount of ₹40.41 million to General Reserves.

Directors

In accordance with the New Companies Act 2013 and other applicable provisions /rules, Mr. Nixon Patel, Mr. M. Bhagvant Rao, Dr. V. Peesapati and Mr. P. V. Ratnam are required to be appointed as Independent Directors not liable to retire by rotation. Mr. Manohar Rao Varalwar and Mr. Subhash Varalwar, Whole Time Directors of the Company being eligible, offer themselves for reappointment as directors liable to retire by rotation.

Subsidiary companies

The Company has five Indian Subsidiaries – Creative Healthcare Private Limited, Klar Sehen Private Limited, Octtantis Nobel Labs Private Limited, Finoso Pharma Private Limited and Vivimed Labs (Alathur) Private Limited.

Hong Kong based Vivimed Holdings Limited a 100% subsidiary of the Company is a 100% holding Company of Vivimed Labs Europe Limited, UK.

Vivimed Labs USA Inc. is a 100% subsidiary of Vivimed Labs Limited.

Mauritius based Vivimed Labs Mauritius Limited, a 100% subsidiary Vivimed Labs Limited is the holding company of the 5 downstream subsidiaries as under:

- Vivimed Labs UK Limited, UK
- Vivimed Labs Spain S. L., Spain
- Union Quimico Farmaceutica S.A.U, Spain
- Holliday International Limited, UK
- Uquifa Mexico S.A. de C.V., Mexico

In totality, as on March 31, 2014, the Company has 5 Indian and 9 foreign subsidiaries.

Pursuant to a general exemption granted by the Ministry of Corporate Affairs under Section 212 of the Companies Act, 1956, vide its General Circular No. 2/2011 dated February 8, 2011, the Company is not required to annex to this Report, the Annual Reports of the above mentioned 5 Indian Subsidiaries and 9 foreign subsidiaries, for the year ended March 31, 2014.

However if any member of the Company or its subsidiaries so desires, the Company will make available the Annual Accounts of subsidiaries to them on request.

Statement pursuant to Section 212 of the Companies Act, 1956, relating to Subsidiary Companies for the financial year ended March 31, 2014 and details of each subsidiary with respect to capital, reserves, total liabilities, details of investment, turnover, profit before taxation, provision for taxation, profit after taxation and proposed dividend are given in Annexure - A of this Report.

Conservation of energy, technology absorption and foreign exchange earnings and outgo

As required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the relevant data pertaining to conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the prescribed format as Annexure - B to this Report.

Particulars of employees

Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) (Amendment) Rules, 2011, is not applicable to the Company, hence is not being furnished with the directors report.

Human resource

Our Company believes that competent human resources are the driving force for any organisation that enables a company to grow in leaps and bounds. The Company has been able to create a favourable work environment that encourages continuous learning and thereby leading to innovation. Our Company has put in place a scalable recruitment and human resources plan, devised to attract and retain high calibre personnel.

Vivimed Labs has been fortunate in having a set of committed employees at all levels and looks forward to nurture them and retain their loyalty. Our Company recognises the value of the committed employees and efforts are being made to enhance the bonding between the Company and the committed employees.

Risk management

Our Company views risk management as a value creating function, responsible for bringing about a culture change and preparing the organisation to face uncertain events. With this perspective, FY 2014 saw a more comprehensive risk management policy being re-launched in Vivimed which is still being implemented across all divisions and branches, both in India and abroad. This policy strengthens ability to better visualise enterprise, process and compliance risks, and

to proactively undertake mitigation actions to minimise such risks – and thus increase the likelihood of business success. The policy recognises that risk is not just about downsides or things going wrong; and that it should be equally focused on missing out the upside or added value that opportunities present.

Audit Committee of the Board of Directors conducts quarterly reviews regarding adequacy of risk management.

Internal controls and their adequacy

Our Company believes that a strong internal controls framework is an essential pre-requisite of growing businesses. It has well documented policies, procedures and authorisation guidelines commensurate with the size of the organisation, as well as an independent internal audit system to conduct audits of various divisions, corporate headquarters and overseas operations.

Audit Committee of the Board is updated on significant internal audit observations, compliance with statutes, progress of risk management and effectiveness of working of the control systems every quarter.

Auditors

The Company's Statutory Auditors, M/s P. Murali & Co., Chartered Accountants, hold office up to the conclusion of the forthcoming Annual General Meeting.

It is proposed to appoint P. Murali & Co., Chartered Accountants, Hyderabad, as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company. The necessary resolution seeking approval of Statutory Auditors has been incorporated in the notice convening the Annual General Meeting.

Cost auditors

In pursuance of Section 233B of the Companies Act, 1956 the Central Government has ordered Cost Audit for pharma sector Accordingly, M/s Bharthula & Associates, Cost Accountants were appointed as Cost Auditors to render reports to the Central Government.

Fixed deposits

Our Company has not accepted any fixed deposits under Section 58A of the Companies Act, 1956 hence no amount of principal or interest was outstanding as of the Balance Sheet Date.

Management discussion & analysis report

The Management Discussion & Analysis Report highlighting the industry structure and developments, opportunities and threats, future outlook, risks and concerns is furnished separately and forms part of this report.

Corporate governance report and general shareholders information

As required by clause 49(vi) of the Listing Agreement entered into by the Company with the Stock Exchanges a detailed report on Corporate Governance is provided in Annexure of the Directors Report. The General Shareholders Information has been provided as Annexure which forms part of the Directors Report. The Company is in compliance with the requirements and disclosures that have to be made in this regard. The Auditors Certificate on compliance with Corporate Governance requirements by the Company is attached to Corporate Governance Report and forms part of the Directors Report.

Directors responsibility statement

The Directors would like to assure the members that the financial statements for the year under review conform in their entirety to the requirement of the Companies Act, 1956.

The Directors Confirm that :

- The Annual Accounts have been prepared in conformity with the applicable Accounting Standards;
- The Accounting policies selected and applied on a consistent basis, give a true and fair view of the affairs of the Company and of the profit for the financial year;
- Significant care has been taken that adequate accounting records have been maintained for safeguarding the assets of the Company, and for prevention and detection of fraud and other irregularities;
- The Annual Accounts have been prepared on a going concern basis.

Outlook

The Company has blended aggression with stability. We

would like to assure shareholders that investments in projects, products and markets will reinforce our competitive position. Vivimed's strategic blueprint will unfold in a phased manner and as it does, it is confident of enhancing shareholder value on a sustained basis over the medium to long-term.

Cautionary statement

The management of Vivimed Labs has prepared and is responsible for the financial statements that appear in this report. These are in conformity with accounting principles generally accepted in India and, therefore, may include amounts based on informed judgements and estimates. The management also accepts responsibility for the preparation of other financial information that is included in this report. Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Management has based these forward looking statements on its current expectations and projections about future events. Such statements involve known and unknown risks, significant changes in political and economic environment in India or key markets abroad, tax laws, litigation, labour relations, exchange rate fluctuations, interest and other costs may cause actual results to differ materially.

Acknowledgement

Our Directors place on record their sincere appreciation for significant contribution made by the employees through their dedication, hard work and commitment and of the customers for the trust reposed on the Company. We also acknowledge the support extended to us by bankers, government agencies, shareholders and investors at large. We look forward to have the same support in our endeavour to attain our vision.

For and on Behalf of Board of Directors

Date : 13/08/2014
Place : Hyderabad

Dr. V. Manohar Rao
Whole Time Director

Sd/-
Santosh Varalwar
Managing Director & CEO



Annexure 'A' to directors report

Statement pursuant to Section 212 of the Companies Act, 1956, related to Subsidiary Companies for the financial year ended March 31, 2014

Name of the Subsidiary Company	Financial Year Ended	Shares of the Subsidiary Company held by the Company
		a) Number b) Face Value c) Extent of Holding
Creative Healthcare Private Limited	31.03.2014	a) 2,50,000 equity shares b) ₹10 each c) 100% held by Vivimed Labs Limited
Klar Sehen Private Limited	31.03.2014	a) 6,99,800 equity shares held by Vivimed Labs Limited b) ₹10 each c) 100%
Finoso Pharna Pvt Ltd	31.03.2014	a) 1015000 equity shares held by Vivimed Labs Limited b) ₹10 each c) 100%
Vivimed Labs Alathur Pvt Ltd	31.03.2014	a) 50170000 equity shares held by Vivimed Labs Limited b) ₹10 each c) 100%
Ottantis Nobel Labs Private Limited	31.03.2014	a) 25,000 equity shares held by Vivimed Labs Limited b) ₹10 each c) 100%
Vivimed Holdings Limited	31.03.2014	a) 10,000 equity shares held by Vivimed Labs Limited b) HK \$ 1 each c) 100%
Vivimed Labs Europe Limited	31.03.2014	a) 1,00,000 b) GB £ 1 each c) 100% held through Vivimed Holdings Limited)
Vivimed Labs USA INC.	31.03.2014	a) 1000 b) US \$ 0.01 each c) 100% held by Vivimed Labs Limited
Vivimed Labs Mauritius Limited	31.03.2014	a) 90,00,000 equity shares b) US \$ 1 each c) 100% held by Vivimed Labs Limited
Vivimed Labs UK Limited	31.03.2014	a) 78,32,821 b) £ 1 each c) 100% held through Vivimed Labs Mauritius Limited
Vivimed Labs Spain S.L.	31.12.2013 (check which financial year we have to take)	a) 91,92,738 b) ₹1 each c) 100% held through Vivimed Labs UK Limited
Union Quimico Farmaceutica S.A.U	31.03.2014	a) 8,23,529 nominative shares b) ₹3.726275 each c) 100% held through Vivimed Labs Spain S.L.
Holliday International Limited	31.03.2014	a) 101 ordinary shares b) £ 1 each c) 100% held through Vivimed Labs Spain, S.L.
Uquifa Mexico S.A. de C.V.	31.12.2013 (check which financial year we have to take)	a) 36,54,96,000 b) No nominal value c) 100% 36,54,95,999 fully paid shares held by Holliday International Limited and 1 fully paid share held by Vivimed Labs UK Limited

Subsidiary companies particulars

(₹ in lakhs)

Particulars	Capital	Reserves	Total As-sets	Total Liabilities	Total Income	PBT	Provision for Taxation	PAT	Proposed Dividend
Creative Health Care Private Limited	25.00	255.02	589.95	311.63	704.77	59.46	20.45	39.00	
Klarsehen Private Limited	7.00	185.80	357.32	164.24	269.88	32.06	10.26	21.80	
Occtantis Nobel Labs private Limited	23.00	(58.95)	111.76	147.71	8.11	(11.36)	-	(11.36)	
Vivimed Labs (Alathur) Private Limited	501.70	500.78	1,338.01	326.91	329.06	(117.08)	-	(117.08)	
Finoso Pharma Private Limited	30.15	7.47	63.38	25.76	34.95	3.96	1.43	2.53	
Vivimed Holdings Limited	0.07	(220.39)	1,148.16	1,368.48	-	(8.96)	-	(8.96)	
Vivimed Labs Europe Limited	8.18	549.49	1,272.52	701.48	1,397.29	15.89	10.33	120.20	
Vivimed Labs USA Inc	0.0005	271.64	688.87	414.41	408.57	(7.34)	(2.32)	(5.02)	
Vivimed Labs Mauritius Limited	1,099.87	103.47	1,388.05	184.70	-	(1.08)	-	(1.08)	
Vivimed Labs UK Limited	639.46	43.43	1,246.36	563.48	-	26.77	-	26.77	
Vivimed Labs Spain S.L	642.78	(672.15)	3,104.16	3,133.52	-	157.22	0.07	156.52	
Union Quimico Farmaceutica S.A.U	209.87	2,847.04	5,354.00	2,123.84	5,106.08	215.10	9.49	205.61	
Holiday International Limited	-	1,001.82	1,001.82			198.18		198.18	
Uquifa Mexico S.A DE C.V	133.79	1,012.26	1,820.27	580.26	2,103.58	105.88	27.29	78.59	



Vivimed

Annexure ‘B’ to directors report

Particulars Required Under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988

Conservation of Energy

Energy Conservation measures taken and their impact

Improvement in energy efficiency is a continuous process at Vivimed Labs Limited and conservation of energy is given a very high priority. Energy audits and benchmarking are done regularly to identify the areas of improvement and steps are taken to implement the measures required for such improvements.

Measures taken during the year under review in this regard are as follows:

At Bonthapally Plant

- Replacement of 2 No’s 40 HP Motors by 60 HP Pump near MB-IV Cooling Towers

- **Impact of above measures:** Resulting in Power saving of 0.135336 million Units Per annum resulting in Reduction bill by ₹5 lakhs.

At Bidar plant we have 4 Nos of Thermic fluid Boiler catering to TCS and OMC Plants. The configuration of those is as below.

2 Nos of 4lackcal capacity run on diesel.

1 No of 5 lac kcal capacity run on coal.

1 No of 6 lack kcal capacity run on diesel.

As a part of the Energy Saving and Natural Resource conservations we have stopped 2 nos of 4 lack Kcal boilers which were running on diesel. This load was diverted to the coal boiler of 5 lac kcal. This has given positive results and had resulted in the below tangible results.

Energy savings : 75168 units per day.

At Haridwar Plant

Installed 350KVA acoustic Cummins DG which has resulted in reduced unit cost of power generated by DG.

- Periodical energy audit is conducted in all the manufacturing plants.

Form A

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
1. Electr icity		
(a) Purchased		
Units (million Kwh)	11.93	10.89
Total amount (₹ million)	87.81	74.92
Rate/unit (₹)	7.36	6.58
(b) Own generation		
(i) Through diesel		
Units (million Kwh)	1.39	3.00
Units (million Liters)	0.64	0.91
Cost per Unit (₹)	16.99	13.82
Cost per Unit of diesel (₹)	57.78	48.37
2. Coal (specify quality and where used) C/D grade coal used as fuel for 3TPH and 5TPH capacity coal fired boilers and coal fired thernic fluid heaters		
Quantity (MT)	11,975	11104
Total cost (₹ million)	70.73	61.34
Average rate Per tonne (₹)	5,907	5475

Form B

Form for disclosure of particulars with respect to technology absorption and R&D:

Vivimed and its group Research and Development (R&D) Strategy and areas of focus

Vivimed Labs Ltd has placed emphasis on R&D as the key cornerstone and growth engine for the short, medium and long term. This strategy has been in vogue and will continue to be applicable across all lines of business – specialty chemicals (Spec Chem), API and FDF. During this financial year, R&D spend firm-wide grew to 4.1% of Vivimed group revenues.

Please see below a brief write-up on the R&D strategy for the Spec Chem, API & FDF verticals.

API R&D strategy and focus areas:

The API R&D facilities at Mallapur (Hyderabad) in India and Barcelona, Spain are world class and have 150 DMFs (Drug Master Files) and dossiers of which 60 are active. Several of the DMFs have CEP and EDMF certifications details of which can be found on www.uquifa.com.

The team has total staff strength of 90 worldwide. The R&D team works on new product development (NPD), existing product enhancement (EPE) and product scale-ups (PSU) with European and N American MNCs. R&D expenditure for the year

was 4.3% of total revenues in the API business.

A brief description of the API team R&D strategy and major initiatives follows:

Product selection: Capitalise captive API in older therapies where Vivimed and Uquifa have strong global positioning

In house capabilities: Focus on in-house capabilities in fluorine chemistry which finds application across treatment areas and has complex chemistry

Tactical investment in emerging molecules: Work tactically on molecule families that are expected to challenge conventional methods of treatment in therapy areas like Anti Diabetes, Ophthalmics and Dermatology

Therapeutic areas of focus:

- Strong captive API and an attractive end market: Anthelmintics, Anti-Ulcer, Anti Diabetes, Anti HIV, Anti-Hypertensive

- New ANDAs in Ophthalmic and Dermatology with proposed captive DMF filings

FDF R&D strategy and focus areas:

The FDF R&D facilities at Shamirpet (Hyderabad), India is located at the world class Alexandria Biotech and Life Sciences



Knowledge Park. This biotech park is home to 100-plus of the world's leading biotech & Pharma majors like Novartis, Mylan, Dr Reddy's Labs etc. where Vivimed FDF R&D labs are also located. The FDF R&D Lab is approved by prestigious regulatory bodies like Health Canada, EOU and DSIR. The team has a total staff strength of 40. The R&D team works on new product development (NPD), existing product enhancement (EPE) and pilot studies. Several US and Canada based pharma firms outsource their R&D work in areas like bio-studies, exhibit batches and pilot studies. R&D expenditure for the year was 3.9% of total revenues in the FDF business.

The major focus of Vivimed FDF R&D setup is to develop ANDAs in high growth generics and where the Company have strong in-house APIs.

A brief description of the FDF R&D team strategy and major initiatives follows:

- Develop ANDAs in high growth generics and where the Company have strong in-house APIs
- Pilot bio-studies on anti-convulsant drug and an anti-fungal drug successfully completed and on-going research for further enhancements
- Pilot exhibit batches completed for non-steroidal anti-inflammatory drug, an anti-foaming agent, anti-retroviral agents and a piperidine derivative for gastroenteritis.
- R&D projects underway on pilot exhibit batches on anti-retroviral agents and a piperidine derivative for gastroenteritis
- Scale-up studies on an anti-diabetes drug and anti-diabetes neuropathic therapy

- Continued investment on R&D infrastructure enhancement and scaleups in areas like pilot facility expansion, stability chambers, dissolution baths, HPLCs etc.

Spec Chem R&D strategy and focus areas:

The Spec Chem R&D facilities at Nacharam (Hyderabad) in India and at Huddersfield, UK are state-of-the-art and have total staff strength of 80 worldwide. The R&D team works on new product development (NPD), existing product enhancement (EPE) and product scale-ups (PSU). Other strategic and tactical initiatives include joint ventures (JVs) and Client Alliance Partnerships (CAPs) on NPDs, EPEs and PSUs. R&D expenditure for the year was 4.0% of total revenues in the Spec Chem business. The R&D teams in India and UK are working on several new molecules in the areas of sun care, skin care, hair care and photochromics.

Key focus areas:

- Skin whiteners with technology transfer from a leading European institution
- Sun screen with UV-A and UV-B blocking properties and concomitant enhancement of the SPF values
- Anti-wrinkle compounds with natural product chemistry
- Anti-fungal and anti-dandruff compounds
- New range of UV-absorbers for a wide range of plastic polymers
- High value photo-chromics
- Novel hair dyes
- Other high performance chemicals

The Research & development wing of the Company is fully geared up for integrating the proper IP with imaginative thinking and new product and concept launches.

Foreign Exchange Inflow and outflow

Particular	Nature of Currency	Year 2013-14		Year 2012-13	
		Amount in Foreign Currency in million	₹In million	Amount in Foreign Currency in million	₹In million
OUTFLOW					
	USD	21.40	1,287.86	24.58	1,337.30
On Export of Goods	Euro	8.45	697.89	13.62	947.50
	GBP	0.02	1.91		
Foreign Company Term Loan & Interest	USD	0.35	21.89	-	-
International Finance Corporation-ECB	USD	-	-	12.50	679.86
State Bank of India	USD	-	-	5.00	271.94
Working Capital	USD	34.91	2,069.97	-	-
Outflow					
Raw Material	USD	11.53	705.66	10.99	598.10
	Euro	0.81	63.51	0.65	45.44
Capital Goods	USD			-	-
	GBP			0.00	0.05
Travelling	USD	0.05	3.52	0.03	1.40
	Euro	0.03	2.09	0.05	3.50
	SGD	0.00	0.01		
Foreign Company Term Loan & Interest	USD	6.90	424.87	0.34	9.46
Others(Analytical Charges, Legal Opinion charges, Registration charges, Commission etc)	USD	2.46	0.03	-	-
Bank charges	USD	0.91	0.02	-	-
	Euro	0.00	0.00	-	-
Working Capital	USD	28.42	1,696.82	-	-

Corporate governance report for the year 2013-2014

(As required under Clause 49 of the Listing Agreements entered into with the Stock Exchanges)

1. The Company's Corporate Governance Philosophy

The Company has set itself the objective of expanding its capacities and becoming globally competitive in its business. As a part of its growth strategy, the Company believes in adopting the 'best practices' that are followed in the area of Corporate Governance across industry. A Sound Governance process consists of a combination of business practices, which result in enhancement of shareholder's value and enable the Company to fulfil its obligations to customers, employees, financiers and to the Society at large. The Company emphasises the need for full transparency and accountability in all its transactions, in order to protect the interests of its stakeholders. The Board considers itself as a Trustee of its Shareholders and acknowledges its responsibilities towards them for creation and safeguarding their wealth.

Vivimed's Corporate Governance framework is based on the following main principles :

- Appropriate composition and size of the Board, with each Director bringing key expertise in different areas.
- Proactive flow of information to the members of the Board and Board committees to enable effective discharge of their fiduciary duties.
- Ethical business conduct by the management and employees.
- Full fledged systems and processes for internal controls and internal controls on all operations, risk management and financial reporting.
- Timely and accurate disclosure of all material information and financial information to the stakeholders.

The Securities and Exchange Board of India ("SEBI") through clause 49 of the listing agreement with the stock exchanges regulates corporate governance for listed companies. Vivimed is in full compliance of Clause 49.

2. Board of Directors

Profile

Dr. V. Manohar Rao, Whole Time Director

Dr. V. Manohar Rao aged 77 years, Retired as Joint Director of "The Veterinary Biological and Research Institute" (VBRI) has done his post-graduation in Veterinary Sciences from Edinburgh University, U.K. He has more than 30 years experience in The Municipal Corporation of Hyderabad and Department of Animal Husbandry, Government of Andhra Pradesh. During his tenure with Department of Animal Husbandry, he was involved in administration and production of various vaccines for livestock and poultry. He worked as a special officer for Meat and Poultry Department Corporation Andhra Pradesh Government Enterprises.

He conceptualised and started VVS Pharmaceuticals and Chemicals Pvt. Ltd. (VVS), (Now stands merged with Vivimed Labs Limited). He is mainly responsible for developing a Sophisticated and well-equipped in-house Quality Control and introduced various cost control systems in production process. His expertise, knowledge and vision helped VVS to transform from a Biological Processing Unit into a Pharmaceutical Manufacturing Unit for manufacturing of Liquid Orals, Tablets, Capsules, Ointments etc.

Mr. Santosh Varalwar – Managing Director and CEO

Mr. Santosh Varalwar aged 52 years is a Management Graduate. He is the driving force behind the phenomenal growth of Vivimed Labs Limited. He worked in Shipping Corporation of India (SCI) and had an opportunity to understand in depth mercantile trade and had immense global exposure, which helped him subsequently to focus on international marketing.

He served Mercantile Marine for about seven years before embarking on a highly successful entrepreneurial journey. He has played an active role in VVS Pharmaceuticals from the year

1985 and later on expanded the business to manufacture of API's by acquiring EMGI Pharmaceuticals and Chemicals Private Limited, Bidar, which was later converted into a public limited company and named as Vivimed Labs Limited. Vivimed Labs Limited was listed on BSE/NSE in the year 2005 and the public issue was all time success having been oversubscribed 40 times. Since then, he steered the Company to various successful milestones and aptly merged VVS Pharmaceuticals in the year to consolidate and create a global entity. In the years 2008 and 2009 under his leadership, the Company successfully acquired two overseas companies namely James Robinson Europe Limited (now Vivimed Labs Europe Limited, UK) and Har - Met International Inc, US. In November, 2011, Mr Santosh Varalwar successfully led USD 55 million of the 75-year old prestigious Barcelona, Spain based API firm Uquifa. In the year 2013, acquired two Indian companies namely Vivimed Labs (Alathur) Pvt Ltd and Finoso Pharma Pvt Ltd.

Mr. Subhash Varalwar: Whole Time Director

Mr. Subhash Varalwar, aged 66 years is a Post Graduate in Chemical Engineering and a Management Graduate from Leeds University, U.K. After his post graduation he joined The Fertilizer Corporation of India (FCI) in 1974 as Asst. Project Engineer (Chemical). He held various positions in FCI and worked on various areas like designing and commissioning of fertilizer plant, production etc. He resigned from FCI in 1989 to join Vivimed. Mr. Subhash brings along with him an exposure to various aspects of Industrial Management, including production, planning and commissioning, gained from 15 years of his career span with FCI.

Mr. Subhash is responsible for Technology and New Product Development in the chemical segment of the Company. He also heads Production, Quality control and R&D function. He successfully led the technical integration teams of UK/India after acquisition of James Robinson Limited and has successfully implemented the stringent regulatory compliances across all its manufacturing operations globally.

Mr. Sandeep Varalwar, Whole Time Director

Mr. Sandeep Varalwar, aged 45 years has completed his Graduation in B.Pharmacy. After completion of graduation, he gained more than two decades of rich experience in manufacturing and marketing divisions of Pharma industry.

He is the main strength behind the growth of Pharma division of the Company and took an active role in VVS Pharmaceuticals and Chemicals Pvt Ltd. After the Companys merger with Vivimed Labs Limited, Mr Sandeep is appointed as a whole time Director on the Board of Vivimed Labs Limited.

Mr. S. Raghunandan

Mr. S. Raghunandan aged 53 years is a Science Post Graduate, he began his career with Chandra Pharmaceuticals, at that time the largest producer of Ibuprofen in India and worked there handling various aspects of production. He joined Vivimed as Head of production at Bidar Plant and subsequently rose to the position of Director- Operations. His association with the Company is now of more than 20 years.

Mr. P.V. Rathnam

Mr. P.V. Rathnam aged 71 is a Fellow Member of the Institute of Chartered Accountants of India and also a Management Graduate, with post professional qualification experience, in various levels of Management in private and public sector undertakings in Chemicals., fertilizers, pharmaceuticals, automobile and electrical engineering industries, spanning over 45 years, ending with Chairman and Managing Director from 1990 to 2005 of a medium scale unit engaged in concept to commissioning of custom built electrical machines for on board installation in Indian Warships, Submarines and Combat Aircraft.

Dr. M. Bhagvanth Rao

Dr. M. Bhagvanth Rao aged 70 is a PhD in chemical engineering from Indian Institute of Sciences, Bangalore and has done his post doctoral studies at Tokyo Institute of Technology, Japan.

He has memberships to various professional associations including Fellowships in the Indian Institute of Chemical Engineers and A.P. Academy of Sciences, Life Membership in the Indian Society for Technical Education etc.

He has over 31 years experience in research and teaching in the fields of chemical reaction engineering, catalysis, thermodynamics and biochemical engineering. He has been involved with Osmania University, Hyderabad in various position including the Dean of Development and UGC Affairs, Director of Regional Center for Urban and Environmental Studies and Director of Physical Education. He has various research publications to his credit some of which include articles in the Canadian Journal of Chemical Engineering, Industrial Engineering and Chemistry Fundamentals (USA), Journal of Polymer Sciences (USA) etc. He also acts as a research consultant to various laboratories like IICT, BHEL R&D NFC etc.

Dr. Peesapati Venkateswarlu

Dr. P. Venkateswarlu aged 71 has done B.Sc (Spl), M. Sc (Andhra University), PhD (Delhi University) C.Chem. FRCS (London). He has 36 years of experience in Research / teaching in various universities in USA, UK and India. Associated with leading International Experts in the field of Organic, Bio- organic, Medicinal and Polymer Chemistry.

Mr. Nixon Patel – Director

Mr. Nixon Patel Aged 53 is B.Tech (Hons.) from Indian Institute of Technology, Kharagpur and has done his MS in Computer Science from New Jersey Institute of Technology. Mr. Nixon Patel, is a successful entrepreneur with a proven track record for growing 5 businesses from startup to millions of US\$ in annual sales, developed in a short span of 20 years. His businesses are spread across the globe in the fields of Information Technology, Telecom, Pharmaceutical and Renewable energy industries. He is a consummate professional with a high degree of personal integrity.

Mr. Nixon Patel has the following Membership and Industry Affiliations:

- Advisory Committee Member at World Wide Web Consortium (W3C)

- Advisory Committee Member at Voice Browser Working Group (VBWG)

Mr. Srinivas Chidambaram

Mr. Srinivas Chidambaram aged 48 is a qualified Chartered Accountant, he is the Managing Director and CEO of Jacob Ballas Capital India Pvt. Ltd. (JBC), a leading India focused private equity firm based in New Delhi. JBC advises the investment managers of three India focused private equity funds with above \$600 million under management. Mr. Chidambaram joined JBC in 2005. He has 25 years of financial services and industry experience, including 16 years in private equity. He previously served with HSBC Private Equity (Asia) and its affiliates in Hong Kong and India, responsible for private equity investments in India and South East Asia. Mr. Chidambaram has also served in the IT industry with HCL Technologies, a leading Indian IT services company, responsible for financial institution relationships and strategic alliances in the USA. He commenced his career with SRF Finance Ltd. (since acquired by GE Capital) where he was responsible for Corporate Finance and Investment Banking, based in Mumbai.

Corporate Governance

An Independent Director is elected as Chairman at every meeting of Board to preside over that Meeting. Total number of Independent Directors is more than one third of the Board. The Board comprises of 10 (Ten) members of which 5(five) are Executive Non- Independent Directors, 1 (one) is nominee and Non-Independent Director and 4 (Four) are Non- Executive and Independent Directors. Company is in compliance with requirements of Clause 49 of listing agreements with regard to composition of Board of Directors.

None of the Directors on the Board is a Member on more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49), across all the companies in which he is a Director. The necessary disclosures regarding Committee positions have been made by the Directors.

The names and categories of the Directors on the Board, their attendance at Board Meetings during the year and at the last Annual General Meeting, as also the number of Directorships and Committee Memberships held by them in other companies are given below:

Name	Category	No. of Board Meetings attended during 2013-2014	Whether attended AGM held on September 30, 2013	No. of Directorship in other Public Companies*		No. of Committee Position held in other Public Companies**	
				Chairman	Member	Chairman	Member
Dr. V. Manohar Rao	Executive and Not Independent	5	Yes	Nil	Nil	Nil	Nil
Mr. Santosh Varalwar	Executive and Not Independent	5	Yes	Nil	Nil	Nil	Nil
Mr. Subhash Varalwar	Executive and Not Independent	5	No	Nil	Nil	Nil	Nil
Mr. Sandeep Varalwar	Executive and Not Independent	4	No	Nil	Nil	Nil	Nil
Dr. M. Bhagvanth Rao	Independent	4	No	Nil	Nil	Nil	Nil
Mr. P.V. Rathnam	Independent	5	Yes	Nil	Nil	Nil	Nil
Mr. S. Raghunandan	Executive and Not Independent	5	No	Nil	Nil	Nil	Nil
Dr. Peesapati Venkateswarlu	Independent	4	Yes	Nil	Nil	Nil	Nil
Mr. Nixon Patel	Independent	1	No	Nil	Nil	Nil	Nil
Mr. Srinivas Chidambaram	Nominee and Non Independent	2	No	Nil	3	Nil	3

* Excludes Directorships in associations, private, foreign and Section 25 companies.

** Represents Chairmanships/Memberships of Audit Committee and Shareholders’/Investors’ Grievance Committee.

Five Board Meetings were held during the year 2013-2014 and the gap between two meetings did not exceed four months. The dates on which the Board Meetings were held were as follows:

30-05-2013, 31-07-2013, 13-08-2013, 13-11-2013, 13-02-2014.

Dates of the Board Meetings are decided in advance and communicated to the Directors. Board Meetings are held at Corporate Office of the Company. The Agenda along with the explanatory notes are sent in advance to the Directors.

The information as required under Annexure IA of Clause 49 is being made available to the Board.

Information Placed before the Board Meeting Includes:

■ The information as required under Annexure IA of Clause 49 of the Listing Agreement is being made available to the Board, which include the following :

1. Annual operating plans and budgets and any updates.
2. Capital budgets and any updates.
3. Quarterly results for the Company and its operating divisions or business segments.
4. Minutes of meetings of audit committee and other

committees of the board.

5. The information on recruitment and remuneration of senior officers just below the board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
6. Show cause, demand, prosecution notices and penalty notices, which are materially important
7. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
8. Any material default in financial obligations to and by the Company, or substantial nonpayment for goods sold by the Company.
9. Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
11. Details of any joint venture or collaboration agreement.
11. Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
12. Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial

Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.

13. Sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business.

14. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.

15. Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

■ Apart from above the following information is placed before the Board

- Terms of reference of Board Committees.
- Dividend recommendation
- Quarterly summary of all long term borrowings made, bank guarantees issued, loans and investments made.
- Statement of significant transactions and arrangements entered by the unlisted subsidiary companies.

The Board periodically reviews compliance report of all applicable laws to the Company. Steps are taken by the Company to rectify instances of non- compliance, if any.

During the year 2013-2014, the Company did not have any material pecuniary relationship transaction with Non- Executive Directors and Independent Directors.

3. Audit Committee

The Company has constituted an Audit Committee. The Scope of the activities of the Audit Committee is as set out in Clause 49 of the listing agreement with the Stock Exchanges read with Section 292A of the Companies Act, 1956. The terms of reference of the Audit Committee are broadly as follows:

1. Recommendation to Board on appointment/ reappointment and replacement or removal of the Statutory Auditors and fixation of their remuneration.
2. Approval of payment to Statutory Auditors for any other services rendered by Statutory Auditors.
3. Reviewing with management, Audited Financial Statement before submission to Board for approval with particular reference to :
 - Matters required to be included in Director’s Responsibility Statement in Director’s Report in terms of sub-section (2AA) of Section 217 of the Companies Act, 1956.
 - Changes, if any, in accounting policies and practices and reasons for the same.

- Major accounting entries involving estimates based on exercise of judgment by management.
- Significant adjustments made in financial statements arising our of audit findings.
- Compliance with listing and other legal requirements relating to financial statements.
- Disclosure of related party transactions

4. Reviewing with management, quarterly financial statements before submission to the Board for approval.

5. Reviewing with management, performance of Statutory and Internal Auditors, adequacy of Internal Control System.

6. Reviewing adequacy of internal audit function, including structure of internal audit department, staffing and seniority of officials heading the department, reporting structure, coverage and frequency of internal audit.

7. Discussion with Internal Auditors any significant findings and follow up thereon.

8. Reviewing the findings of any internal investigations by Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to Board.

9. To look into reasons for defaults, if any, in payment to depositories, shareholders (in case of non-payment of declared dividend) and creditors.

10. Carrying our such other functions as may be specifically referred by the Board of Directors and/or other committees of Directors of the Company.

11. To review following :

- Management Discussion and Analysis of financial condition and the result of operations;
- Statement of significant related party transactions (as defined by Audit Committee);
- Management letters/ letters of internal control weaknesses issued by Statutory Auditors;
- Internal Audit Reports relating to internal control weaknesses; and
- Appointment, removal and terms of remuneration of Internal Auditors.

12. Reviewing financial statements and in particular investments made in unlisted subsidiaries of the Company.

13. Review of uses/application of funds raised through an issue (public issue, right issue, preferential issue, etc.)

Mr. P.V. Rathnam Chairman of the Audit Committee was

present at the Annual General Meeting held on September 30, 2013

The composition of the Audit Committee and the details of meetings attended by the Directors are given below:

Name of the Member	Category	No. of Meetings attended during the year 2013-2014
Mr. P.V. Rathnam	Independent Non Executive	4
Dr. M. Bhagvanth Rao	Independent Non Executive	4
Mr. Srinivas Chidambaram	Nominee Non Independent	2

Four Audit Committee Meetings were held during 2013-2014. The dates on which the said meetings were held were as follows: 30-05-2013,13-08-2013, 13-11-2013, 12-02-2014.

The necessary quorum was present at the meetings.

4. Remuneration Committee

The Company has constituted as Remuneration Committee. The broad terms of reference of the Remuneration Committee are as follows:

- a) Review the performance of the Managing Director and Whole Time Directors, after considering the Company’s performance.
- b) Recommend to the Board remuneration including salary, perquisites and commission to be paid to the Company’s Managing Director and Whole Time Directors.
- c) Finalise the perquisite package of the Managing Director and Whole Time Directors within the overall ceiling fixed by the Board;

Dr. M. Bhagvanth Rao is the Chairman of the Remuneration Committee:

The Composition of Remuneration Committee is given as below:

Name of the Member	Category
Dr. M. Bhagvanth Rao	Independent Non Executive
Mr.P.V.Rathnam	Independent Non Executive
Mr. Srinivas Chidambaram	Non Independent Non Executive

Remuneration Policy

The Company while deciding the remuneration package of senior management members takes into consideration the following items:

- (a) Employment scenario
- (b) Remuneration package in the industry and
- (c) Remuneration package of the managerial talent of other industries.

Details of Remuneration for the Financial Year 2013-2014

Non Executive Directors:

Name of Director	Sitting Fees (In)
Dr. M. Bhagvanth Rao	1,20,000
Mr. P.V. Rathnam	1,35,000
Dr. Peesapati Venkateswarlu	60,000
Mr. Nixon Patel	15,000
Mr. Srinivas Chidambaram	–

Managing and Whole-time Directors

Name	Remuneration (₹ in lakhs)
Mr. Santosh Varalwar	90.00
Dr. V. Manohar Rao	65.00
Mr. Subhash Varalwar	65.00
Mr. Sandeep Varalwar	69.99
Mr. S. Raghunandan	50.00

Remuneration by Commision to Non-Executive Director, Mr. P. V. Rathnam, ₹9,26,763/-

5. Shareholders/ Investors Grievance Committee

Board has constituted Shareholders/ Investors Redressal Committee, to specifically look into the redressal of Investors Complaints like transfer of Shares, non- receipt of balance sheet and non- receipt of declared dividends etc.

Mr. P.V. Rathnam is the Chairman of the Investors Redressal Committee

The Composition of Investors Redressal Committee is given as below:

Name of the Member	Category
Mr. P.V. Rathnam	Independent Non Executive
Mr. Santosh Varalwar	Executive Not Independent
Dr. V. Manohar Rao	Executive Not Independent

Details of Shareholder’s Complaints received and resolved during the year 2013-2014

The total number of complaints/correspondence received and replied to the satisfaction of the shareholders during the 12 months period ended on March 31, 2014 were 7. There were no outstanding complaints as on March 31, 2014. No Shares were pending transfer as on March 31, 2014.

Complaints were attended within seven days from the date of receipt of Complaint, as communicated by our Registrar and Share Transfer Agents.

6. Compensation Committee

The committee has been constituted for the purpose of administration and superintendence of ESOS and ESPS as per the requirements of SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

Mr. P.V. Rathnam is the Chairman of the Compensation Committee

The Composition of Compensation Committee is as below:

Name	Category
Mr. P.V. Rathnam	Independent Non Executive
Mr. Santosh Varalwar	Executive Not Independent
Dr. M. Bhagvanth Rao	Independent Non Executive

The Compensation Committee has been entrusted with the task of formulating the terms and conditions of ESOS including

- (a) The quantum of option to be granted under an ESOS per employee and in aggregate;
- (b) The conditions under which options vested in employees may lapse in case of termination of employment for misconduct;
- (c) The exercise period within which the employee should exercise the option and the option would lapse on failure to exercise the option within the exercise period;
- (d) the specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee;
- (e) the right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise

period;

(f) the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issue, bonus issue, merger, sale of division and others.

(g) The grant, vest and exercise of option in case of employees who are on long leave ; and

(h) The procedure for cashless exercise of options.

7. Management Committee

Management committee has been entrusted with certain routine matters such as opening and closing of Bank Accounts of the Company, making application with various authorities etc.

Dr. V. Manohar Rao is the Chairman of the Management Committee.

The Composition of Management Committee is as below:

Name	Category
Dr. V. Manohar Rao	Executive Non Independent
Mr. Santosh Varalwar	Executive Not Independent
Mr. Subhash Varalwar	Executive Not Independent

8. General Body Meetings and postal ballots

i) Location, date and time of Annual General Meeting held during preceding 3 years are as follows

Year	Location	Date	Time
2012-2013	Plot No. 78/A, Kolhar Industrial Area, Bidar, Karnataka	30.09.2013	11.30A.M
2011-2012	Plot No. 78/A, Kolhar Industrial Area, Bidar, Karnataka	27.09.2012	11.30A.M
2010-2011	Plot No. 78/A, Kolhar Industrial Area, Bidar, Karnataka	30.09.2011	11.30 A.M

ii) Special Resolutions passed in previous three Annual General Meetings are as follows :

Date of Annual General Meeting	No. of Special Resolution Passed	Details of Special Resolution
30.09.2013	Nil	Nil
27.09.2012	Two	1. To issue equity shares to the employees of the Company under the Employees Stock Option Scheme of the Company. 2. To issue equity shares to the employees of the subsidiaries of the Company under the Employees Stock Option Scheme of the Company.
30.09.2011	One	Payment of remuneration to Non Executive Directors of the Company by way of Commission.

iii) Special Resolution Passed at Extra Ordinary General Meeting of the Company during the year

Date of Extra Ordinary General Meeting	No. of Special Resolution Passed	Details of Special Resolution
Nil	Nil	Nil

9. Other Directorships of Directors seeking appointment/re-appointment.

Please refer to the Annual General Meeting Notice

10. Disclosures

i) The Board has received disclosures from key managerial personnel relating to material, financial and commercial transactions where they and/or their relatives have personal interest. There are no materially significant related party transactions which have potential conflict with the interest of the Company at large.

Disclosure on transactions with related party as required under Accounting Standard 18 has been made in Notes on Accounts forming part of Statement of Accounts.

ii) Company circulated code of conduct among Board members and senior management personnel and affirms that they are complying with the code. Text of the Code of Conduct is posted on Company's website viz. www.vivimedlabs.com.

ii) The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets during the last three years. No penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI or other statutory authorities relating to the above.

11. Reconciliation of Share Capital Audit

A Qualified Practicing Company Secretary carried out reconciliation of share capital audit to reconcile the total admitted capital with National Securities Depository Limited

(NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/ paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

12. Means of Communication

Results

- i) Quarterly, half yearly and yearly results were published in newspapers.
- ii) Quarterly, half yearly and yearly results of the Company are generally published in Financial Express and Samyukta Karnataka.

News Releases, Presentations etc.

Official news releases, analysis and information to investors, etc. are displayed on the Company's website www.vivimedlabs.com after duly complying with the provisions of listing agreement.

Website

Company's website www.vivimedlabs.com contains separate dedicated Section 'Investor Information'. Full Annual Report is also made available on website in a user friendly and downloadable format.

Certificate from the Auditors on Compliance of Conditions of Corporate Governance

To the Members of
Vivimed Labs Limited

We have examined compliance of conditions of Corporate Governance by VIVIMED LABS LIMITED for the year ended March 31, 2014 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges in India.

Compliance of conditions of Corporate Governance is responsibility of Company’s Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring Compliance of conditions of Corporate Governance. It is neither an audit nor an expression of opinion on financial statements of the Company.

In our opinion and to best of our information and according to explanations given to us, we certify that the Company has complied with conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement, as required under Clause 49 of Listing Agreement.

We state that in respect of investor grievances received during the year ended March 31, 2014, no investor grievances are pending.

We further state that such compliance is neither an assurance as to future viability of the Company nor efficiency or effectiveness of with which management has conducted affairs of the Company.

For P. Murali & Co.,
Chartered Accountants

Place: Hyderabad
Date: 13/08/2014

Sd/-
P.Murali Mohana Rao
Partner

Declaration from the Managing Director in Terms of Clause 49(1)(d)(iii) of Listing Agreement

I, Santosh Varalwar, Managing Director of Vivimed Labs Limited hereby declare that all Board Members and Senior Managerial Personnel have affirmed for the year ended March 31, 2014 Compliance with Code of Conduct of the Company laid down for them.

Place: Hyderabad
Date: 13/08/2014

Sd/-
Santosh Varalwar
Managing Director and CEO

General shareholder information

(As required by Clause 49 of the Listing agreement entered into with the Stock Exchanges)

AGM :

Date, time and venue – 30th September, 2014 at 11.30 A.M.
78/A, Kolhar Industrial Area, Bidar

As required under Clause 49 IV(G)(i), particulars of Directors seeking appointment/reappointment are given in the Explanatory Statement/Annexure to the Notice of the Annual General Meeting to be held on 30th September, 2014.

Financial Year

The financial year of the Company is of 12 Months beginning from 1st April and ending on 31st March.

Financial Year Calendar for 2014-2015 (Tentative)

Results for the quarter ending on June 30, 2014	- Second Week of August, 2014
Results for the quarter ending on September 30, 2014	- Second Week of November, 2014
Results for the quarter ending on December 31, 2014	- Second Week of February, 2015
Results for the quarter ending on March 31, 2015	- last Week of May, 2015
Annual General Meeting for the year ended on March 31, 2015	- Before end of September, 2015
Date of Book Closure	- 26th September 2014 to 30th September 2014 (Both Days Inclusive)
Dividend Payment Date	- On or after 1st Oct 2014 on or before 29th October 2014

Listing on Stock Exchanges

The Company’s equity shares are listed on following two stock exchanges in India

Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers Dalal Street – Mumbai – 400001	National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex Bandra East, Mumbai – 400051
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The Company has paid annual listing fees to each of the above Stock Exchanges for the financial year 2014-2015.

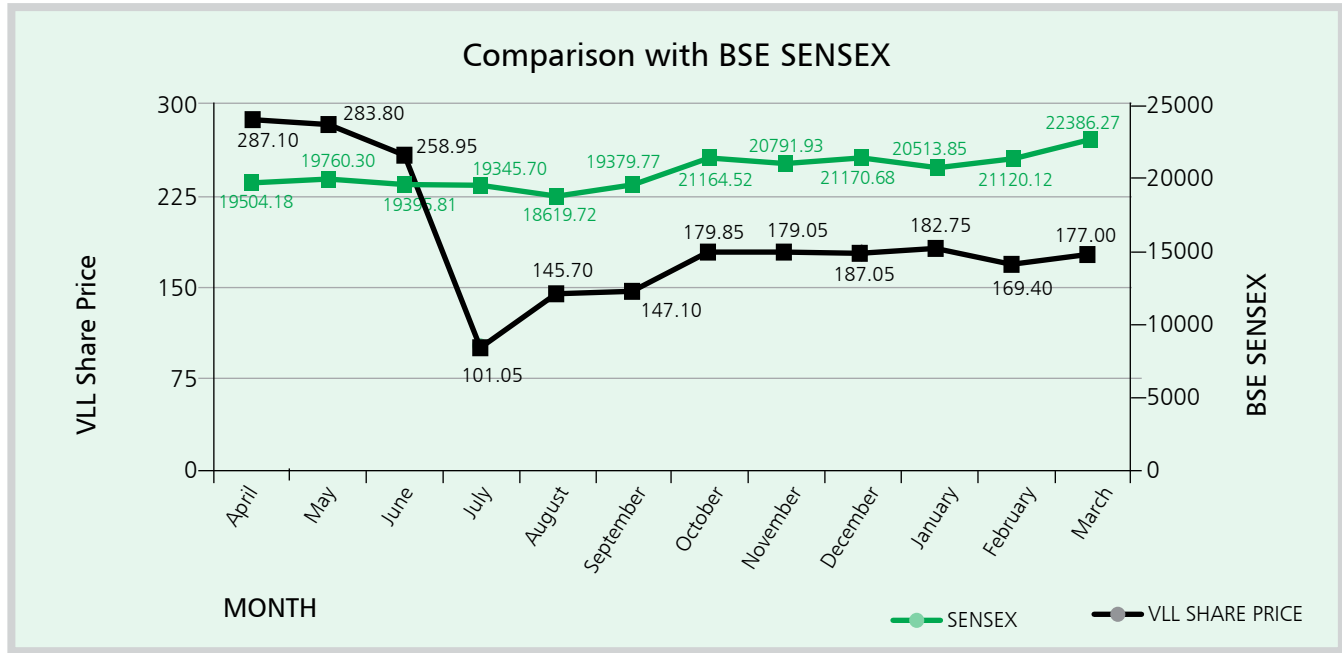
Stock Codes/Symbols/International Securities Identification Number (ISIN) for Ordinary Shares –

Stock Exchange	Stock Code/ Symbol	ISIN
Bombay Stock Exchange Limited	532660	INE526G01013
National Stock Exchange of India Ltd.	VIVIMEDLAB	INE526G01013

Market Information

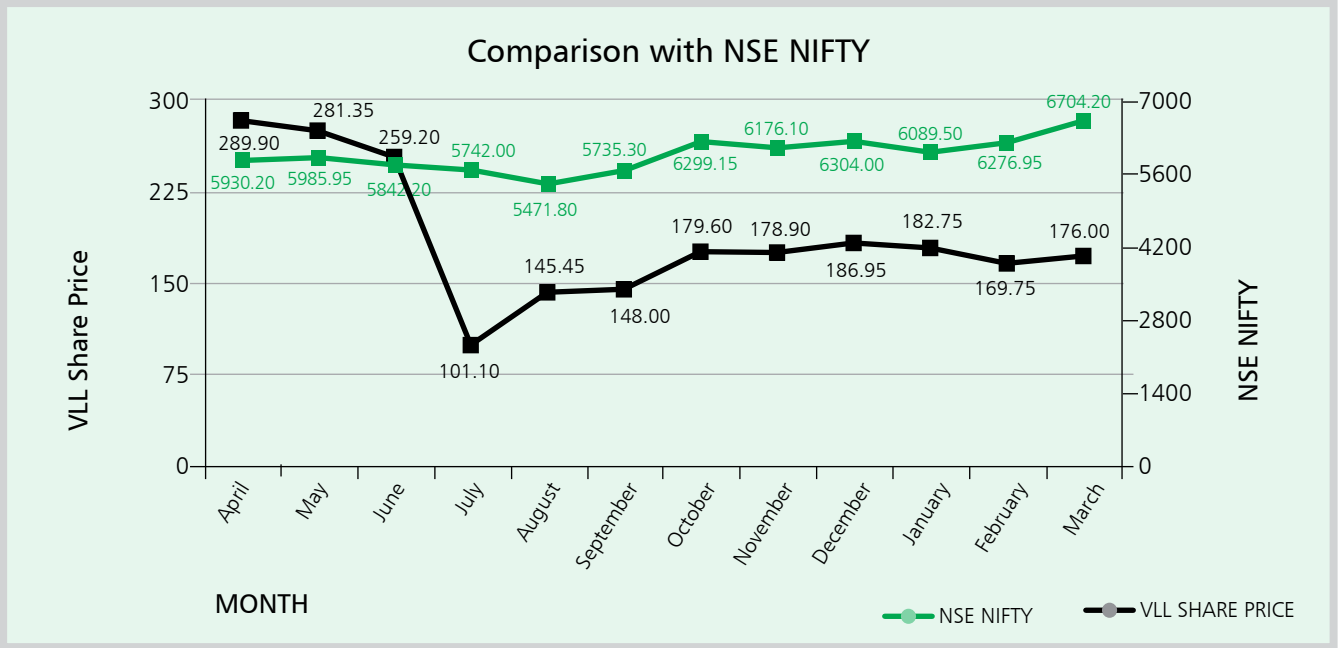
Market Price Data: High, Low (based on the closing prices) and volume during each month in last financial year
Bombay Stock Exchange Limited

Months	high	low	spread	closing	volume	bse sensex (closing)
April	301.7	275.5	26.2	287.1	1,90,863	19,504.18
May	309.85	279	30.85	283.8	2,54,123	19,760.30
June	294.95	254.05	40.9	258.95	1,30,217	19,395.81
July	262	101.05	160.95	101.05	2,55,826	19,345.70
August	172.55	96	76.55	145.7	4,42,683	18,619.72
September	171	143	28	147.1	1,13,707	19,379.77
October	202.35	140.1	62.25	179.85	1,80,795	21,164.52
November	194.85	170	24.85	179.05	1,40,619	20,791.93
December	209	162.45	46.55	187.05	1,47,325	21,170.68
January	222.2	181	41.2	182.75	2,90,714	20,513.85
February	187.95	165.15	22.8	169.4	35,133	21,120.12
March	186.8	159	27.8	177	1,60,061	22,386.27



National Stock Exchange of India Limited

Months	high	low	spread	closing	volume	nse nifty (closing)
April	303.95	277.05	26.9	289.9	175982	5930.2
May	308	276.35	31.65	281.35	717555	5985.95
June	290.9	251.65	39.25	259.2	162357	5842.2
July	264	101.1	162.9	101.1	261503	5742
August	172.65	96.05	76.6	145.45	680925	5471.8
September	166.7	144	22.7	148	124029	5735.3
October	204.5	141.5	63	179.6	277964	6299.15
November	193.9	164.25	29.65	178.9	140294	6176.1
December	208	160	48	186.95	271418	6304
January	222	180.1	41.9	182.75	650101	6089.5
February	187.95	165.55	22.4	169.75	94724	6276.95
March	187	159	28	176	212543	6704.2



Registrar and Transfer Agents

The Registrars and Transfer Agents of the Company are M/s Aarthi Consultants Private Limited. Address for correspondence is as below:

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

Share transfer and transmission work is being looked after by the

Registrar and Transfer Agents. Investors are advised to contact either the Company or Aarthi Consultants Private Limited, the Registrar and Share Transfer Agents of the Company in case of any problem relating to transfer or transmission of Shares. Share transfer which are received in physical form are processed and share certificates returned within 21 days from the date of receipt, subject to document being valid and complete in all respects.

Company has obtained half yearly Certificate from Practicing Company Secretary on compliance with Share Transfer Formalities as per the requirement of Clause 47(c) of listing agreement.

Distribution of Shareholding as on 31.03.2014

Category	Holders	Holders Percentage	Shares	Amount	Amount Percentage
1 - 5000	7646	91.53	754335	7543350	4.66
5001 - 10000	299	3.58	241774	2417740	1.49
10001 - 20000	153	1.83	234740	2347400	1.45
20001 - 30000	63	0.75	162817	1628170	1
30001 - 40000	30	0.36	109332	1093320	0.67
40001 - 50000	32	0.38	151797	1517970	0.94
50001 - 100000	42	0.5	295734	2957340	1.83
100001 & Above	89	1.07	14253254	142532540	87.96
Total:	8354	100	16203783	162037830	100

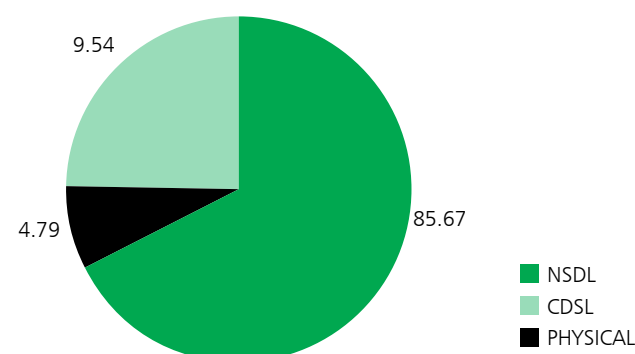
Categories of Shareholders as on 31.03.2014

Category	No. of Shares held	Percentage
Promoter & Promoter Group	6177725	38.13
Financial Institutions/Banks/Central Govt/State Govt	369226	2.28
Foreign Institutional Investors / Foreign Companies.	4455647	27.50
Bodies Corporate	1471150	9.08
Indian Public	2691276	16.60
Clearing Members	67951	0.42
NRI and Foreign Nationals	970808	5.99
TOTAL	16203783	100

Dematerialisation of shares

The Company has provided an option to the Shareholders to hold the Shares of the Company either in physical form or in the dematerialised form. For the purpose of holding equity shares of the Company in dematerialised form, the Company has entered into a Tripartite Agreement with both National Security Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The International Securities Identification Number (ISIN) allotted to the Company's Shares is INE526G01013.

The annual Custodial charges to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited for the financial year 2013 - 2014 has been paid.



Dividend Payment History of the Company (Last 3 years)

Financial Year	Rate of Dividend
2012-2013	30%
2011-2012	30%
2010-2011	20%

Address for Correspondence

Corporate Office
2nd Floor, Veeranag Towers, Habsiguda
Hyderabad – 500007
Phone: 91(0) 4027176005/6
Fax: 91(0) 4027150599
E-Mail: Yugandhar.kopparthi@vivimedlabs.com,
Website: www.vivimedlabs.com

Plant Location

Specialty Chemicals Division

- 78/A, Kolhar Industrial Area, Bidar – 585403, State - Karnataka
- Survey No. 202, 207/A, 207/E & 207/AA, Bonthapally Village, Narsapur Mandal, Medak District – 502313, State – Andhra Pradesh

Pharma Division

- D 125 & 128, Phase III, Jeedimetla Industrial Estate, Hyderabad – 500055, State – Andhra Pradesh
- Plot No. 25, Kundeshwari Village, Kashipur, Udham Singh Nagar – 244713, State – Uttranchal
- D-9, Industrial Area, Haridwar – 249401, State – Uttranchal

CHIEF EXECUTIVE OFFICER (CEO) CERTIFICATION

I have reviewed the financial statements, read with the cash flow statement of Vivimed Labs Limited for the year ended March 31, 2014 and that to the best of my knowledge and belief, I state that:

- (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
(ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- These are, to the best of my knowledge and belief, no transaction entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's Code of Conduct.
- I accept responsibility for establishing and maintaining internal controls for financial reporting. I have evaluating the effectiveness of internal control systems of the Company and have disclosed to the auditors and audit committee deficiencies in the design or operation of internal control, if any, and steps taken or proposed to be taken for rectifying these deficiencies.
- I have indicated to the auditors and audit committee:
 - There are no significant changes in internal control over financial reporting during the year;
 - Significant changes in accounting policies made during the year and that the same haven disclosed suitably in the notes to the financial statements; and
 - There are no instances of fraud involving the management or an employee.

BY ORDER OF THE BOARD

Sd/-
Managing Director & CEO

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS

This is to confirm that the Company has adopted a Code of Conduct for the Board of Directors and senior management of the Company. The same is available on website of the Company at <http://www.vivimedlabs.com/>. As Managing Director of Vivimed Labs Limited and as required by clause 49(l)(D)(ii) of the Listing Agreement of the Stock Exchanges in India, I hereby declare that all the Board members and senior management personnel of the Company have affirmed compliance with the Code of Conduct for the financial year 2014.

Place: Hyderabad
Date: 13/08/2014

Sd/-
Managing Director & CEO

Financial Section

INDEPENDENT AUDITORS' REPORT

To
the Members of,
M/s. VIVIMED LABS LIMITED

Report on the Financial Statements:
We have audited the accompanying financial statements of M/s. VIVIMED LABS LIMITED which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:
Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion:
In our opinion and to the best of our information and according

to the explanations given to us, the financial statements give the information required by the Act 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 March 31, 2014;
- (b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

- Report on Other Legal and Regulatory Requirements:**
- 1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
 - 2. As required by section 227(3) of the Act, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.;
 - e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For P. Murali & Co.,
Chartered Accountants
Firm's Registration Number: 0072575

(P. Murali Mohana Rao)
Partner
Place: Hyderabad
Date: 29-05-2014
Membership Number: 023412

- I. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- (b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies between the book records and the physical inventory have been noticed on such verification.
- (c) The Company has not disposed off substantial part of the Fixed Assets during the year.
- II. (a) The Inventory has been physically verified during the year by the Management and in our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of the physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and as explained to us, no material discrepancies were noticed on physical verification of stocks as compared to book records.
- III. (a) The Company has not granted any loans, secured or unsecured to Companies, Firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) As the Company has not granted any loans, the Clause of whether the rate of interest & other terms and conditions on which loans have been granted to parties listed in the register maintained under Section 301 prejudicial to the interest of company, is not applicable.
- (c) As no loans are granted by company, the clause of receipt of interest & principal amount from parties, is not applicable to the company.
- (d) No loans have been granted to Companies, Firms and other parties listed in the register U/S 301 of the Companies Act, 1956. Hence, over due Amount of more than rupees one Lac does not arise and the clause is not Applicable.
- (e) The Company has not taken any loans, secured or unsecured from Companies, Firms or other Parties covered in the register maintained U/s.301 of the Companies Act, 1956.
- (f) As the Company has not taken any loans, the clause of whether the rate of interest and other terms and conditions on which loans have been taken from parties listed in the register maintained under section 301 is prejudicial to the interest of company, is not applicable.
- (g) As no loans are taken by the company, the clause of

- repayment of interest & principal amount to parties is not applicable to the company.
- IV. In our opinion and according to the information and explanations given to us, there are generally adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for sale of goods and services. There is no continuing failure by the company to correct any major weaknesses in internal control.
- V. (a) In our opinion and according to the information and explanation given to us , since no contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been made by the company in respect of any party in the financial year, the entry in the register U/s.301 of the Companies Act, 1956 does not arise.
- (b) According to the information and explanations given to us, as no such contracts or arrangements made by the company, the applicability of the clause of charging the reasonable price having regard to the prevailing market prices at the relevant time does not arise.
- VI. The Company has not accepted any deposits from the public and hence the applicability of the clause of directives issued by the Reserve Bank of India and provisions of section 58A, 58AA or any other relevant provisions of the Act and the rules framed there under does not arise. As per information and explanations given to us the order from the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal has not been received by the Company.
- VII. In our opinion, the company is having internal audit system, commensurate with its size and nature of its business.
- VIII. We have broadly verified the books of account and records maintained by the Company relating to the manufacture of Pharmaceuticals and chemicals, pursuant to the order made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies act,1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- IX. (a) The Company is regular in depositing undisputed statutory dues including Provident Fund, Investors Education and Protection Fund, Employee State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess and other applicable statutory dues with the appropriate authorities during the year. According to information

and explanations given to us there are no arrears of statutory dues as at 31st March, 2014 which were outstanding for a period of more than 6 months from the date they became payable.

- (b) According to the information and explanations given to us, there are disputed amounts payable in respect of Income Tax as at the end of the period as given below:

S.No.	Nature of Liability	Assessment Year	Amount in ₹
1	Income Tax	2006-2007	7,06,057
2	Income Tax	2008-2009	3,83,82,461
3	Income Tax	2009-2010	13,50,763

- X. The Company has been registered for a period of not less than 5 years, and the company has no accumulated losses at the end of the financial year and the company has not incurred cash losses in this financial year and in the immediately preceding financial year.
- XI. According to information and explanations given to us, the company has not defaulted in repayment of dues to financial Institutions or Banks.
- XII. According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities and hence the applicability of the clause regarding maintenance of adequate documents in respect of loans does not arise.
- XIII. The Company is not covered by the provisions of special statute applicable to Chit Fund in respect of Nidhi/Mutual Benefit Fund/Societies.
- XIV. According to the information and explanations given to us, the company is not dealing or trading in shares, securities, Debentures and other investments and hence the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order 2003, are not applicable to the Company.
- XV. According to the information and explanations given to us, the Company has given certain corporate guarantee for loans taken by its subsidiaries as mentioned in note 39 of notes to financial statements.
- XVI. According to the information and explanations given to us, the Term Loans obtained by the company were applied for the purpose for which such loans were obtained by the Company.
- XVII. According to the information and explanations and over all examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term-investments.

- XVIII. According to the information and explanations given to us, 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 and hence the applicability of the clause regarding the price at which shares have been issued and whether the same is prejudicial to the interest of the Company does not arise.
- XIX. According to the information and explanations given to us, the company does not have any debentures and hence the applicability of the clause regarding the creation of security or charge in respect of debentures issued does not arise.
- XX. According to information and explanations given to us, the company has not raised money by way of public issues during the year, hence the clause regarding the disclosure by the management on the end use of money raised by public issue is not applicable.
- XXI. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year under audit.

For P. Murali & Co.,
Chartered Accountants
Firm's Registration Number: 0072575

Place: Hyderabad
Date: 29-05-2014

(P. Murali Mohana Rao)
Partner
Membership Number: 023412

(₹ in Millions)

Particulars	Note No	As at 31.03.14	As at 31.03.13
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1		
(i) Equity Share Capital		162.04	160.61
(ii) Preference Share Capital			-
(b) Reserves and Surplus	2	3,562.20	3,280.14
(c) Money Received against Share Warrants		23.72	23.72
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	3	2,912.77	1,839.45
(b) Deferred Tax Liabilities (Net)	4	310.81	266.67
(c) Other Long Term Liabilities	5	1,146.31	686.54
(d) Long Term Provisions	6	23.53	19.72
(3) Current Liabilities			
(a) Short-Term Borrowings	7	2,763.39	2,256.26
(b) Trade Payables	8	528.01	468.34
(c) Other Current Liabilities	9	721.95	426.75
(d) Short-Term Provisions	10	202.91	119.74
Total		12,357.63	9,547.94
II.ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible Assets	11	3,841.21	3,903.94
(ii) Intangible Assets	11	132.13	146.82
(iii) Capital Work-In-Progress	11	155.14	92.14
(b) Non-Current Investments	12	2,275.46	955.46
(c) Other Non-Current Assets	13	-	0.59
(2) Current Assets			
(a) Inventories	14	1,701.32	1,403.58
(b) Trade Receivables	15	1,820.16	1,600.59
(c) Cash and Bank Balances	16	132.59	136.67
(d) Short-Term Loans and Advances	17	2,240.32	1,248.84
(e) Other Current Assets	18	59.31	59.31
Total		12,357.63	9,547.94

Summary of Significant Accounting Policies and the accompanying Notes are an integral part of financial statements

As per our report of even date

For P.Murali & Co.,
Firm Regn. No: 007257S
Chartered Accountants

For. VIVIMED LABS LIMITED
Sd/- Santosh Varalwar
CEO & Managing Director

Sd/- Dr. Manohar Rao
Whole Time Director

Sd/-
P.Murali Mohana Rao
Partner
M.No. 023412

Place : Hyderabad
Date : 29-05-2014

Sd/-
Yugandhar Kopparthi
Company Secretary

(₹ in Millions)

Particulars	Note No	For the Year Ended 31-03-2014	For the Year Ended 31-03-2013
Revenue:			
Revenue from Operations	19	4,319.93	4,231.26
Other Income	20	15.50	33.79
Total		4,335.43	4,265.05
Expenses:			
Cost of Materials Consumed	21	2,360.57	2,473.70
Changes in Inventories	22	(14.10)	(75.53)
Employee Benefit Expenses	23	198.33	155.08
Other Operating Expenses	24	557.15	561.00
Administrative Expenses	25	221.34	180.54
Financial Costs	26	443.44	284.38
Depreciation and Amortization Expenses	11	180.63	172.07
Total		3,947.35	3,751.24
Profit Before Tax		388.08	513.81
Tax Expense:			
(a) Current tax		77.64	102.53
(b) Deferred tax		44.14	103.24
(c) MAT Credit			(59.31)
Profit After Tax		266.30	367.35
Earning Per Equity Share:			
(1) Basic		16.43	22.87
(2) Diluted		16.43	22.87

Summary of Significant Accounting Policies and the accompanying Notes are an integral part of financial statements

As per our report of even date

For P.Murali & Co.,
Firm Regn. No: 007257S
Chartered Accountants

For. VIVIMED LABS LIMITED
Sd/- Santosh Varalwar
CEO & Managing Director

Sd/- Dr. Manohar Rao
Whole Time Director

Sd/-
P.Murali Mohana Rao
Partner
M.No. 023412

Place : Hyderabad
Date : 29-05-2014

Sd/-
Yugandhar Kopparthi
Company Secretary

BASIS OF PREPARATION:

The financial statements have been prepared to comply in all material respects with the accounting standards notified by Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956 ('the Act'). The financial statements have been prepared under historical cost convention on an accrual basis in accordance with accounting principles generally accepted in India. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

USE OF ESTIMATES:

The preparation of financial statements in conformity with generally accepted accounting principles require the management to make estimates and assumptions that affect the reported amounts of Assets and Liabilities and disclosure of Contingent Liabilities at the date of the financial statements and the result of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Significant estimates used by the management in the preparation of these financial statements include estimates of the economic useful life of Fixed Assets and provisions for bad and doubtful debts. Any revision to accounting estimates is recognized prospectively.

1. Accounting Convention and Revenue Recognition:

The Financial Statements have been prepared on a going concern basis in accordance with historical cost convention except for such fixed assets which are revalued. Both Income and Expenditure are recognized on accrual basis.

Sales are accounted Net of Excise Duty, Taxes and Sales Returns. Other Items of Revenue are recognized in accordance with AS-9.

2. Cash Flow Statement: AS-3

The Company has prepared Cash Flow Statement as per the AS-3.

Cash flows are reported using the Indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the group are segregated.

3. Retirements Benefits:

Staff benefits arising out of retirements/death, comprising of contributions to Provident Fund, Superannuation & Gratuity Schemes, accrued Leave Encashment and other post-separation benefits are accounted for on the basis of an independent actuarial valuation, in accordance with AS-15. The actuarial liability is determined with reference to employees at the end of each financial year.

4. Accounting for Fixed Assets:

Fixed Assets are stated at cost of acquisition and subsequent improvements thereto, inclusive of taxes, freight and other incidental expenses related to acquisition, improvements and installation, except in case of revaluation of Fixed Assets where they are stated at revalued amount, as contained in AS-10. Capital Work-in-Progress includes cost of Fixed Assets under installation, any unallocated expenditure and Interest during construction period on loans taken to finance the Fixed Assets.

5. Accounting for Depreciation:

Depreciation on Fixed Assets is provided on straight-line method as per the rates specified in Schedule XIV of the Companies Act, 1956. This is in accordance with the AS-6 and there is no change in the method of Depreciation during the year.

6. Accounting for Government Grants:

Government Grants/Subsidies are accounted in accordance with AS-12.

7. Accounting for Investments:

Long term investments are stated at cost. However, provision for diminution is made to recognise any decline, other than temporary, in the value of long term investments. Current Investments are stated at the lower of cost and fair value.

8. Accounting for Intangible Assets:

Intangible assets are capitalized at cost if :

- It is probable that the future economic benefits that are attributable to the asset will flow to the company;
- The company will have control over the assets;

- The cost of these assets can be measured reliably and is more than ₹10,000/- & this is in accordance with AS-26.

d) Expenditure on Research and Development:

- Capital Expenditure on Research and Development has been capitalized as Fixed Assets at the cost of acquisition inclusive of taxes, freight, and other incidental expenses related to acquisition and installation.
- Revenue Expenditure on research including the expenditure during the research phase of Research and Development projects is charged to Profit and Loss Account as expense in the year of occurrence.

9. Transactions in Foreign Exchange:

Sales/Purchases and revenue incomes/expenses in foreign currency are booked at the exchange rate prevailing on the date of transaction. Gain/Loss arising out of fluctuations in exchange based on the rate on date of realization is accounted for in the Profit and Loss Account as per AS-11.

Foreign Currency Monetary assets and liabilities are translated at year end exchange rates.

Foreign currency loans covered by forward contracts are realigned at the forward contract rates while those not covered by forward contracts are realigned at the rate prevailing at the year end.

Non monetary assets and liabilities are translated at the rate prevailing on the date of transaction and foreign exchange fluctuation gain or loss raised on account of translation of non monetary items like long term loans and advances are accumulated in a reserve account (FCMITDA).

10. Accounting for Borrowing Costs:

Borrowing cost relating to acquisition/construction of qualifying assets are capitalized until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use/sale. Borrowing costs that are attributable to the projects are charged to the respective projects. All other borrowing costs, not eligible for inventorisation/capitalisation, are charged to revenue.

11. Accounting & Valuation for Inventories:

- Materials, Stores & Spares, Tools and Consumables are valued at Cost or Market Value, whichever is lower, on the basis of First In First Out method reflecting the fairest possible approximation to the cost incurred in bringing the items of Inventory to their present location and condition.
- Finished Stock of completed products is valued at lower of Cost or Net Realisable Value on the basis of actual identified units.
- Scrap is valued at Net Realisable Value.
- Work in process in respect of activities is valued at estimated cost.
- Shuttering and Tools is valued at amortised Cost, spread over a period of three years.

12. Accounting for Taxes on Income:

- Provision for tax for the year comprises current Income Tax and Deferred Tax and is provided as per the Income Tax Act, 1961.
- Deferred tax resulting from timing differences between the book and the tax profits is accounted for, at the current rate of tax, to the extent that the timing differences are expected to crystallize. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in the future; however where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets/liabilities are reviewed as at each balance sheet date.

13. Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

- The Company has a present obligation as a result of a past event;
- A probable outflow of resources is expected to settle the obligation; and

- c) The amount of the obligation can be reliably estimated.
- d) Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.

Contingent Liability is disclosed in the case of:

- a) A present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation;
- b) A possible obligation, unless the probability of outflow of resources is remote. Contingent Assets are neither recognized nor disclosed.

14. Earnings per Share:

The earnings considered in ascertaining the companies earning per share comprise net profit after tax and includes the post tax effect of any extra-ordinary/exceptional item is considered. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year.

The no. of shares used in computing diluted earnings per share comprises the weighted average no. of shares considered for deriving basic earnings per share and also the weighted average no. of equity shares that could have been issued on the conversion of all dilutive potential equity shares.

15. Accounting for Impairment of Assets:

Management periodically assesses using external and internal sources whether there is an indication that an asset may be impaired.

Impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of carrying amount over the higher of the asset's net sale price or present value as determined above.

16. Related Party Disclosures:

The Company as required by AS-18 furnishes the details of Related Party Disclosures in the notes to financial statements.

NOTE 1 Share Capital*(₹ in Millions)*

S.No.	Particulars	As at 31-03-2014	As at 31-03-2013
a	Equity Share Capital		
	(a) Authorised		
	(No. of Shares 2,00,00,000- Current Year)	200.00	200.00
	(No. of Shares 2,00,00,000- Previous Year)		
	(b) Issued		
	(No. of Shares 1,62,03,783 Current Year)	162.04	160.61
	(No. of Shares 1,60,60,926 Previous Year)		
	(c) Subscribed & Fully Paid Up		
	(No. of Shares 1,62,03,783 Current Year)	162.04	160.61
	(No. of Shares 1,60,60,926 Previous Year)		
	(d) Subscribed & not fully paid up		-
	(e) Par Value per share ₹10/-		
	Total Equity Share capital	162.04	160.61
b	Preference Share Capital		
	(a) Authorised		
	(No. of Shares 9,10,000- Current Year)	910.00	910.00
	(No. of Shares -9,10,000- Previous Year)		
	(b) Issued	-	-
	(No. of Shares - NIL Current Year)	-	-
	(No. of Shares 6,70,000- Previous Year)		
	(c) Subscribed & Fully Paid Up		
	(No. of Shares - NIL Current Year)		-
	(No. of Shares 6,70,000- Previous Year)		
	(d) Subscribed & not fully paid up		-
	(e) Par Value per share ₹1000/-		
	Total Preference Share capital		-
	Total Share Capital (Equity & preference)	162.04	160.61
c	A Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:		
	Equity Shares of ₹10 Each, Fully paid up		
	At the Beginning	16,060,926	13,933,942
	Issued during the year - Bonus Issue		-
	Issued during the year - Cash Issue		-
	Equity Shares		
	Warrants converted into shares		-
	CCPS Converted into Equity shares	-	2,126,984
	Issued during the year - Other than cash	142,857	-
	Forfeited / Bought Back during the year		
	At the end	16,203,783	16,060,926
d	Preference Shares of ₹1000 Each, Fully paid up		
	At the Beginning	-	670,000
	Issued during the year - Cash Issue		-
	During the year 6,70,000 CCPS converted into 21,26,984 equity shares	-	670,000
	At the end	-	-
e	Details of Shareholder holding more than 5% shares of the company:	% of Share Holding	
	Equity Shares of ₹10 each Held By		
	Nylim Jacob Ballas India Fund III, LLC - No. Of Shares (CY) 21,26,984 (PY) 21,26,984	13.13%	13.24%
	BBR Projects Pvt Ltd - No. Of Shares (CY) 20,42,987 (PY) 19,32,852	12.61%	12.03%
	KITARA PIIN 1102 - No. Of Shares (C.Y) 18,30,137 (PY) 18,30,137	11.29%	11.39%
	Santosh Varalwar - No. Of Shares (C.Y) 12,69,810 (PY) 12,69,810	7.84%	7.91%

NOTE 2 Reserves & Surplus

(₹ in Millions)		
S.No. Particulars	As at 31-03-2014	As at 31-03-2013
I RESERVES AND SURPLUS		
a) Capital Reserve	8.57	8.57
b) Securities Premium Reserve		
As at the commencement of the year	1,718.03	1,201.25
Add: Additions during the year	48.57	516.78
Security Premium Reserve at the End of the Year	1,766.60	1,718.03
c) Revaluation Reserve	10.00	10.00
d) Capital Subsidy		
e) General Reserve		
As at the commencement of the year	117.45	80.71
Add: Additions during the year	26.63	36.74
General Reserve at the End of the Year	144.08	117.45
f) Surplus :		
i) Opening Balance - Profit and Loss Account	1,574.93	1,319.61
Add: Transfer from Profit & Loss Account	266.30	367.36
Less: Transfer To General Reserve	26.63	36.74
	1,814.60	1,650.23
ii) Proposed Dividend		-
Equity Shares Capital	48.61	41.98
Preference Share Capital		22.81
Dividend Tax	7.89	10.51
	1,758.11	1,574.93
g) Foreign Currency Translation Reserve	(125.16)	(148.84)
Total	3,562.20	3,280.14

NOTE 3 Long Term Borrowings

(₹ in Millions)		
S. No. Particulars	As at 31-03-2014	As at 31-03-2013
I Long Term Borrowings (Non Current Portion)		
a) Secured & Considered Good Refer Note No. 3(a)		
Term Loans From Banks	1,062.20	742.25
Term Loans From Financial Institutions	1,441.38	679.87
	2,503.58	1,422.12
b) Unsecured & Considered Good		
FCCB's From Financial Institutions	409.19	417.33
Note No .3(a): Term Loans secured and considered good from State Bank of Hyderabad, State Bank of India, Axis Bank, Exim Bank, International Finance Corporation, IFCI & Allahabad Bank are secured by first pari passu charge on all the present and future fixed assets both movable and immovable properties of the company.		
Total	2,912.77	1,839.45

NOTE 4 Deferred Tax Liability

(₹ in Millions)		
S. No. Particulars	As at 31-03-2014	As at 31-03-2013
I Deferred tax Liability on account of timing difference	310.81	266.67
Deferred Tax Liability/ (Asset) - Net	310.81	266.67

NOTE 5 Other Long Term Liabilities

(₹ in Millions)			
S.No. Particulars		As at 31-03-2014	As at 31-03-2013
I a) Advances from Related Parties & Others Refer Note No. 37		283.61	262.48
b) Others		862.70	424.06
Total		1,146.31	686.54

NOTE 6 Long Term Provisions

(₹ in Millions)			
S.No. Particulars		As at 31-03-2014	As at 31-03-2013
I a) Provisions for Employee Benefits		18.47	14.66
b) Deffered Payment Liabilities		5.06	5.06
Total		23.53	19.72

NOTE 7 Short Term Borrowings

(₹ in Millions)			
S.No. Particulars		As at 31-03-2014	As at 31-03-2013
I Short Term Borrowings			
Working Capital Loans from Banks Refer Note No. 7(a)			
- Secured & Considered Good			
a) Cash Credit & Packing Credit Loans		2,472.59	1,951.47
b) Loan against Foreign Bills Discounting		290.79	304.79
Note No .7(a): All the working capital loans from State Bank of Hyderabad, State Bank of India, Exim Bank & Allahabad Bank are secured by first pari passu charge on all the present and future fixed assets both movable and immovable properties of the company.			
Total		2,763.39	2,256.26

NOTE 8 Trade Payables

(₹ in Millions)			
S. No. Particulars		As at 31-03-2014	As at 31-03-2013
I Trade Payables			
Creditors for Supplies		511.00	281.23
Creditors for Services		17.01	187.11
Creditors for Others			-
Total		528.01	468.34

NOTE 9 Other Current Liabilities

(₹ in Millions)			
S.No. Particulars		As at 31-03-2014	As at 31-03-2013
I Current Maturities of Long Term Debt		681.03	341.66
Other Liabilities		40.92	85.09
Total		721.95	426.75

NOTE 10 Short Term Provisions

(₹ in Millions)			
S.No. Particulars		As at 31-03-2014	As at 31-03-2013
I a) Provision for employee benefits		24.15	3.17
b) Provision for Income Tax		102.67	102.53
c) Provision for Expenses		76.08	14.04
Total		202.91	119.74

NOTE 11 Fixed Assets

(₹ in Millions)									
Sl. No.	Particulars	Gross Block		Depreciation Block			Net Block as at		Net Block as at 01.04.2013
		As at 01.04.2013	Additions Upto 31.03.2014	As at 31.03.2014	As at 01.04.2013	For the period 31.03.2014	Total Depreciation	Net Block as at 31.03.2014	
1	LAND	874.70		874.70	0.00	-	0.00	874.70	874.70
2	BUILDING	700.20	15.17	715.37	77.17	23.81	100.98	614.39	623.03
3	PLANT & MACHINERY	2,575.39	33.27	2,608.66	331.71	123.31	455.02	2,153.64	2,243.68
4	ELECTRICAL EQUIPMENT	64.45	2.76	67.21	16.60	3.12	19.72	47.49	47.85
5	LABORATORY EQUIPMENT	62.99	40.95	103.94	10.68	4.20	14.88	89.06	52.31
6	OFFICE EQUIPMENT	8.62	0.36	8.98	2.40	0.41	2.81	6.17	6.22
7	COMPUTERS	34.27	6.81	41.08	15.52	5.59	21.11	19.97	18.75
8	FURNITURE	20.70	3.31	24.01	6.86	1.43	8.29	15.72	13.85
9	VEHICLES	42.16	-	42.16	18.59	3.49	22.09	20.07	23.57
10	BOREWELL	-	-	-	-	-	-	-	-
11	GENERATOR	-	-	-	-	-	-	-	-
	sub-total	4,383.48	102.64	4,486.11	479.54	165.36	644.91	3,841.21	3,903.94
12	INTANGIBLE ASSETS	163.12	-	163.12	16.31	14.68	30.99	132.13	146.81
	sub-total	163.12	-	163.12	16.31	14.68	30.99	132.13	146.81
13	CAPITAL WORK IN PROGRESS	92.13	63.01	155.14	-	-	-	155.14	92.13
	sub-total	92.13	63.01	155.14	-	-	-	155.14	92.13
	TOTAL	4,638.73	165.64	4,804.37	495.85	180.04	675.90	4,128.48	4,142.88

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH, 2014**NOTE 12 Non- Current Investments**

(₹ in Millions)		
S.No.	Particulars	As at 31-03-2014
I	Non- Current Investments	
	1) Investment in Subsidiaries	
	a) Equity Shares	
	Unquoted Shares at Cost - Other than Trade	2,275.46
	Total	2,275.46

NOTE 13 Other Non Current Assets

(₹ in Millions)		
S.No.	Particulars	As at 31-03-2014
I	Unamortised Expenses	-
	Total	-

NOTE 14 Inventories

(₹ in Millions)		
S.No.	Particulars	As at 31-03-2014
I	Inventories :	
	(a) Raw Materials	1,244.03
	(c) Packing Materials	34.86
	(b) Semi-finished & Work in process	123.16
	(c) Finished Goods	277.60
	(d) Goods - in - Transit	21.67
	Total	1,701.32

NOTE 15 Trade Receivables

(₹ in Millions)		
S.No.	Particulars	As at 31-03-2014
I	Outstanding for a period exceeding six months	
	Unsecured, Considered Good	45.47
	Other Receivables:	
	Unsecured, Considered Good	1,774.69
	Total	1,820.16

NOTE 16 Cash and Bank Balances

(₹ in Millions)		
S.No.	Particulars	As at 31-03-2014
I	Cash and cash equivalents :	
	a) Balances with banks :	
	1) On Current Accounts	42.30
	b) Cash on hand	0.66
	Sub Total	42.96
	Margin money	
	Deposits	89.63
	Total	132.59

NOTE 17 Short Term Loans and Advances

(₹ in Millions)

S.No.	Particulars	As at 31-03-2014	As at 31-03-2013
I	Advances:		
	Advances to Suppliers for Capital Goods	135.46	37.83
	Unsecured & Considered Good		
II	Loans & Advances to Related Party		
	UnSecured & Considered Good	1,606.29	791.98
III	Deposits	334.04	206.66
IV	Others	164.54	212.37
	Total	2,240.32	1,248.84

NOTE 18 Other Current Assets

(₹ in Millions)

S.No.	Particulars	As at 31-03-2014	As at 31-03-2013
I	MAT Receivable	59.31	59.31
	Total	59.31	59.31

NOTE 19 Revenue From Operations

(₹ in Millions)

S.No.	Particulars	For the Year Ended 31.03.2014	For the Year Ended 31-03-2013
I	Revenue from Operations		
	(a) Sale of Products		
	Domestic	2,377.47	2,279.03
	Export	1,939.68	1,955.52
	(b) Other Operating Revenues	2.78	(3.29)
	Total	4,319.93	4,231.26

NOTE 20 Other Income

(₹ in Millions)

S.No.	Particulars	For the Year Ended 31.03.2014	For the Year Ended 31-03-2013
I	Interest on Bank Fixed Deposits	8.10	8.23
	Other Miscellaneous Income	7.40	25.56
	Total	15.50	33.79

NOTE 21 Cost Of Materials Consumed

(₹ in Millions)

S.No.	Particulars	For the Year Ended 31.03.2014	For the Year Ended 31-03-2013
I	Opening Stock of Raw Materials and Consumables	982.15	392.17
	Opening Stock of Packing Materials	34.77	35.52
	Add : Purchases during the year	2,622.54	3,062.93
		3,639.46	3,490.62
	Less : Closing Stock of Raw Materials and Consumables	1,244.03	982.15
	Less : Closing Stock of Packing Materials	34.86	34.77
	Total	2,360.57	2,473.70

NOTE 22 Changes In Inventories & Wip

(₹ in Millions)

S.No.	Particulars	For the Year Ended 31.03.2014	For the Year Ended 31-03-2013
I	Finished Goods		
	Inventories at the beginning of the year	262.63	214.19
	Less : Inventories at the end of the year	277.60	262.63
	Sub Total (A)	(14.97)	(48.44)
	Semi Finished Goods & Work in Progress		
	Inventories at the beginning of the year	124.03	96.94
	Less : Inventories at the end of the year	123.16	124.03
	Less : Goods in Transit		
	Sub Total (B)	0.87	(27.09)
	(Increase) / Decrease in Inventories (A+B)	(14.10)	(75.53)

NOTE 23 Employee Benefit Expenses

(₹ in Millions)

S.No.	Particulars	For the Year Ended 31.03.2014	For the Year Ended 31-03-2013
I	(a) Salaries & Wages	179.43	150.83
	(b) Contribution to Provident Fund & ESI	2.26	2.65
	(c) Bonus	16.15	0.53
	- Staff Training Expenses	0.11	0.42
	- Staff Recruitment Expenses	0.37	0.65
	Total	198.33	155.08

NOTE 24 Other Operating Expenses

(₹ in Millions)

S.No.	Particulars	For the Year Ended 31.03.2014	For the Year Ended 31-03-2013
I	Consumption of Stores & Spares	56.82	62.07
	Power & Fuel	203.59	198.19
	Wages & Allowances	29.71	26.19
	Labour Charges	32.58	37.01
	Repairs to Building	0.68	1.40
	Repairs to Machinery	33.47	24.62
	Other Manufacturing Expenses	34.08	54.91
	Job Work Charges	27.73	35.58
	R & D Expenses	138.49	121.03
	Total	557.15	561.00

NOTE 25 Administrative Expenses

(₹ in Millions)			
S.No.	Particulars	For the Year Ended 31.03.2014	For the Year Ended 31-03-2013
I	Business & Marketing Expenses	26.99	12.92
	Commission & Discounts	5.53	2.82
	Travelling Expenses - Foreign	14.17	9.28
	Printing & Stationery	3.80	3.82
	Telephone & Postage Expenses	6.35	6.80
	Travelling Expenses	7.17	6.33
	Rates & Taxes	6.63	4.74
	Conveyance	11.88	3.87
	Consultancy Charges	29.99	17.17
	Directors' Sitting Fee	0.33	0.25
	Insurance	14.48	9.67
	Rent	9.84	7.39
	Other Administrative Expenses	101.64	80.13
	Bank charges	21.69	12.16
	Processing Fee on Term Loans	22.33	19.84
	Interest on Inter Company Loans	-	-
	Fluctuation on Foreign exchange	(98.94)	(50.01)
	Directors' Remuneration - Salary	34.91	32.14
	Payment to Auditors:		
	(i) As Auditor	2.56	1.22
	(ii) For Taxation Matters	-	-
	Total	221.34	180.54

NOTE 26 Finance Cost

(₹ in Millions)			
S.No.	Particulars	For the Year Ended 31.03.2014	For the Year Ended 31-03-2013
I	(a) Interest Expenses		
	- Interest on Cash Credit	237.82	116.69
	- Interest on Term Loans	128.99	87.53
	- Interest on Vehicle Loan	0.74	0.65
	- Interest on ECB Loan and others	75.89	79.51
	Total	443.44	284.38

NOTE 27 Equity Share Capital

During the financial year 2013-2014, the company issued 1,42,857 fully paid up equity shares of 10 each with a premium of ₹340/- per share other than cash(to the shareholders of Finoso Pharma under swap of shares) to the following individuals.

S.No.	Name of the share Holder	Number of shares
1	Dr. Kumar Kurumaddali	40,413
2	Mrs. Prashanthi Alamuru	1,02,714

NOTE 28

Warrant Application money of ₹23.72 Million received during the earlier years represents monies received for which warrants were not issued by the Company for want of approval from stock exchanges.

NOTE 29 Employee Benefits (Gratuity & Earned Leave Encashment)

The details of the Company's post – retirement benefit plans for its employees including whole-time directors are given below which are certified by an Independent Actuary.

a) Amounts recognized in the Balance Sheet as at 31-03-2014:

		(₹ in Millions)			
		Gratuity		Leave Encashment	
S.No.	Particulars	2013-14	2012-13	2013-14	2012-13
1	Present value of obligation as at the end of the year	13.48	12.89	4.99	3.70
2	Value of fund as at the year end		-	-	-
3	Funded status	13.48	12.89	(4.99)	(3.70)
4	Unrecognised actuarial gain/losses		-	-	-
5	Net asset/liability recognised in Balance Sheet	13.48	12.89	(4.99)	(3.70)

b) Expenses recognized in Profit & Loss Account for the year ended 31-03-2014

(₹ in Millions)					
S.No. Particulars		Gratuity		Leave Encashment	
		2013-14	2012-13	2013-14	2012-13
1	Current Service Cost	2.10	1.87	1.30	0.59
2	Interest Cost	1.05	0.76	0.30	0.27
3	Net actuarial gain/ loss recognised in the year	(2.35)	1.73	(1.97)	(0.31)
4	Expenses recognised in Profit & Loss Account	0.82	4.36	3.58	1.16

c) Present value of Obligation for the year ended 31-03-2014:

(₹ in Millions)					
		Gratuity		Leave Encashment	
S.No.	Particulars	2013-14	2012-13	2013-14	2012-13
1	Present Value of the obligation as at the beginning of the year	12.89	8.80	3.69	3.10
2	Interest Cost	1.05	0.76	0.30	0.27
3	Service Cost	2.10	1.87	1.30	0.59
4	Benefits Paid	(0.21)	(0.27)	(2.28)	(0.58)
5	Actuarial gain/loss on obligations	2.35	1.73	1.97	0.31
6	Present Value of the obligation as at the end of the year	13.48	12.89	4.99	3.69
	a. Current Liability	1.49	1.91	4.99	3.69
	b. Non-Current Liability	11.99	10.98	-	-

d) Actuarial (Gain) / Loss recognised during the year:

(₹ in Millions)					
S.No. Particulars		Gratuity		Leave Encashment	
		2013-14	2012-13	2013-14	2012-13
1	Actuarial (gain)/Loss for the year-Obligation	2.35	(1.73)	(1.97)	(0.31)
2	Total (Gain)/Loss for the year	(2.35)	1.73	1.97	0.31
3	Actuarial (gain)/ loss recognised in the year	(2.35)	1.73	(1.97)	(0.31)

e) Assumptions:

Assumptions made for the purpose of Gratuity & Leave Encashment valuation for the year ended 31-03-2014

(₹ in Millions)					
S.No. Particulars		Gratuity		Leave Encashment	
		2013-14	2012-13	2013-14	2012-13
1	Discount Rate	9.13%	8.20%	9.14 %	8.20%
2	Rate of increase in Compensation Levels	2% p.a	2%p.a	2%	2%p.a
3	Rate of Return on plan assets	0%	0%	0%	0%
4	Expected average remaining working lives of employees (years)	24 Yrs	24 yrs	24 Yrs	24yrs

NOTE 30 Treatment of Capital Work in Progress

Capital Work in Progress includes Cost of Land under acquisition and Plant, Machinery & Equipments under installation.

NOTE 31 Detailed information regarding quantitative particulars under part II of schedule VI to the Companies Act, 1956

Quantitative information with regard to Licensed Capacity and & Installed Capacity per annum.

Sl. No.	Item	UOM	Quantity
1	Speciality Chemicals	MT	4,000
2	Capsules	Million	400
3	Tablets	Million	100
4	Lotions	KL	800
5	Ointments	MT	5
6	Small Volume Parenterals	KL	400

NOTE 32 Production Data

Sl. No.	Items	UOM	Quantity	
			2013-14	2012-13
1	Specialty Chemicals	MT	3,050.45	3,927.70
2	Capsules	Million	56.87	387.09
3	Tablets	Million	77.26	53.76
4	Lotions	KL	805.72	782.13
5	Ointments	MT	18.51	1.72
6	Small Volume Parenterals	KL	320.50	364.68
7	Others	MT	173.55	1,078.71

NOTE 33 Sales Data

Product	UOM	Qty.		Value (Million)	
		2013-14	2012-13	2013-14	2012-13
Specialty Chemicals	MT	3259.49	3,741.70	3511.22	3,286.44
Capsules	Million	63.64	370.40	42.53	230.16
Tablets	Million	75.54	54.87	40.29	161.47
Lotions	KL	799.01	781.46	154.77	126.47
Ointments	MT	14.29	0.83	15.48	0.19
Small Volume Parenterals	KL	335.96	345.07	255.05	236.45
Others	MT	168.79	1,072.71	300.60	190.07
Total				4319.93	4,230.36

NOTE 34 Opening & Closing Stock of Finished Goods

Product	UOM	Opening Stock		Closing Stock	
		Quantity	Value (Millions)	Quantity	Value (Millions)
Specialty Chemicals	MT	318.93	234.07	109.89	255.28
Capsules	Million	16.71	11.35	9.94	7.27
Tablets	Million	2.33	9.53	4.05	8.52
Lotions	KL	6.64	3.81	13.35	2.66
Ointments	MT	1.38	0.37	5.61	0.33
Small Volume Parentals	KL	20.55	3.50	5.09	3.54
Total			262.63		277.60

NOTE 35 Consumption of Materials

S.No.	Particulars	2013-14		2012-13	
		₹ Millions	% of Consumption	₹ Millions	% of Consumption
1	Indigenous	1901.13	80.54%	1,675.44	67.73%
2	Imported	459.44	19.46%	798.26	32.27%

NOTE 36 Related Party Disclosures Accounting Standard 18

List of Related Parties and Relationships		Country of Incorporation
(i) Holding Company		
Vivimed Labs Limited		India
(ii) Subsidiary Companies		
1 Octanttis Nobel Labs Pvt Limited, India		India
2 Creative Health Care Private Limited, India		India
3 KlarSehen Private Limited, India		India
4 FinosoPharma Private Limited		India
5 VivimedAlathur Private Limited		India
6 Vivimed Holdings Limited, Hong Kong		Hongkong
7 Vivimed Labs Europe Limited, UK		United Kingdom
8 Vivimed Lab USA Inc. USA		USA
9 Vivimed Labs Spain SL		Spain
10 Union QuimicoFarmaceutica SAU, Spain		Spain
11 Uquifa Mexico S A de C.V		Mexico
12 Vivimed Labs Mauritius Limited		Mauritius
13 Holiday International Limited		United Kingdom
14 Vivimed Labs UK Limited		United Kingdom

(iii) Enterprises in which key Management Personnel have significant influence

1 BBR Projects Pvt Ltd	India
2 Kreative Hosts Atria Pvt. Ltd.	India
3 Yantra Green Power Pvt Ltd	India

(iv) Key Management Personnel

	Position
1 Santosh Varalwar	CEO & Managing Director
2 Subhash Varalwar	Whole Time Director
3 Dr. V Manohar Rao	Whole Time Director
4 Sandeep Varalwar	Whole Time Director
5 S Raghunandan	Whole Time Director

NOTE 37 Transactions with related parties

			(₹ in Millions)	
Nature of Transactions		2013-14	2012-13	
1 Investment in				
Octanttis Nobel Labs Pvt Limited, India		23.00	23.00	
Creative Health Care Private Limited, India		25.00	25.00	
KlarSehen Private Limited, India		200.00	200.00	
FinosoPharma Private Limited		100.00	-	
VivimedAlathur Private Limited		1,220.00	-	
Vivimed Holdings Limited, Hong Kong		0.07	0.07	
Vivimed Lab USA Inc. USA		246.98	246.98	
Vivimed Labs Mauritius Limited		460.41	460.41	
2 Loans & Advances given/(Returned)				
Octanttis Nobel Labs Pvt Limited, India		17.04	-	
KlarSehen Private Limited, India		93.86	0.43	
VivimedAlathur Private Limited		465.60	-	

NOTE 37 Transactions with related parties (contd.)

(₹ in Millions)		
Nature of Transactions	2013-14	2012-13
Yantra Green Power Pvt Ltd	25.00	-
Vivimed Holdings Limited, Hong Kong	-	68.18
Vivimed Lab USA Inc. USA	(46.27)	-
Vivimed Labs Mauritius Limited	-	30.89
Vivimed Labs Spain SL	179.78	-
3 Loans & Advances Receivable		
Octanttis Nobel Labs Pvt Limited, India	108.28	91.23
KlarSehen Private Limited, India	88.55	(5.36)
VivimedAlathur Private Limited	465.60	-
Yantra Green Power Pvt Ltd	25.00	-
Vivimed Holdings Limited, Hong Kong	855.92	764.64
Vivimed Lab USA Inc. USA	33.15	79.41
Vivimed Labs Mauritius Limited	132.82	132.82
Vivimed Labs Spain SL	219.89	40.11
4 Loan & Advance taken/(repaid)		
Creative Health Care Private Limited, India	37.30	-
KlarSehen Private Limited, India	-	7.50
FinosoPharma Private Limited	32.35	-
VivimedAlathur Private Limited	1,107.40	-
Vivimed Labs Europe Limited, UK	(30.15)	-
Vivimed Labs Spain SL	9.39	-
Union QuimicoFarmaceutica SAU, Spain	21.89	-
5 Loans & Advances Payable		
Creative Health Care Private Limited, India	42.30	5.00
KlarSehen Private Limited, India	67.50	67.50
FinosoPharma Private Limited	32.35	-
VivimedAlathur Private Limited	1,107.40	-
Vivimed Labs Europe Limited, UK	20.94	51.09
Vivimed Labs Spain SL	148.28	138.89
Union QuimicoFarmaceutica SAU, Spain	21.89	-
6 Sales & Dossier to		
Creative Health Care Private Limited, India	5.02	-
KlarSehen Private Limited, India	6.83	5.00
Vivimed Labs Europe Limited, UK	679.21	667.72
Vivimed Lab USA Inc. USA	275.03	238.29
Union QuimicoFarmaceutica SAU, Spain	102.69	174.01
Uquifa Mexico S A de C.V	25.73	49.52
7 Receivable from		
KlarSehen Private Limited, India	2.73	2.25
Vivimed Labs Europe Limited, UK	287.44	249.76
Vivimed Lab USA Inc. USA	138.43	39.59
Union QuimicoFarmaceutica SAU, Spain	20.20	61.43
Uquifa Mexico S A de C.V	8.20	9.19
8 Purchases from		
Creative Health Care Private Limited, India	0.03	2.54
KlarSehen Private Limited, India	0.02	-
Vivimed Labs Europe Limited, UK	8.44	-
Vivimed Lab USA Inc. USA	2.35	-
9 Services, Interest & reimbursement availed		
Creative Health Care Private Limited, India	0.06	-
KlarSehen Private Limited, India	4.19	3.27
Vivimed Labs Europe Limited, UK	12.72	-
Vivimed Lab USA Inc. USA	0.88	-
BBR Projects Pvt Ltd	2.43	2.43
Kreative Hosts Atria Pvt. Ltd.	0.85	0.90
10 Payable to		
Vivimed Labs Europe Limited, UK	9.09	17.11

NOTE 37 Transactions with related parties (contd.)

(₹ in Millions)		
Nature of Transactions	2013-14	2012-13
Vivimed Lab USA Inc. USA	10.24	1.80
Kreative Hosts Atria Pvt. Ltd.	0.48	0.06
BBR Projects Pvt Ltd	17.13	0.21
11 Directors Remuneration		
Dr. V Manohar Rao	6.50	10.00
Subhash Varalwar	6.50	10.00
Santosh Varalwar	9.00	11.50
Sandeep Varalwar	7.00	10.50
S Raghunandan	5.00	5.00
Dr.R K Dhar	-	2.39

NOTE 38 Contingent Liabilities

(₹ in Mn)			
Particulars		As at 31-03-2014	As at 31-03-2013
Letter of Credit	Foreign LC's	4.80	86.93
	Inland LC's	452.10	185.50
	Axis Bank – SBLC	600.98	543.89
Bank Guarantee	State Bank of Hyderabad, Balanagar Branch, Hyderabad.	4.90	1.19

S.No.	Nature of Liability	Assessment Year	Amount in ₹
1	Income Tax	2006-2007	7,06,057
2	Income Tax	2008-2009	3,83,82,461
3	Income Tax	2009-2010	13,50,763

NOTE 39 Contingent Liability on account of Corporate Guarantees

(₹ in Mn)			
Name of the Subsidiary	Details of the Lender	As at 31-03-2014	As at 31-03-2013
Vivimed Labs Europe Limited, UK.	State Bank of India, London Branch	300.45	412.24
Vivimed Labs Spain S.L.	EXIM Bank	1050.62	1218.55
Octantites Noble P Ltd	Yes bank	NIL	31.16
Vivimed Labs USA Inc.,	ICICI Bank, USA	106.49	103.06
Creative Health care Pvt Ltd	Axis Bank	100.35	Nil

NOTE 40

Amount of delayed outstanding dues to Micro and Small Enterprise as per MSME Development Act, 2006, could not be ascertained at the end of the Financial Year.

NOTE 41 FOREIGN EXCHANGE INFLOW AND OUTFLOW

Particular	Nature of Currency	Year 2013-14		Year 2012-13	
		Amount in Foreign Currency in Millions	₹ In Million	Amount in Foreign Currency in Millions	₹ In Million
INFLOW					
On Export of Goods	USD	21.40	1,287.86	24.58	1,337.30
	Euro	8.45	697.89	13.62	947.50
	GBP	0.02	1.91	-	-
Foreign Company Term Loan & Interest	USD	0.35	21.89	-	-
International Finance Corporation-ECB	USD	-	-	12.50	679.86
State Bank of India	USD	-	-	5.00	271.94
Working Capital	USD	34.91	2,069.97	-	-

Particular	Nature of Currency	Year 2013-14		Year 2012-13	
		Amount in Foreign Currency in Millions	₹ In Million	Amount in Foreign Currency in Millions	₹ In Million
OUTFLOW					
Raw Material	USD	11.53	705.66	10.99	598.10
	Euro	0.81	63.51	0.65	45.44
Capital Goods	USD			-	-
Travelling	GBP			0.00	0.05
	USD	0.05	3.52	0.03	1.40
	Euro	0.03	2.09	0.05	3.50
	SGD	0.00	0.01		
Foreign Company Term Loan & Interest	USD	6.90	424.87	0.34	9.46
Others(Analytical Charges, Legal Opinion charges, Registration charges , Commission etc)	USD	2.46	0.03	-	-
Bank charges	USD	0.91	0.02	-	-
	Euro	0.00	0.00	-	-
Working Capital	USD	28.42	1,696.82	-	-

NOTE 42 Earnings Per Share

(₹ in Millions)			
Particulars		2013 – 14	2012 – 13
Net profit after tax		266.30	367.35
Weighted Average Numbers of shares	Nos.	16,203,783	16,060,926
Basic EPS	(₹)	16.43	22.87
Diluted EPS	(₹)	16.43	22.87

NOTE 43 Commission paid to Independent Directors

During the financial year, ₹9,26,763/- was paid to Mr. P. V. Rathnam towards commission.

NOTE 44

Segment wise Information is furnished in Annexure -A.

NOTE 45

Closing Balances of Debtors / Creditors / Loans & Advances are subjected to confirmation from the parties.

NOTE 46

Previous year's numbers have been regrouped, rearranged, recasted, wherever necessary to confirm to Current Year Classification.

NOTE 47

The numbers have been rounded off to the nearest millions of rupees.

As per our report of even date

For P.Murali & Co.,
Firm Regn. No: 007257S
Chartered Accountants

Sd P.Murali Mohana Rao
Partner
M.No. 023412

Place : Hyderabad
Date : 29-05-2014

For. VIVIMED LABS LIMITED
Sd/-
Santosh Varalwar
CEO & Managing Director

Sd/-
Dr. Manohar Rao
Whole Time Director

Sd/-
Yugandhar Kopparthi
Company Secretary

Annexure - A

Segment Information

Sl.No	Product	Speciality Chemicals		Pharmaceuticals		Total	
		2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
1	REVENUE						
	External Turnover	3,511.22	3286.44	808.71	944.81	4,319.93	4231.25
	Inter Segment Turnover	NIL	NIL	NIL	NIL	NIL	NIL
	TOTAL REVENUE	3,511.22	3,286.44	808.71	944.81	4,319.93	4,231.25
2	RESULTS						
	Operating Profit	662.69	633.6	153.32	156.36	816.01	789.96
	Interest Expenses	381.10	271.54	62.34	12.84	443.44	284.38
	Interest Income	14.52	7.48	0.98	0.75	15.50	8.23
	Profit Before Tax	296.11	369.54	91.96	144.27	388.07	513.81
	Current Tax	63.35	73.67	14.29	28.85	77.64	102.52
	Deferred Tax	39.02	33.76	5.12	10.16	44.14	43.92
	Profit After Tax	193.74	262.11	72.55	105.26	266.29	367.37
3	OTHER INFORMATION						
	Segment Assets	10,950.06	8488.51	1,407.57	1059.43	12,357.64	9547.94
	Unallocated Corporate Assets	-	-	-	-	-	-
	Total Assets	10,950.06	8488.51	1,407.57	1059.43	12,357.64	9547.94
	Segment Liabilities	7,937.25	5636.64	672.43	446.83	8,609.67	6083.47
	Unallocated Corporate Liabilities	-	-	-	-	-	-
	Total Liabilities	7,937.25	5636.64	672.43	446.83	8,609.67	6083.47
	Capital Employed	8,043.18	7,702.90	2,918.08	755.43	10,961.26	8,458.33
	Capital Expenditure - Net	149.85	1123.47	15.80	22.63	165.64	1,146.10
	Depreciation	144.68	129.73	20.68	19.97	165.36	149.70
	Non cash EXP.Other than Depreciation	14.68	22.31	0.59	0.05	15.27	22.36

(₹ in Millions)		
PARTICULARS	31.03.2014	31.03.2013
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax and Extraordinary items	388.08	513.81
Add : Adjustment for		
-- Depreciation	180.63	172.07
-- Financing Charges	205.62	88.17
Operating Profit before Working Capital Changes	774.34	774.05
Working Capital changes		
Add/(Less) : (Increase)/Decrease in		
-- Trade Receivables	(219.57)	(613.42)
-- Inventories	(297.74)	(664.77)
-- Loans, Advances & Deposits	(991.48)	638.19
--Other Current Assets	-	(59.31)
-- Trade Payables	59.67	196.05
--Other Current Liabilities	339.34	207.94
--Short term Provisions	5.52	(326.58)
--Short term Borrowings	507.13	230.73
--Direct Taxes Paid	(44.14)	59.31
NET CASH FLOWS FROM OPERATING ACTIVITIES	133.07	442.19
B. CASH FLOW FROM INVESTING ACTIVITIES		
--Proceeds from Fixed Assets	(117.90)	(1,131.06)
--Proceeds from Intangible Assets	14.69	(146.82)
--(Increase)/Decrease in Capital Work in Progress	(63.00)	(15.05)
--(Increase)/Decrease in Miscellaneous Expenditure	0.59	300.02
--(Increase)/Decrease in Investments	(1,320.00)	(83.76)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(1,485.62)	(1,076.67)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
-- Long Term Borrowings	1,073.32	432.07
--Other Long Term Liabilities	459.78	581.47
--Share Premium & Others	-	516.78
-- Preference Share Capital & Pending allotment Money	48.57	-
-- Share Capital	1.43	(648.73)
--Long Term Provisions	3.81	7.82
-- Interest paid	(205.62)	(88.17)
-- Dividend Paid	(56.50)	(75.29)
-- Foreign Exchange Fluctuation	23.68	(148.86)
NET CASH FLOWS FROM FINANCING ACTIVITIES	1,348.46	577.09
NET INCREASE IN CASH AND CASH EQUIVALENTS	(4.08)	(57.39)
Opening Cash and Equivalents	136.67	194.06
Closing Cash and Equivalents	132.59	136.67

As per our report of even date

For P.Murali & Co.,
Firm Regn. No: 007257S
Chartered Accountants

Sd/-
P.Murali Mohana Rao
Partner
M.No. 023412

Place : Hyderabad
Date : 29-05-2014

For. VIVIMED LABS LIMITED
Sd/-
Santosh Varalwar
CEO & Managing Director

Sd/-
Dr. Manohar Rao
Whole Time Director

Sd/-
Yugandhar Kopparthi
Company Secretary

INDEPENDENT AUDITORS' REPORT

To
the Board of Directors of,
M/s. VIVIMED LABS LIMITED

Report on the Financial Statements:
We have audited the accompanying consolidated financial statements of M/s. VIVIMED LABS LIMITED which comprise the consolidated Balance Sheet as at March 31, 2014, and the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:
Management is responsible for the preparation of these Consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion

on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We did not audit the financial statements of the subsidiaries of M/s VIVIMED LABS LIMITED, whose financial statements reflect total assets of ₹61,514.27/- lakhs as at 31st March, 2014 and total revenue of ₹92,550.47/- Lakhs for the year ended on that date and these financial statements have been audited by other auditors whose reports have been furnished to us. Our opinion in so far as it relates to the said amounts included in respect of the subsidiaries is based solely on the accounts prepared and certified by them.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion:
In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act 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 (a) In the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) In the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) In the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For P. Murali & Co.,
Chartered Accountants
Firm's Registration Number: 007257S

(P. Murali Mohana Rao)
Partner
Place: Hyderabad
Date: 29-05-2014
Membership Number: 023412

(₹ in Millions)

Particulars	Note No	As at 31.03.14	As at 31.03.13
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1		
(i) Equity Share Capital		162.04	160.61
(ii) Preference Share Capital		639.46	639.46
(b) Reserves and Surplus	2	4,778.40	4,267.66
(c) Money Received against Share Warrants		23.72	23.72
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	3	4,366.31	2,969.20
(b) Deferred Tax Liabilities (Net)	4	254.60	171.98
(c) Other Long Term Liabilities	5	653.07	1,340.96
(d) Long Term Provisions	6	51.57	14.65
(3) Current Liabilities			
(a) Short-Term Borrowings	7	3,754.54	3,011.27
(b) Trade Payables	8	2,040.40	1,662.79
(c) Other Current Liabilities	9	1,387.83	1,161.02
(d) Short-Term Provisions	10	397.14	272.23
Total		18,509.06	15,695.55
II.ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible Assets	11	7,077.71	6,333.70
(ii) Intangible Assets	11	1,001.49	756.69
(iii) Capital Work-In-Progress	11	381.18	269.18
(b) Non-Current Investments	12	2.44	2.44
(c) Other Non-Current Assets	13	201.83	182.71
(2) Current Assets			
(a) Inventories	14	4,266.60	3,402.62
(b) Trade Receivables	15	3,478.26	3,082.25
(c) Cash and Bank Balances	16	345.73	239.57
(d) Short-Term Loans and Advances	17	1,530.41	1,198.22
(e) Other Current Assets	18	223.43	228.17
Total		18,509.06	15,695.55

Summary of Significant Accounting Policies and the accompanying Notes are an integral part of financial statements

As per our report of even date

For P.Murali & Co.,
Firm Regn. No: 007257S
Chartered Accountants

For. VIVIMED LABS LIMITED
Sd/- Santosh Varalwar
CEO & Managing Director

Sd/- Dr. Manohar Rao
Whole Time Director

Sd/-
P.Murali Mohana Rao
Partner
M.No. 023412

Place : Hyderabad
Date : 29-05-2014

Sd/-
Yugandhar Kopparthi
Company Secretary

(₹ in Millions)

Particulars	Note No	For the Year Ended 31-03-2014	For the Year Ended 31-03-2013
Revenue:			
Revenue from Operations	19	13,508.33	11,087.96
Other Income	20	82.15	118.74
Total		13,590.48	11,206.70
Expenses:			
Cost of Materials Consumed	21	6,637.08	5,374.33
Changes in Inventories (Finished goods and WIP)	22	(73.84)	(241.59)
Employee Benefit Expenses	23	658.61	503.27
Other Operating Expenses	24	3,305.56	2,745.61
Administrative Expenses	25	930.38	848.88
Financial Costs	26	602.91	409.32
Depreciation and Amortization Expenses	11	661.16	588.11
Total		12,721.86	10,227.94
Profit Before Tax		868.62	978.76
Tax Expense:			
(a) Current tax		199.81	183.01
(b) Deferred tax		4.86	19.22
(c) MAT Credit			(59.31)
Profit After Tax		663.94	835.84
Earning Per Equity Share:			
(1) Basic		40.97	52.04
(2) Diluted		40.97	52.04

Summary of Significant Accounting Policies and the accompanying Notes are an integral part of financial statements

As per our report of even date

For P.Murali & Co.,
Firm Regn. No: 007257S
Chartered Accountants

For. VIVIMED LABS LIMITED
Sd/- Santosh Varalwar
CEO & Managing Director

Sd/- Dr. Manohar Rao
Whole Time Director

Sd/-
P.Murali Mohana Rao
Partner
M.No. 023412

Place : Hyderabad
Date : 29-05-2014

Sd/-
Yugandhar Kopparthi
Company Secretary

1. Basis of Preparation :

The Financial Statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956 ('the Act'). The Financial Statements have been prepared under historical cost convention on an accrual basis in accordance with accounting principles generally accepted in India. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

2. Use of Estimates :

The preparation of Financial Statements is in conformity with generally accepted accounting principles and requires the management to make estimates and assumptions that affect the reported amounts of Assets and Liabilities and disclosure of Contingent Liabilities at the date of the financial statements and the result of operations during the reporting period. Although these estimates are based upon Management's best knowledge of current events and actions, actual results could differ from these estimates. Significant estimates used by the Management in the preparation of these Financial Statements include estimates of the economic useful life of Fixed Assets and Provisions for Bad and Doubtful Debts. Any revision to accounting estimates is recognized prospectively.

3. Principles of Consolidation :

The Consolidated Financial Statements relates to VIVIMED LABS LIMITED and its wholly owned Indian subsidiaries, Creative Health Care Private Limited, Mumbai, (Share Holding 100 %, incorporated in India), Octtantis Nobel Labs Private Limited, Hyderabad (Share Holding 100 %, incorporated in India), Klar Sehen Private Limited, Kolkata (Share Holding 100 %, incorporated in India), Vivimed Holdings Limited, (Incorporated in HongKong including its 100 % Subsidiary, Vivimed Labs Europe Limited, London), Vivimed Labs USA Inc., (Share Holding 100 %, incorporated in USA) and Vivimed Labs Mauritius Ltd (Incorporated in Mauritius including their 100 % step down Subsidiaries Vivimed Labs UK Limited, Vivimed Labs Spain S L, Union Quimico Farmaceutica S.A.U., Spain, and Holiday International Limited, UK, Uquifa Mexico S.A. de C.V.) , as at 31st March, 2014, have been prepared on the following basis :

- (i) The Financial statements of the company and its subsidiaries have been consolidated on line-by-line basis by adding together the book values of like items of Assets, Liabilities, Income and Expenses, after eliminating intra group balances, intra group transactions and unrealized profits on stocks arising out of intra group transactions as per Accounting Standard 21 – "Consolidated Financial Statements" notified by the Companies (Accounting Standard) Rules, 2006;
- (ii) Minority interest in the Net Assets of the Consolidated Subsidiary is identified and presented in Consolidated Balance Sheet separately from Current Liabilities and Equity of the Company.
Minority Interest in the Net Assets of Consolidated Subsidiary consists of:
 - (i) The Amount of Equity attributable to minorities at the date on which investment in subsidiary is made and
 - (ii) The Minorities share of movement in the Equity since the date the parent subsidiary relationship came into existence.
 - (iii) Minority Interest in the net profit for the year of Consolidated subsidiaries is identified and adjusted against the profit after tax of the group;
 - (iv) The Consolidated Financial Statements are prepared to the extent possible using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the companies separate Financial Statements.

4. Accounting Convention and Revenue Recognition:

The Financial Statements have been prepared on a going concern basis in accordance with historical cost convention except for such Fixed Assets which are revalued. Both Income and Expenditure are recognized on Accrual basis.

Sales are accounted Net of Excise Duty, Taxes and Sales Returns. Other Items of Revenue are recognized in accordance with AS - 9

5. Cash Flow Statement : AS - 3

The Company has prepared Cash Flow Statement as per the AS - 3.

6. Retirements Benefits:

Staff Benefits arising out of retirements/death, comprising of contributions to Provident Fund, Superannuation & Gratuity Schemes, accrued Leave Encashment and other post-separation benefits are accounted for on the basis of an independent actuarial valuation, in accordance with AS - 15. The actuarial liability is determined with reference to employees at the end of each financial year.

7. Accounting for Fixed Assets:

Fixed Assets are stated at cost of acquisition and subsequent improvements thereto, inclusive of taxes, freight, and other incidental expenses related to acquisition, improvements and installation, except in case of revaluation of Fixed Assets where it is stated at revalued amount, as contained in AS - 10. Capital Work-in-Progress includes Cost of Fixed Assets under installation, any unallocated expenditure and Interest during construction period on loans taken to finance the Fixed Assets.

8. Accounting for Depreciation:

Depreciation on Fixed Assets is provided on straight-line method as per the rates specified in Schedule XIV of the Companies Act, 1956. This is in accordance with the AS - 6 and there is no change in the method of Depreciation during the year.

9. Accounting for Government Grants:

Government Grants/Subsidies are accounted in accordance with AS - 12.

10. Accounting for Investments :

Long term investments are stated at cost. However, provision for diminution is made to recognise any decline, other than temporary, in the value of long term investments. Current Investments are stated at the lower of cost and fair value.

11. Intangible Assets :

(a) Intangible assets are capitalized at cost if :

- It is probable that the future economic benefits that are attributable to the asset will flow to the company;
- The company will have control over the assets;
- The cost of these assets can be measured reliably and is more than ₹10,000/- &
- This is in accordance with AS-26.

(b) Expenditure on Research and Development:

- Capital Expenditure on Research and Development has been capitalized as Fixed Assets at the cost of acquisition inclusive of taxes, freight, and other incidental expenses related to acquisition and installation.
- Revenue Expenditure on Research including the expenditure during the Research phase of Research and Development projects is charged to Profit and Loss Account as expense in the year of occurrence.

The above accounting is in compliance with AS - 26.

12. Transactions in Foreign Exchange:

Sales/Purchases and revenue Incomes/Expenses in foreign currency are booked at the exchange rate prevailing on the date of transaction. Gain/Loss arising out of fluctuations in exchange based on the rate on date of realization is accounted for in the Profit and Loss Account as per AS - 11.

Foreign Currency Monetary Assets and Liabilities are translated at year end exchange rates.

Foreign Currency Loans covered by forward contracts are realigned at the forward contract rates while those not covered by forward contracts are realigned at the rate prevailing at the year end.

Non monetary assets and liabilities are translated at the rate prevailing on the date of transaction and foreign exchange fluctuation gain or loss raised on account of translation of non monetary items like long term loans and advances are accumulated in a reserve account (FCMITDA).

13. Borrowing Cost :

Borrowing cost relating to acquisition/construction of qualifying assets are capitalized until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use/sale. Borrowing cost that are attributable to the projects are charged to the respective projects. All other borrowing costs, not eligible for inventorisation/capitalisation, are charged to revenue.

14. Inventories :

- a) Materials, Stores & Spares, Tools and Consumables are valued at Cost or Market Value, whichever is lower, on the basis of First In First Out method reflecting the fairest possible approximation to the cost incurred in bringing the items of Inventory to their present location and condition.
- b) Finished Stock of completed products is valued at lower of Cost or Net Realisable Value on the basis of actual identified units.

- c) Scrap is valued at Net Realisable Value.
- d) Work in Progress in respect of activities is valued at estimated cost.
- e) Shuttering and Tools is valued at amortised Cost, spread over a period of three years.

15. Taxes on Income :

- a) Provision for Tax for the year comprises current Income Tax and Deferred Tax and is provided as per the Income Tax Act, 1961.
- b) Deferred tax resulting from timing differences between the Book and the Tax Profits is accounted for, at the current rate of tax, to the extent that the timing differences are expected to crystallize. Deferred Tax Assets are recognized only to the extent there is reasonable certainty that the assets can be realized in the future; however where there is unabsorbed depreciation or carried forward loss under taxation laws, Deferred Tax Assets are recognized only if there is a virtual certainty of realization of such assets. Deferred Tax Assets/Liabilities are reviewed as at each Balance Sheet date.

16. Provisions, Contingent Liabilities and Contingent Assets :

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if :

- a) The Company has a present obligation as a result of a past event;
- b) A probable outflow of resources is expected to settle the obligation; and
- c) The amount of the obligation can be reliably estimated.

Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.

Contingent Liability is disclosed in the case of:

- i) A present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation;
- ii) A possible obligation, unless the probability of outflow of resources is remote. Contingent Assets are neither recognized nor disclosed.

17. Earnings per Share:

The earnings considered in ascertaining the companies earning per share comprise net profit after tax and includes the post tax effect of any extra-ordinary/exceptional item is considered. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year.

The no. of shares used in computing diluted earnings per share comprises the weighted average no. of shares considered for deriving basic earnings per share and also the weighted average no. of equity shares that could have been issued on the conversion of all dilutive potential equity shares.

18. Impairment of Assets :

Management periodically assesses using external and internal sources whether there is an indication that an asset may be impaired. Impairment occurs where the carrying value exceeds the present value of future Cash Flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sale price or present value as determined above.

NOTE 1 Share Capital*(₹ in Millions)*

S.No.	Particulars	As at 31-03-2014	As at 31-03-2013
a	Equity Share Capital		
	(a) Authorised		
	(No. of Shares 2,00,00,000- Current Year)		
	(No. of Shares 2,00,00,000- Previous Year)	200.00	200.00
	(b) Issued		
	(No. of Shares 1,62,03,783 Current Year)		
	(No. of Shares 1,60,60,926 Previous Year)	162.04	160.61
	(c) Subscribed & Fully Paid Up		
	(No. of Shares 1,62,03,783 Current Year)		
	(No. of Shares 1,60,60,926 Previous Year)	162.04	160.61
	(d) Subscribed & not fully paid up		-
	(e) Par Value per share ₹10/-		
	Total Equity Share capital	162.04	160.61
b	Preference Share Capital		
1	Authorised		
	(a) Vivimed Labs Limited India		
	(No. of Shares 9,10,000- Current Year)	910.00	910.00
	(No. of Shares -9,10,000- Previous Year)		
	(b) Vivimed Labs Mauritius Ltd - WOFS	639.45	639.45
	(No. of Shares 1,25,00,000- Current Year @ US \$ 1/- each)		
	(No of Shares - 1,25,00,000 - Previous Year)		
2	Issued		
	(a) Vivimed Labs Limited India		
	(No. of Shares - NIL Current Year)		-
	(No. of Shares 6,70,000 - Previous Year)		
	(b) Vivimed Labs Mauritius Ltd - WOFS	639.45	639.45
	(No. of Shares 1,25,00,000 - Current Year @ US \$ 1/- each)		
	(No of Shares - 1,25,00,000 - Previous Year)		
3	Subscribed & Fully Paid Up		
	(a) Vivimed Labs Limited India		
	(No. of Shares - NIL Current Year)		-
	(No of shares 6,70,000 Previous year - Converted into 2126984 equity shares on 22.03.2013)		
	(b) Vivimed Labs Mauritius Ltd - WOFS		
	(No.of Shares 1,25,00,000 - Current Year)		
	(No.of Shares 1,31,70,000 - Previous Year)	639.45	639.45
	(d) Subscribed & not fully paid up		-
	(e) Par Value per share ₹1000/- each & US \$ 1/- each		
	Total Preference Share capital	639.45	639.45
	Total Share Capital (Equity & preference)	801.49	800.06
c	Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:		
	Equity Shares of ₹10 Each, Fully paid up		
	At the Beginning	16,060,926.00	13,933,942
	Issued during the year - Bonus Issue		-
	Issued during the year - Cash Issue		-
	Equity Shares		
	Warrants converted into shares		-
	CCPS Converted into Equity shares	-	2,126,984
	Issued during the year - Other than cash	142,857	-
	Forfeited / Bought Back during the year		
		16,203,783.00	16,060,926.00

NOTE 1 Share Capital (contd.)

		(₹ in Millions)	
S.No.	Particulars	As at 31-03-2014	As at 31-03-2013
d	Preference Shares of ₹1000/- Each, Fully paid up		
	At the Beginning		670,000
	Issued during the year - Cash Issue		
	During the year 6,70,000 CCPS converted into 21,26,984 equity shares		670,000
	At the end	-	-
e	Details of Shareholder holding more than 5% shares of the company:	% of Share Holding	
	Equity Shares of ₹10 each Held By		
	Nylim Jacob Ballas India Fund III, LLC - No. Of Shares (CY) 21,26,984 (PY) 21,26,984	13.13%	13.24%
	BBR Projects Pvt Ltd - No. Of Shares (CY) 20,42,987 (PY) 19,32,852	12.61%	12.03%
	KITARA PIIN 1102 - No. Of Shares (C.Y) 18,30,137 (PY) 18,30,137	11.29%	11.39%
	Santosh Varalwar - No. Of Shares (C.Y) 12,69,810 (PY) 12,69,810	7.84%	7.91%

NOTE 2 Reserves & Surplus

		(₹ in Millions)	
S.No.	Particulars	As at 31-03-2014	As at 31-03-2013
I	RESERVES AND SURPLUS		
a)	Capital Reserve	8.57	8.57
b)	Securities Premium Reserve		
	Opening Balance	1,718.03	1,201.25
	Add: Additions during the year	48.57	516.78
	Security Premium Reserve at the End of the Year	1,766.60	1,718.03
c)	Revaluation Reserve	10.00	10.00
d)	Capital Subsidy	3.00	3.00
e)	General Reserve		
	Opening Balance	117.44	80.71
	Add: Additions during the year	26.63	36.73
	General Reserve at the End of the Year	144.07	117.44
f)	Profit & Loss Account :		
	Opening Balance	2,574.05	1,971.85
	Add: Profit for the Year	663.94	835.84
	Less :Transfer To General Reserve	26.63	36.74
	Prior period adjustment		121.60
		3,211.36	2,649.35
	Proposed Dividend		-
	Equity Shares Capital	48.61	41.98
	Preference Share Capital		22.81
	Dividend Tax	7.89	10.51
		3,154.87	2,574.05
g)	Foreign Currency Translation Reserve	(308.71)	(163.43)
	Total	4,778.40	4,267.66

NOTE 3 Long Term Borrowings

		(₹ in Millions)	
S.No.	Particulars	As at 31-03-2014	As at 31-03-2013
I	Long Term Borrowings		
a)	Secured Refer Note No.3(a)		
	Term Loans From Banks	2,124.61	1,872.01
	Term Loans From Financial Institutions	1,663.26	679.86
b)	Unsecured		
	FCCB's From Financial Institutions	409.19	417.33
	Other Loans	169.25	-
	<i>Note No.3(a): Term Loans secured and considered good from State Bank of Hyderabad, State Bank of India, Axis Bank, Exim Bank, International Finance Corporation, IFCI, Allahabad Bank, SBI London & Kotak Mahindra Bank are secured by first pari passu charge on all the present and future fixed assets both movable and immovable properties of the company.</i>		
	Total	4,366.31	2,969.20

NOTE 4 Deferred Tax Liability

		(₹ in Millions)	
S.No.	Particulars	As at 31-03-2014	As at 31-03-2013
I	Deferred tax Liability on account of timing difference	254.60	171.98
	Deferred Tax Liability/ (Asset) - Net	254.60	171.98

NOTE 5 Other Long Term Liabilities

		(₹ in Millions)	
S.No.	Particulars	As at 31-03-2014	As at 31-03-2013
a)	Deferred Payment Liabilities and Others	653.07	1,340.96
	Total	653.07	1,340.96

NOTE 6 Long Term Provisions

		(₹ in Millions)	
S.No.	Particulars	As at 31-03-2014	As at 31-03-2013
I	a) Provisions for Employee Benefits		
	- Provision for Gratuity & Leave Encashment	18.87	14.65
	- Provision for Expenses	32.71	-
	Total	51.57	14.65

NOTE 7 Short Term Borrowings

(₹ in Millions)			
S.No.	Particulars	As at 31-03-2014	As at 31-03-2013
I	Short Term Borrowings		
	Working Capital Loans from Banks		
	- Secured & Considered Good		
	a) Cash Credit & Packing Credit	3,430.84	2,669.95
	b) Foreign Bills Discounting	290.79	304.79
	c) Others	32.90	36.53
	d) Loan From COPA Spain	-	-
	<i>Note No. 7(a): All the Working Capital loans from State Bank of Hyderabad, Bank of Bahrain & Kuwait, State Bank of India & Exim Bank, BBVA, Bank Sabadell, ICICI Bank, Santander Bank, Axis Bank, Yes Bank, UCO Bank, SBI London, IFCI & Allahabad Bank are secured by pari passu first charge on all the Current Assets and second charge on all Fixed Assets of the company both present & future.</i>		
	Total	3,754.54	3,011.27

NOTE 8 Trade Payables

(₹ in Millions)			
S.No.	Particulars	As at 31-03-2014	As at 31-03-2013
I	Trade Payables		
	Creditors for Supplies	1,610.12	1,076.12
	Creditors for Services	430.28	586.67
	Total	2,040.40	1,662.79

NOTE 9 Other Current Liabilities

(₹ in Millions)			
S.No.	Particulars	As at 31-03-2014	As at 31-03-2013
I	Current Maturities of Long Term Debt	985.32	672.66
	Other Liabilities	402.51	488.36
	Total	1,387.83	1,161.02

NOTE 10 Short Term Provisions

(₹ in Millions)			
S.No.	Particulars	As at 31-03-2014	As at 31-03-2013
I	a) Provision for employee benefits	34.34	3.47
	b) Provision for Income Tax	179.22	182.96
	c) Provision for Expenses	183.59	85.80
	Total	397.14	272.23

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH, 2014

NOTE 11 Fixed Assets & Depreciation

(₹ in Millions)											
Sl. No.	Particulars	Gross Block			Depreciation Block			Net Block		Net Block as on 31-03-2013	Net Block as on 31-03-2014
		As at 01.04.2013	Additions till 31.03.2014	Sale/Deletions during the year	As on 31.03.2014	Dep from April'13 to March'14	Sale or Deletions	Total Depreciation	Net Block as on 31-03-2014		
1	Free Hold Land	1,223.40	67.40		1,290.80	22.15		26.83	1,263.97	1,201.25	
2	Lease Hold Land	0.26			0.26	0.07		0.07	0.20	0.20	
3	Building	1,456.27	247.41		1,703.68	275.63		358.68	1,345.00	1,180.63	
4	Plant & Machinery	8,920.59	1,074.25	0.82	9,994.01	5,214.38		5,867.58	4,126.43	3,706.20	
5	Electrical Equipment	75.96	33.07		109.04	22.08		40.73	68.31	53.88	
6	Laboratory Equipment	140.13	47.17		187.30	55.77		65.39	121.91	84.36	
7	Office Equipment	21.72	8.80		30.51	7.30		12.86	17.65	14.41	
8	Computers	262.82	44.71		307.53	233.88		270.16	37.37	28.93	
9	Furniture	125.26	66.70		191.96	91.94		125.65	66.31	33.32	
10	Vehicle	64.17	9.46	1.25	72.38	33.68		42.07	30.31	30.48	
11	Books & Periodicals	0.04			0.04	0.01		0.01	0.03	0.03	
12	Data Processing Equipment		1.92		1.92			1.67	0.24	-	
13	Lease hold Improvements		2.45		2.45			2.45	-	-	
	Sub Total (a)	12,290.60	1,603.34	2.07	13,891.87	857.26	-	6,814.16	7,077.71	6,333.70	
12	Capital Work in Progress	269.18	112.01		381.18	-		-	381.18	269.18	
	Sub Total (b)	269.18	112.01	-	381.18	-	-	367.00	1,001.49	756.69	
13	Intangibles	1,004.64	363.84		1,368.49	247.96		119.04	1,001.49	756.69	
	Sub Total (c)	1,004.64	363.84	-	1,368.49	119.04	-	367.00	1,001.49	756.69	
	Total (a+b+c)	13,564.42	2,079.19	2.07	15,641.54	976.29	-	7,181.16	8,460.38	7,359.56	

NOTE 12 Non- Current Investments

(₹ in Millions)			
S.No.	Particulars	As at 31-03-2014	As at 31-03-2013
I	Non- Current Investments		
	Investment in Mutual Funds & National Savings Certificates	2.44	2.44
	Total	2.44	2.44

NOTE 13 Other Non Current Assets

(₹ in Millions)			
		Non Current	
S.No.	Particulars	As at 31-03-2014	As at 31-03-2013
I	Preliminary expenses	201.83	182.71
	Total	201.83	182.71

NOTE 14 Inventories

(₹ in Millions)			
S.No.	Particulars	As at 31-03-2014	As at 31-03-2013
I	Inventories :		
	(a) Loose Tools & Equipment	15.78	0.12
	(b) Raw Materials	2,108.95	1,546.74
	(c) Packing Materials	78.36	67.35
	(d) Work in Process & Intermediates	713.66	499.90
	(e) Finished Goods	1,313.35	1,176.77
	(f) Goods - in - Transit	240.40	182.13
	(g) Overheads in Stock & Stock Provisions	(203.90)	(70.40)
	Total	4,266.60	3,402.62

NOTE 15 Trade Receivables

(₹ in Millions)			
S.No.	Particulars	As at 31-03-2014	As at 31-03-2013
I	Outstanding for a period exceeding six months	173.91	168.05
	Unsecured, Considered Good		
	Other Receivables:	3,304.35	2,914.20
	Unsecured, Considered Good		
	Total	3,478.26	3,082.25

NOTE 16 Cash and Bank Balances

(₹ in Millions)			
S.No.	Particulars	As at 31-03-2014	As at 31-03-2013
I	Cash and cash equivalents :		
	a) Balances with banks :		
	1) On Current Accounts	252.40	150.38
	2) Margin Money	-	-
	b) Cash on hand	2.82	1.61
	Sub Total	255.22	151.99
	Margin Money Deposit	90.50	87.58
	Total	345.73	239.57

NOTE 17 Short Term Loans And Advances

(₹ in Millions)			
S.No.	Particulars	As at 31-03-2014	As at 31-03-2013
I	Advances:		
	Unsecured, Considered Good		
	Advances to Suppliers for Capital Goods	259.95	37.88
II	Deposits	530.03	292.93
III	Others	740.43	867.41
	Total	1,530.41	1,198.22

NOTE 18 Other Current Assets

(₹ in Millions)			
S.No.	Particulars	As at 31-03-2014	As at 31-03-2013
I	Interest Accrued on Deposits		-
I	MAT Receivable	59.31	214.20
	Interest accrued on investments		-
	Export incentive Receivable		-
II	Others	164.11	13.97
	Total	223.43	228.17

NOTE 19 Revenue From Operations

(₹ in Millions)			
S.No.	Particulars	For the Year Ended 31.03.2014	For the Year Ended 31-03-2013
I	Revenue from Operations		
	(a) Sale of Products		
	Domestic	5,269.48	4,626.52
	Export	8,233.93	6,460.32
	(b) Other Operating Revenues	4.93	1.12
	Total	13,508.33	11,087.96

NOTE 20 Other Income

(₹ in Millions)			
S.No.	Particulars	For the Year Ended 31.03.2014	For the Year Ended 31-03-2013
	Other Miscellaneous Income	82.15	118.74
	Total	82.15	118.74

NOTE 21 Cost Of Materials Consumed

(₹ in Millions)		
S.No. Particulars	For the Year Ended 31.03.2014	For the Year Ended 31-03-2013
I Opening Stock of Raw Materials and Consumables	1,599.82	858.97
Opening Stock of Packing Materials	69.57	60.47
Add : Purchases during the year	7,155.01	6,068.98
	8,824.39	6,988.42
Less : Closing Stock of Raw Materials and Consumables	2,108.95	1,546.74
Less : Closing Stock of Packing Materials	78.36	67.35
Total	6,637.08	5,374.33

NOTE 22 Changes In Inventories & Wip

(₹ in Millions)		
S.No. Particulars	For the Year Ended 31.03.2014	For the Year Ended 31-03-2013
I Finished Goods		
Opening Stock	1,262.72	1,022.64
Less : Closing Stock	1,313.35	1,176.77
Sub Total (A)	(50.63)	(154.13)
Semi Finished Goods & Work in Progress		
Opening Stock	519.71	404.87
Less : Closing Stock	713.66	499.90
Less : Goods in Transit	-	-
Sub Total (B)	(193.95)	(95.03)
Goods in Transit		
Opening Stock	0.23	1.33
Less : Closing Stock	-	-
Sub Total (B)	0.23	1.10
Fluctuation in Foreing Exchange	170.52	6.47
(Increase) / Decrease in Inventories (A+B)	(73.84)	(241.59)

NOTE 23 Employee Benefit Expenses

(₹ in Millions)		
S.No. Particulars	For the Year Ended 31.03.2014	For the Year Ended 31-03-2013
I (a) Salaries & Wages & Bonus	615.67	474.60
(c) Staff Welfare Expenses	42.94	28.67
- Staff Training Expenses	11.73	7.94
- Staff Recruitment Expenses	31.21	20.73
Total	658.61	503.27

NOTE 24 Other Operating Expenses

(₹ in Millions)		
S.No. Particulars	For the Year Ended 31.03.2014	For the Year Ended 31-03-2013
I Consumption of Stores & Spares	155.09	152.78
Power & Fuel	513.89	440.64
Repairs to Building	7.77	2.71
Repairs to Machinery	199.29	167.24
Other Manufacturing Expenses	2,007.55	1,623.42
Job Work Charges	27.73	35.77
R & D Expenses	394.24	323.04
Total	3,305.56	2,745.61

NOTE 25 Administrative Expenses

(₹ in Millions)		
S.No. Particulars	For the Year Ended 31.03.2014	For the Year Ended 31-03-2013
I Business & Marketing Expenses	116.36	78.05
Commission & Discounts	120.78	91.80
Travelling Expenses - Foreign	52.33	50.14
Other Selling Expenses	31.91	35.11
Printing & Stationery	11.42	9.15
Telephone & Postage Expenses	28.10	21.37
Travelling Expenses	24.26	17.95
Rates & Taxes	57.86	37.93
Conveyance	11.88	3.87
Consultancy Charges	129.98	103.87
Directors' Sitting Fee	0.33	0.25
Insurance	54.72	46.22
Rent	25.74	21.35
Other Administrative Expenses	451.32	367.47
Other Borrowing Costs & Bank charges	37.50	72.99
Processing Fee on Term Loans	34.22	22.07
Fluctuation on Foreign exchange	(276.81)	(144.53)
Payment to Auditors:		-
(i) As Auditor	15.45	10.92
(ii) For Taxation Matters	3.01	2.91
Total	930.38	848.88

NOTE 26 Finance Cost

(₹ in Millions)		
S.No. Particulars	For the Year Ended 31.03.2014	For the Year Ended 31-03-2013
I (a) Interest Expenses		
- Interest on Cash Credit	287.45	113.24
- Interest on Term Loans	264.29	212.47
- Interest on Vehicle Loan	0.87	0.65
- Interest on ECB Loan & Others	50.30	82.96
Total Finance Cost	602.91	409.32

NOTE 27 Equity Share Capital and Compulsory Convertible preference shares

During the financial year 2013-2014, the company issued 142857 fully paid up equity shares of 10 each with a premium of 340/- per share other than cash(to the shareholders of Finoso Pharma under swap of shares) to the following individuals.

S.No.	Name of the share Holder	Number of shares
1	Dr. Kumar Kurumaddali	40,413
2	Mrs.Prashanthi Alamuru	1,02,714

NOTE 36 Foreign Exchange Inflow and Outflow

Particular	Nature of Currency	Year 2013-14		Year 2012-13	
		Amount in Foreign Currency in Millions	₹ In Million	Amount in Foreign Currency in Millions	₹ In Million
INFLOW					
	USD	21.40	1,287.86	24.58	1,337.30
On Export of Goods	Euro	8.45	697.89	13.62	947.50
	GBP	0.02	1.91		
Foreign Company Term Loan & Interest	USD	0.35	21.89	-	-
International Finance Corporation-ECB	USD	-	-	12.50	679.86
State Bank of India	USD	-	-	5.00	271.94
Working Capital	USD	34.91	2,069.97	-	-
OUTFLOW					
	USD	11.53	705.66	10.99	598.10
Raw Material	Euro	0.81	63.51	0.65	45.44
Capital Goods	USD			-	-
	GBP			0.00	0.05
	USD	0.05	3.52	0.03	1.40
Travelling	Euro	0.03	2.09	0.05	3.50
	SGD	0.00	0.01		
Foreign Company Term Loan & Interest	USD	5.82	359.12	0.34	9.46
Others(Analytical Charges, Legal Opinion charges, Registration charges , Commission etc)	USD	2.46	0.03	-	-
	USD	0.91	0.02	-	-
Bank charges	Euro	0.00	0.00	-	-
Working Capital	USD	6.55	402.98	-	-

NOTE 37 Earnings Per Share

(₹ in Millions)			
Particulars		2013 – 14	2012 – 13
Net profit after tax		663.94	835.84
Weighted Average Numbers of shares	Nos.	16,203,783	16,060,926
Basic EPS	(₹)	40.97	52.04
Diluted EPS	(₹)	40.97	52.04

NOTE 38

Segment wise Information is furnished in Annexure -A.

NOTE 39

Closing Balances of Debtors / Creditors / Loans & Advances are subjected to confirmation from the parties.

NOTE 40

Previous year's numbers have been regrouped, rearranged, recasted, wherever necessary to confirm to Current Year Classification.

NOTE 41

The numbers have been rounded off to the nearest millions of rupees.

As per our report of even date

For P.Murali & Co.,
Firm Regn. No: 007257S
Chartered Accountants

Sd/-
P.Murali Mohana Rao
Partner
M.No. 023412

Place : Hyderabad
Date : 29-05-2014

For. VIVIMED LABS LIMITED
Sd/-
Santosh Varalwar
CEO & Managing Director

Sd/-
Dr. Manohar Rao
Whole Time Director

Sd/-
Yugandhar Kopparthi
Company Secretary

Annexure - A
Segment Information

Sl.No	Product	Speciality Chemicals		Pharmaceuticals		Total	
		2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
1	REVENUE						
	External Turnover	4,143.19	3703.87	9,365.14	7384.09	13,508.33	11087.96
	Inter Segment Turnover	NIL	NIL	NIL	NIL	NIL	NIL
	TOTAL REVENUE	4,143.19	3,703.87	9,365.14	7,384.09	13,508.33	11,087.96
2	RESULTS						
	Operating Profit	802.06	679.96	587.32	695.64	1,389.37	1375.6
	Interest Expenses	410.53	291.57	192.38	117.75	602.91	409.32
	Interest Income	24.07	6.57	58.08	5.90	82.15	12.47
	Profit Before Tax	415.60	394.96	453.02	583.79	868.62	978.75
	Current Tax	73.15	84.59	126.67	98.42	199.81	183.01
	Deferred Tax	42.49	33.76	(37.63)	-73.86	4.86	-40.1
	Profit After Tax	299.96	276.61	363.98	559.23	663.94	835.84
3	OTHER INFORMATION						
	Segment Assets	9,067.67	8,628.70	9,441.39	7066.85	18,509.06	15695.55
	Unallocated Corporate Assets	-	-	-	-	-	-
	Total Assets	9,067.67	8,628.70	9,441.39	7066.85	18,509.06	15695.55
	Segment Liabilities	8,185.56	6,258.43	4,719.89	4345.69	12,905.45	10604.12
	Unallocated Corporate Liabilities	-	-	-	-	-	-
	Total Liabilities	8,185.56	6,258.43	4,719.89	4345.69	12,905.45	10604.12
	Capital Employed	8,002.92	7,772.46	6,737.28	5156.89	14,740.19	12,929.35
	Capital Expenditure - Net	179.05	1,151.74	1,338.14	586.00	1,517.19	1,737.74
	Depreciation	152.74	137.44	466.47	324.52	619.22	461.96
	Non cash EXP.Other than Depreciation	28.79	57.49	13.15	68.66	41.94	126.15

PARTICULARS	31.03.2014	31.03.2013
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax and Extraordinary items	868.62	978.76
Add : Adjustment for		
-- Depreciation	661.16	588.11
-- Amortization Expenses	-	
-- Financing Charges	233.31	215.63
-- Prior Period Adjustments from Acquisitions	118.66	0.59
Operating Profit before Working Capital Changes	1,881.74	1,783.09
Foreign Currency Translation Adjustments		
Working Capital changes		
Add / (Less) : (Increase) / Decrease in		
-- Trade Receivables	(564.88)	(916.62)
-- Inventories	(915.92)	(923.85)
-- Loans, Advances & Deposits	(2,267.71)	(410.53)
--Other Current Assets	(32.50)	(204.83)
-- Trade Payables	516.18	342.99
--Other Current Liabilities	419.87	1,083.18
--Short term Provisions	(79.81)	(594.21)
--Short term Borrowings	846.33	682.55
--Direct Taxes Paid	(133.49)	59.31
NET CASH FLOWS FROM OPERATING ACTIVITIES	(330.20)	901.08
B. CASH FLOW FROM INVESTING ACTIVITIES		
--Proceeds from Fixed Assets & Tangible & Intangible	(1,591.64)	(1,910.54)
--Proceeds from Intangible Assets		
--(Increase) / Decrease in Capital Work in Progress		
--(Increase) / Decrease in Miscellaneous Expenditure	-	298.39
--(Increase) / Decrease in Investments	(1,319.41)	(83.76)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(2,911.04)	(1,695.91)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
-- Long Term Borrowings	1,870.48	28.99
--Other Long Term Liabilities	601.44	1,259.61
--Share Premium/General Reserve & Others	812.13	477.73
-- Preference Share Capital & Pending allotment Money	580.42	(670.00)
-- Share Capital	1.43	21.27
--Long Term Provisions	31.85	7.82
--Interest paid	(233.31)	(215.63)
-- Dividend Paid	(160.22)	(75.29)
-- Foreign Exchange Fluctuation	(156.82)	(163.47)
NET CASH FLOWS FROM FINANCING ACTIVITIES	3,347.40	671.03
NET INCREASE IN CASH AND CASH EQUIVALENTS	106.15	(123.80)
Opening Cash and Equivalents	239.57	363.37
Closing Cash and Equivalents	345.73	239.57

As per our report of even date

For P.Murali & Co.,
Firm Regn. No: 0072575
Chartered AccountantsSd/-
P.Murali Mohana Rao
Partner
M.No. 023412Place : Hyderabad
Date : 29-05-2014For. VIVIMED LABS LIMITED
Sd/-
Santosh Varalwar
CEO & Managing Director
Sd/-
Dr. Manohar Rao
Whole Time DirectorSd/-
Yugandhar Kopparthi
Company Secretary



Vivimed Labs Limited

(CIN:L02411KA1988PLC009465)

Registered Office : 78/A Kolhar Industrial Area, Bidar - 585403, Karnataka

NOTICE

Notice is hereby given that the Twenty Sixth Annual General Meeting of the members of Vivimed Labs Limited will be held on Tuesday, September 30, 2014 at 11.30 a.m. at 78/A, Kolhar Industrial Area, Bidar – 585403, Karnataka, to transact the following businesses

ORDINARY BUSINESS

- To receive, consider and adopt the audited Balance Sheet as at March 31, 2014 and audited Statement of Profit & Loss Account for the year ended on that date and the Report of the Directors and Auditors thereon.
- To declare a dividend for the financial year ending March 31, 2014.
- To appoint a Director in place of Mr. Manohar Rao Varalwar (0005985), who retires by rotation and being eligible offers himself for reappointment.
- To appoint a Director in place of Mr. Subhash Varalwar (00054789), who retires by rotation and being eligible offers himself for reappointment.
- To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:
“RESOLVED that in accordance with applicable provisions of the Companies Act, 2013, and the Rules made there under (including any statutory modification(s) or re-enactment thereof), the retiring auditors, Messrs. P.Murali & Co. Hyderabad, Chartered Accountants, (Registration No. 007257S), be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on remuneration to be fixed by the Board of Directors.”

SPECIAL BUSINESS

- To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
“RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made there under (including any statutory modification(s) or re-enactment thereof) read with Schedule IV to the Companies Act, 2013, Mr. P. V. Rathnam (02033493), Director of the Company be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years from September 30, 2014 up to 31st Annual General Meeting to

be held in calendar year 2019.”

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

- To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
“RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made there under (including any statutory modification(s) or re-enactment thereof) read with Schedule IV to the Companies Act, 2013, Dr.V.Peesapati (02033441), Director of the Company be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years from September 30, 2014 up to 31st Annual General Meeting to be held in calendar year 2019.”
RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.
- To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
“RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made there under (including any statutory modification(s) or re-enactment thereof) read with Schedule IV to the Companies Act, 2013, Prof. V. Bhagvant Rao (00117862), Director of the Company be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years from September 30, 2014 up to 31st Annual General Meeting to be held in calendar year 2019.”
RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.
- To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
“RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the

Companies Act, 2013 and the Rules made there under (including any statutory modification(s) or re-enactment thereof) read with Schedule IV to the Companies Act, 2013, Mr.Nixon Patel (01717281) , Director of the Company be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years from September 30, 2014 up to 31st Annual General Meeting to be held in calendar year 2019.”

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

10. Payment of Remuneration to the Cost Auditors

To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:-

NOTES:

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.
- The instrument appointing the proxy (duly completed, stamped and signed) must be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, member would be entitled to inspect the proxies lodged, at any time during the business hours of the Company, provided not less than 3 days written notice is given to the Company.
- The Directors Report was approved by the Board of Directors at their meeting held on August 13, 2014. Mr.Manohar Rao Varalwar and Mr.Subhash Varalwar, Directors of the Company were ascertained as per the provisions of Companies Act, 2013 to retire by rotation at the ensuing annual general meeting and therefore, reference to the same has been given in the Directors Report.
With effect from April 01, 2014, inter-alia, provisions of section 149 of Companies Act, 2013, has been brought into force. In terms of the said section read with section 152(6) of the Act, the provisions of retirement by rotation are not applicable to Independent Directors. Therefore, the directors to retire by rotation have been re ascertained.
In terms of clause 49 of the listing agreement details of director retiring by rotation at the ensuing annual general

“RESOLVED that pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, as amended from time to time, the Company hereby ratifies the remuneration of Rs.100,000/- plus service tax and actual out-of-pocket expenses payable to M/s.Bharathula & Associates, who are appointed as Cost Auditors to conduct the audit of cost records maintained by the Company for the Financial Year 2014-15.”

By Order of the Board

Hyderabad
August 13, 2014

K.Yugandhar
Company Secretary

meeting is given in annexure to this notice.

- Statement as required under section 102 of the Companies Act, 2013, in respect of special business is annexed hereto
- The Register of Members and Share Transfer Books of the Company will remain closed from Friday, September 26, 2014 to Tuesday, September 30, 2014 (both days inclusive) for determining the names of the Members eligible for dividend on Equity Shares, if declared at the Annual General Meeting.
- The dividend on Equity Shares, if declared at the Annual General Meeting, will be paid/despatch warrants between on or after Wednesday , October 1, 2014 and on or before Wednesday ,October 29 , 2014 to those Members, holding shares in physical form ,whose names shall appear on the Company’s Register of Members on close of business hours on Thursday , September 25, 2014; in respect of the shares held in dematerialised form, the dividend will be paid to the Members whose names are furnished by the National Securities Depository Limited and the Central Depository Services (India) Limited as the beneficial owners as at the close of business hours on Thursday , September 25,2014.

Note:

- In respect of shares held in electronic/demat form, beneficial owners are requested to notify any change in their address, bank account, mandate, etc. to their respective Depository Participant.
- Members holding shares in physical form are requested to notify any change in their address, bank account, etc. to the Company or to the Registrar and Transfer Agent.
- With a view to prevent fraudulent encashment of dividend warrants, Members holding shares

<i>in physical form are advised to furnish particulars of their bank account together with their 9 digit MICR code number for recording the same.</i>		(M) Voting through electronic means Pursuant to the provisions of section 108 of the Companies Act, 2013, Rule 20 and Rule 21 of Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by Central Depository Services Limited (CDSL).It is hereby clarified that it is not mandatory for a member to vote using the e-voting facility, and a member may avail of the facility at his/her/it discretion, subject to compliance with the instructions prescribed below:	
(G) The identity/signature of the Members holding shares in electronic/demat form is liable for verification with the specimen signatures furnished by NSDL/CDSL.			
(H) The Registrar and Transfer Agent of the Company M/s.Aarthi Consultants Pvt Ltd , 1-2-285, Domalguda, Hyderabad - 500029, is handling registry work in respect of shares held both in physical form and in electronic/demat form.			
(J) Pursuant to Section 72 of the Companies Act, 2013, shareholders holding shares in physical form may file nomination in the prescribed Form SH-13 with the Company’s Registrar and Transfer Agent. In respect of shares held in electronic/demat form, the nomination form may be filed with the respective Depository Participant.		(a) Instructions for e-voting a) The shareholders should log on to the e-voting website www.evotingindia.com . b) Click on “Shareholders” tab. c) Now enter your User ID	
(K) Members are requested to bring their copy of the Annual Report to the Annual General Meeting.			
(L) Members/Proxies/Representatives are requested to bring the attendance slip enclosed to the annual report/notice for attending the meeting.			

For Members holding shares in Demat Form	For Members holding shares in Physical Form
For NSDL: 8 Character DP ID followed by 8 Digits Client ID,	Folio Number registered with the Company
For CDSL: 16 digits beneficiary ID,	

d) Next enter the Image Verification as displayed and Click on Login.	an earlier voting of any company, then your existing password is to be used.
e) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on	f) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none">Physical Shareholders who have not updated their PAN with the Company are requested to use the first two letters of their name in Capital Letter followed by 8 digits folio number in the PAN field. In case the folio number is less than 8 digits enter the applicable number of 0’s before the folio number. Eg. If your name is Ramesh Kumar with folio number 1234 then enter RA00001234 in the PAN fieldDemat Shareholders who have not updated their PAN with their Depository Participant are requested to use the first two letters of their name in Capital Letter followed by 8 digit CDSL client id. For example: CDSL Account holder name is Rahul Mishra and Demat A/c No. is 12058700 00001234 then default value of PAN is ‘RA00001234’. NSDL Account holder name is Rahul Mishra and DP ID. is IN300000 and client ID 12345678 then default value of PAN is ‘RA12345678’.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the folio/client id.

g) After entering these details appropriately, click on “SUBMIT” tab.	
h) Members holding shares in Physical form will then reach directly to the voting screen.	
i) Members holding shares in Demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the Demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.	
If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.	
j) Click on the relevant EVSN for the “Vivimed Labs Ltd” on which you choose to vote.	
k) On the voting page, you will see Resolution Description and against the same the option ‘YES/NO’ for voting. Enter the number of shares (which represents number of votes) under YES/NO.	
l) Click on the “RESOLUTION FILE LINK” if you wish to view the entire Notice of the Annual General Meeting.	
m) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.	
n) Once you ‘CONFIRM’ your vote on the resolution, you will not be allowed to modify your vote.	
o) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.	
p) Note for Non-Individual Shareholders & Custodians: <ul style="list-style-type: none">Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to https://www.evotingindia.com and register themselves as Corporates.	

<ul style="list-style-type: none">They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.	
q) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com	

(N) General:

(a) In case of any queries regarding e-voting you may refer to the ‘user manual for shareholders to cast their votes’ available at www.evotingindia.com under ‘HELP’.
(b) If you are already registered with CDSL for e-voting then you can use your existing user ID and password for casting your vote.
(c) The e-voting period commences on Tuesday, September 23rd, 2014 (9.00 a.m.) and ends on Thursday, September 25th , 2014 (6.00 p.m.). During the e-voting period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of August 29th , 2014, may cast their votes electronically. Once the vote on a resolution is cast by the shareholder, he shall not be allowed to change it subsequently.
(d) The voting rights of the shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date of August 29th , 2014.
(e) Mr. N.V.S.S.S Rao , Practising Company Secretary, Hyderabad, has been appointed as Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

- (f) The scrutinizer shall within a period of not exceeding three working days from the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in employment of the Company and make a scrutinizer's report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- (O) Since the Company is required to provide facility to the members to exercise their right to vote by electronic means, shareholders of the Company, holding shares either in physical form or in dematerialized form and not casting their vote electronically, may cast their vote at the Annual General Meeting.
- (P) The Scrutinizer shall within a period of not exceeding three (3) working days from the conclusion of the e-Voting period unlock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairperson of the Company.
- (Q) The results shall be declared on or after the Annual General Meeting of the Company. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.Vivimedlabs.com and on the website of CDSL within two (2) days of passing of the resolutions at the Annual General Meeting of the Company on September 30, 2014 and communicated to the National Stock Exchange of India Limited and BSE Limited.

ANNEXURE TO THE NOTICE

- (A) **Item no. 3 – details pursuant to clause 49 of the listing agreement:**
Dr. V. Manohar Rao aged 77 years, Retired as Joint Director of "The Veterinary Biological and Research Institute" (VBRI) has done his post-graduation in Veterinary Sciences from Edinburgh University, U.K. He has more than 30 years experience in The Municipal Corporation of Hyderabad and Department of Animal Husbandry, Government of Andhra Pradesh. During his tenure with Department of Animal Husbandry, he was involved in administration and production of various vaccines for livestock and poultry. He worked as a special officer for Meat and Poultry Department Corporation Andhra Pradesh Government Enterprises.
He conceptualized and started VVS Pharmaceuticals and Chemicals Pvt. Ltd. (VVS), (Now stands merged with Vivimed Labs Limited). He is mainly responsible for developing a

Sophisticated & well-equipped in-house Quality Control and introduced various cost control systems in production process. His expertise, knowledge and vision helped VVS to transform from a Biological Processing Unit into a Pharmaceutical Manufacturing Unit for manufacturing of Liquid Orals, Tablets, Capsules, Ointments etc.

Others Directorships

Sr. No.	Name of the Companies in which he is a director.
1	Creative Health Care Private Limited
2	Kreative Hosts Atria Private Limited
3	BBR Projects Private Limited
4	Sanvita Biotechnologies private ltd.
5	Klar Sehen Private Limited
6	Vivimed Labs (Alathur) private Limited

Item no. 4 – details pursuant to clause 49 of the listing agreement:

Mr. Subhash Varalwar: Whole Time Director

Mr. Subhash Varalwar, aged 66 years is a Post Graduate in Chemical Engineering and a Management Graduate from Leeds University, U.K. After his post graduation he joined The Fertilizer Corporation of India (FCI) in 1974 as Asst. Project Engineer (Chemical). He held various positions in FCI and worked on various areas like designing & commissioning of fertilizer plant, production etc. He resigned from FCI in 1989 to join Vivimed. Mr. Subhash brings along with him an exposure to various aspects of Industrial Management, including production, planning & commissioning, gained from 15 years of his career span with FCI.

Mr. Subhash is responsible for Technology & New Product Development in the chemical segment of the Company. He also heads Production, Quality control and R&D function. He successfully led the technical integration teams of UK/India after acquisition of James Robinson Limited and has successfully implemented the stringent regulatory compliances across all its manufacturing operations globally.

Others Directorships : NIL

- (B) **Statement pursuant to section 102 of Companies Act, 2013, in respect of item nos. 6 to 10 of the Notice and details pursuant to clause 49 of the listing agreement:**

Item No.6:

Mr.P.V.Rathnam has been an Independent Director under listing agreement on the Board of the Company since 2008.

With the enactment of the Companies Act, 2013 ('Act') it is now incumbent upon every listed company to appoint 'Independent Directors' as defined in section 149(6) of the Act and ensure that at least 1/3rd of the total number of directors are Independent Directors. The Board of Directors of your Company, after reviewing the provisions of the Act, are of the opinion that Mr.P.V.Rathnam fulfills the conditions specified in the Act and the Rules made thereunder to be eligible to be appointed as Independent Director pursuant to the provisions of section 149 of the Act. The Board of Directors of your Company is also of the opinion that Mr.P.V.Rathnam and is independent of the management of the Company.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr.P.V.Rathnam as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr.P.V.Rathnam as an Independent Director pursuant to provisions of section 149 read with schedule IV of the Act for the approval by the shareholders of the Company. In terms of provisions of section 149(13) of the Act, Heshall not be liable to retire by rotation. Except he, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their respective relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 6. This statement may also be regarded as a disclosure under clause 49 of the listing agreement with the Stock Exchanges.

Other Directorships

Sr. No.	Name of the Companies in which he is a director
1	D.S.NARAYANA & COMPANY PRIVATE LIMITED
2	AHERI TUBES INDIA PRIVATE LIMITED

Item No.7:

Dr.V.Peesapati has been an Independent Director under listing agreement on the Board of the Company since 2013. With the enactment of the Companies Act, 2013 ('Act') it is now incumbent upon every listed company to appoint 'Independent Directors' as defined in section 149(6) of the Act and ensure that at least 1/3rd of the total number of directors are Independent Directors. The Board of Directors of your Company, after

reviewing the provisions of the Act, are of the opinion that Hefulfills the conditions specified in the Act and the Rules made thereunder to be eligible to be appointed as Independent Director pursuant to the provisions of section 149 of the Act. The Board of Directors of your Company is also of the opinion that Dr.V.Peesapati is independent of the management of the Company.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Dr.V.Peesapati as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Dr.V.Peesapati as an Independent Director pursuant to provisions of section 149 read with schedule IV of the Act for the approval by the shareholders of the Company. In terms of provisions of section 149(13) of the Act, He shall not be liable to retire by rotation. Excepthe, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their respective relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No.7. This statement may also be regarded as a disclosure under clause 49 of the listing agreement with the Stock Exchanges.

Others Directorships : NIL

Item No.8:

Prof V Bhagvant Rao has been an Independent Director under listing agreement on the Board of the Company since 2003. With the enactment of the Companies Act, 2013 ('Act') it is now incumbent upon every listed company to appoint 'Independent Directors' as defined in section 149(6) of the Act and ensure that at least 1/3rd of the total number of directors are Independent Directors. The Board of Directors of your Company, after reviewing the provisions of the Act, are of the opinion that Prof V Bhagvant Rao fulfills the conditions specified in the Act and the Rules made thereunder to be eligible to be appointed as Independent Director pursuant to the provisions of section 149 of the Act. The Board of Directors of your Company is also of the opinion that Prof V Bhagvant Rao is independent of the management of the Company.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Prof V Bhagvant Rao as an Independent Director. Accordingly, the Board recommends the

resolution in relation to appointment of **Prof V Bhagvant Rao** as an Independent Director pursuant to provisions of section 149 read with schedule IV of the Act for the approval by the shareholders of the Company. In terms of provisions of section 149(13) of the Act, Heshall not be liable to retire by rotation. ExceptHe, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their respective relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No.8. This statement may also be regarded as a disclosure under clause 49 of the listing agreement with the Stock Exchanges.

Others Directorships : NIL

Item No.9:

Mr.Nixon Patel has been an Independent Director under listing agreement on the Board of the Company since 2010. With the enactment of the Companies Act, 2013 ('Act') it is now incumbent upon every listed company to appoint ' Independent Directors' as defined in section 149(6) of the Act and ensure that at least 1/3rd of the total number of directors are Independent Directors. The Board of Directors of your Company, after reviewing the provisions of the Act, are of the opinion that Mr.Nixon Patel fulfills the conditions specified in the Act and the Rules made thereunder to be eligible to be appointed as Independent Director pursuant to the provisions of section 149 of the Act. The Board of Directors of your Company is also of the opinion that Mr.Nixon Patel is independent of the management of the Company.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr.Nixon Patel as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr.Nixon Patel as an Independent Director pursuant to provisions of section 149 read with schedule IV of the Act for the approval by the shareholders of the Company. In terms of provisions of section 149(13) of the Act, Heshall not be liable to retire by rotation. Except he , being an appointee, none of the Directors and Key Managerial Personnel of the Company and their respective relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No.9. This statement may also be regarded as a disclosure under clause 49 of the listing agreement with the Stock Exchanges.

Others Directorships :

Sr. No.	Name of the Companies in which he is director.
1	Brigus Software (India) (pvt) Limited
2	Yantra Software (private) Ltd
3	Bhaasikaa Software (Private) Limited
4	Atri Pharma Research(India) (private) Ltd
5	Medsoft Telemedicine (private) Limited
6	Yantra esolarindia Private Limited
7	Takshila Institute of renewable Energy (P) Ltd
8	Yantra Green Power Private Limited

(# detailed Profiles of all the directors on the board are available in the corporate Governance report, forming part of annual report)

Item No.10:

Pursuant to Section 148 of the Act, the Company is required to have the audit of its cost records conducted by a cost accountant in practice. On the recommendation of the Audit Committee of Directors, the Board of Directors has approved the appointment of M/s.Bharathula & Associates (BA) as the Cost Auditors of the Company to conduct audit of cost records maintained by the Company for the Financial Year 2014-15, at a remuneration of Rs.100,000/- plus service tax and actual out-of-pocket expenses.

BA have furnished a certificate regarding their eligibility for appointment as Cost Auditors of the Company. They have vast experience in the field of cost audit and have conducted the audit of the cost records of the Company for the previous year under the provisions of the Companies Act, 1956.

The Board commends the Resolution at Item No. 10 of the accompanying Notice for ratification by the Members of the Company.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives are concerned or interested in the Resolution at Item No.10 of the accompanying Notice.

By Order of the Board

Hyderabad
August 13, 2014

K.Yugandhar
Company Secretary



Vivimed

Vivimed Labs Limited

(CIN:L02411KA1988PLC009465)

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

Website : Vivimedlabs.com, Tel: 040-27176005/6, Fax: 040-27150599

PROXY FORM

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

1) Name :Address
Email ID Signature..... or failing him;

2) Name :Address
Email ID Signature..... or failing him;

3) Name :Address
Email ID Signature..... or failing him;

As my/our proxy to attend and vote (on a poll) for me/us and on my /our behalf at the Annual General Meeting (AGM) of the Company to be held on Tuesday, September 30,2014 at 11.30 a.m. at Plot No.78-A, Kolhar Industrial Area, Bidar, Karnataka 585403 and at any adjournment there of

S, No	RESOLUTIONS	Optional	
		FOR	AGAINST
1	To adopt the audited Accounts ,auditors report, Directors report for FY 2014		
2	To declare dividend for the financial year ending March 31st , 2014.		
3	To appoint Director in place of Mr. Manohar Rao Varalwar, who retires by rotation and being eligible offers for re appointment.		
4	To appoint Director in place of Mr. Subhash Varalwar , who retires by rotation and being eligible offers for re appointment.		
5	To re- Appoint M/s Murali & Co. Chartered Accountants. Hyderabad as statutory auditors.		
6	To appoint Mr. P.V. Rathnam as Independent Director.		
7	To appoint Dr. V. Peesapati as Independent Director.		
8	To appoint Prof. V. Bhagvant Rao as Independent Director.		
9	To appoint Mr. Nixon Patel as Independent Director.		
10	To ratify the remuneration payable to cost auditor.		

Signed This day of2014

Signature of shareholder

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Note :

1. This form of proxy in order to be effective should be duly completed and deposited at the registered office of the company, not Less than 48 hours before the commencement of the meeting.
2. For the resolutions, explanatory statements and Notes, Please refer to the notice of Annual General Meeting(AGM)
3. * it is optional to put 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'for' or 'Against' column blank against any or all resolution, your proxy will be entitled to vote in the manner as he / she thinks appropriate.
4. Please complete all details including details of member(s) in the above box before submission.

Affix
Revenue
Stamp not
less than Rs.
0.15



Vivimed

Vivimed Labs Limited

(CIN:L02411KA1988PLC009465)

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

Website : Vivimedlabs.com, Tel: 040-27176005/6, Fax: 040-27150599

ATTENDANCE SLIP

ANNUAL GENERAL MEETING

I/We hereby record my /our presence at the Annual General Meeting (AGM) of the Company at Plot No. 78-A, Kolhar Industrial Area, Bidar, Karnataka 585403 on Tuesday, September 30, 2014 at 11.30a.m

Member's Folio/DP ID-Client ID No. Member's /Proxy's Name in Block Letters

Member's/Proxy's Signature.

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Note :

1. Please Complete the Folio/Dp ID –Client ID No. and name , Sign this Attendance slip and handover at the Attendance Verification Counter at The Meeting Hall..
2. Electronic copy of the Notice of the Annual General Meeting (AGM) along with Attendance Slip and proxy Form sent to the participant unless any member has requested for a hard copy of the same. Members receiving electronic copy and attending the AGM can print copy of this Attendance Slip.
3. Physical copy of the Notice of the Annual General Meeting (AGM) along with the Attendance slip and proxy Form is sent in the permitted model(s) to all members whose email is not registered or who have requested for a hard copy.