



Annual Report  
2011 - 12

**Vimta Labs Limited**

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

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## **BOARD OF DIRECTORS**

Dr S P VASIREDDI  
Chairman & Managing Director

HARITA VASIREDDI  
Joint Managing Director

V HARRIMAN  
Director Technical

V V PRASAD  
Executive Director

T S AJAI  
Director

Dr SUBBA RAO PAVULURI  
Director

Prof. D BALASUBRAMANIAN  
Director

RAO PURNACHANDRA POTHARLANKA  
Additional Director

## **VP - FINANCE & CFO**

P SANKARAI AH

## **COMPANY SECRETARY**

A VENKATA RAMANA

## **BANKERS**

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

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

## **AUDITORS**

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

## **LISTED WITH**

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

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

## **SHARE TRANSFER AGENTS**

CIL Securities Ltd  
214, Raghava Ratna Towers  
Chirag Ali Lane, Abids  
Hyderabad - 500 001



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NOTICE is hereby given that the twenty second Annual General Meeting of the members of VIMTA LABS LIMITED will be held on 14th September, 2012 at 10.00 A M at the Registered Office of the Company i.e. 141/2 & 142, IDA, Phase-II, Cherlapally, Hyderabad : 500051 to transact the following business :

#### ORDINARY BUSINESS

1. To receive, consider, approve and adopt the audited Balance Sheet as at March 31, 2012 and Profit & Loss Account for the year ended on that date together with Cash Flow statement, Auditor's Report and Report of Directors' thereon.
2. To appoint a Director in place of T S Ajai who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Prof D Balasubramanian who retires by rotation and being eligible, offers himself for reappointment.
4. To consider and, if thought fit, to pass the following Resolution, with or without modifications, as an Ordinary Resolution:

"RESOLVED that M/s Sarathy & Balu, Chartered Accountants, Hyderabad, the retiring Auditors of the Company, be and are hereby appointed Auditors of the Company to hold office from the conclusion of the ensuing Annual General Meeting until the conclusion of the next Annual General Meeting of the company on such remuneration as may be decided by the Board of Directors of the Company in addition to reimbursement of all out-of-pocket expenses in connection with audit of the accounts of the company."

#### SPECIAL BUSINESS

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

"RESOLVED THAT Rao Purnachandra Potharlanka who was appointed as an Additional Director of the Company w.e.f 30.01.2012 by the Board of Directors under section 260 of the Companies Act, 1956 and holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing, pursuant to Section 257 of the Companies Act, 1956 proposing the candidature for the office of Director be and is hereby appointed as a Director of the Company, liable to retire by rotation."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are here by authorized to do all such acts, deeds and things as are necessary to give effect to the aforesaid resolution"

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

"RESOLVED THAT in partial modification of the resolution passed by the members at the Annual General Meeting held on 30.09.2010 relating to appointment of Ms. Harita Vasireddi, Director Quality be and is hereby re-designated as Joint Managing Director w.e.f. 21.05.2012 without any change in the other terms and conditions of her original appointment as Director Quality."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are here by authorized to do all such acts, deeds and things as are necessary to give effect to the aforesaid resolution"

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

"RESOLVED THAT pursuant to the provisions of section 314 and 314(1B) and other applicable provisions if any, of the Companies Act, 1956 and subject to such other approvals if any, as may be required under the provisions of the Act, Company hereby give consent for the appointment of Sireesh Chandra Vungal, a relative of Director of the Company as Manager - Information Technology w.e.f. 01.07.2012 with a remuneration of ₹100000/-p.m. plus other perquisites per the norms of Company with annual increments as may be approved by the Board from time to time subject to condition that the total remuneration payable to Sireesh Chandra Vungal shall not exceed ₹250000/- per month including all allowances plus other perquisites per the norms of the Company."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are here by authorized to do all such acts, deeds and things as are necessary to give effect to the aforesaid resolution"

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

"RESOLVED THAT pursuant to the provisions of section 314 and 314(1B) and other applicable provisions if any, of the Companies Act, 1956 and subject to such other approvals if any, as may be required under the provisions of the Act, Company hereby give consent for the appointment of Neerukonda Satya Sreenivas, a relative of Director of the Company as Manager - Business Development w.e.f. 01.07.2012 with a remuneration of ₹100000/- p.m. plus other perquisites per the norms of Company with annual increments as may be approved by the Board from time to time subject to condition that the total remuneration payable to Neerukonda Satya Sreenivas shall not exceed ₹250000/- per month including all allowances plus other perquisites per the norms of the Company."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are here by authorized to do all such acts, deeds and things as are necessary to give effect to the aforesaid resolution"

Place : Hyderabad  
Date : 16.07.2012

By Order of the Board

A VENKATA RAMANA  
COMPANY SECRETARY

**EXPLANATORY STATEMENT IN PURSUANCE OF SECTION 173(2) OF THE COMPANIES ACT, 1956.****Item No. 5**

Rao Purnachandra Potharlanka was appointed as an Additional Director on the Board effective 30.01.2012. In terms of Section 260 of the Companies Act, 1956 and Article 36 (e) of the Articles of Association of the Company, he holds office upto the date of this Annual General Meeting and is eligible for appointment as Director. The Company has received a notice proposing the candidature of Rao Purnachandra Potharlanka for the office of a Director in terms of Sections 255 & 257 of the Companies Act, 1956.

The Board recommends appointment of Rao Purnachandra Potharlanka.

None of the Directors other than Rao Purnachandra Potharlanka is interested in the resolution.

**Item No. 6**

Harita Vasireddi was appointed as Director Quality by the shareholders in their meeting held on 30.09.2010. Keeping in view of the Company's requirements and the succession plans, the Board in its meeting held on 21.05.2012 has decided to give the responsibilities of Joint Managing Director and accordingly redesignated without changing any of the other terms and conditions of her appointment as approved by the shareholders mentioned above.

The Board recommends the redesignation and new responsibilities of Harita Vasireddi.

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

**Item No.7**

The Board considered that Sireesh Chandra Vungal S/o V Harriman, Director Technical aged 35years having M Sc in Information Technology with over 12 years of practical experience in the relevant field will strengthen the management in Information Technology functions of the Company. Accordingly the Board appointed him as Manager - Information Technology w.e.f. 01.07.2012 in their Board Meeting held on 16.07.2012.

The remuneration proposed to be paid to Sireesh Chandra Vungal is commensurate with his qualification and experience and further, it is in line with the existing employees of the Company at same level and industry standards prevalent in the country.

In terms of the provisions of Section 314 and 314(1B) of the Companies Act, 1956 read with Director's Relatives (Office or Place of Profit) Rules, 2003 as amended, the appointment of relative of Director of the Company on a remuneration exceeding ₹.50,000/- p.m. requires the approval of the members by way of special resolution. Accordingly, the Board recommends this resolution for approval of the members.

Except Dr S P Vasireddi, Managing Director, Harita Vasireddi, Joint Managing Director, V Harriman, Director-Technical and V V Prasad Executive Director being relatives of the proposed appointee, none of the other Directors of the Company is in any way concerned or interested in the said resolution.

**Item No. 8**

The Board considered that Neerukonda Satya Sreenivas son-in-law of V V Prasad, Executive Director aged 36 years having B.Pharm, MBA in Business Development with over 12 years of practical experience in the relevant field will strengthen the management in Business Development functions of the Company. Accordingly the Board appointed him as Manager - Business Development w.e.f. 01.07.2012 in their Board Meeting held on 16.07.2012.

The remuneration proposed to be paid to Neerukonda Satya Sreenivas is commensurate with his qualification and experience and further, it is in line with the existing employees of the Company at same level and industry standards prevalent in the country.

In terms of the provisions of Section 314 and 314(1B) of the Companies Act, 1956 read with Director's Relatives (Office or Place of Profit) Rules, 2003 as amended, the appointment of relative of Director of the Company on a remuneration exceeding ₹.50,000/- p.m. requires the approval of the members by way of special resolution. Accordingly, the Board recommends this resolution for approval of the members.

Except Dr S P Vasireddi, Managing Director, Harita Vasireddi, Joint Managing Director, V Harriman, Director-Technical and V V Prasad Executive Director being relatives of the proposed appointee, none of the other Directors of the Company is in any way concerned or interested in the said resolution.

## NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on a poll to vote instead of himself. Such a proxy need not be a member of the company. Proxies in order to be valid and effective must reach by the company not later than 48 hours before the commencement of the meeting.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 10.09.2012 to 14.09.2012 (both days inclusive) for the purpose of annual closing.
3. **Unclaimed Dividends** : In terms of Section 205A and 205C of the Companies Act, 1956, the unclaimed dividends for the financial years 2001-02; 2002-03, 2003-04 & 2004-05 have been transferred to the Investor Education and Protection Fund. Dividends pertaining to the financial years 2005-06 to 2010-11 which remain unclaimed for a period of seven years will be transferred to the Investor Education and Protection Fund as detailed in the Corporate Governance Report for reference.  
Members who have, till date, not encashed their dividend warrants for the years 2005-06 to 2010-11 are requested to claim the dividend from the Shares Department, M/s Vimta Labs Limited, 142, IDA, Phase-II, Cherlapally, Hyderabad : 500051 at the earliest.
4. Members holding shares in physical form are requested to notify, immediately, any change in their address to the Company's Registrar and Transfer Agents M/s CIL Securities Ltd, 214, Raghava Ratna Towers, Chirag Ali Lane, Hyderabad : 500001. Members holding shares in electronic form may intimate any such changes to their respective Depository Participants (DPs).
5. Members are requested to bring their copy of Annual Report to the Meeting.
6. The Company's equity shares are listed on Bombay Stock Exchange Limited and National Stock Exchange Limited. Further, the listing fees in respect of shares of the Company have been paid to the aforesaid Stock Exchanges for the financial year 2012-13.

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

Name of the Director	T S Ajai	Prof D Balasubramanian	Rao Purnachandra Potharlanka
Date of Birth	19.07.1962	28.08.1939	10.08.1946
Date of first Appointment	12.04.2002	12.07.2004	30.01.2012
Expertise in specific functional areas	A Chartered Accountant. Specialized in direct tax laws and business and commercial laws. He has wide experience and expertise in the areas of Company Law, Income Tax, Investment regulations, Other Corporate Laws, and foreign collaborations.	He is an eminent Scientist and former Director of Center for Cellular & Molecular Biology (CCMB), Hyderabad and Prof. & Dean, University of Hyderabad. He was honoured "Padma Sri" in 2002 and Chevalier de l' Ordre National de Merite" by President of France in 2002.	A professional with 35yrs of diversified experience in pharmaceutical, biotech/ biopharma manufacturing operations of several dose forms of over 70 Rx & OTC products. During the last ten years, Rao held executive positions such as Senior Director and Vice President of Technical operations of Multi National Companies and successfully managed manufacturing operations, staff/ people, budgets, facilities, engineering, material management, projects, CMOs and CROs and other infrastructures.  He currently provides operational consultancy to Biotech, Bio-Pharma and Pharmaceutical companies in USA. He conducts due diligence, operational improvements, training, team building, quality, and productivity improvements. He also leads programs such as FDA inspection & remediation, GMP compliance and cost of goods improvement, CMOs and CROs evaluations for domestic and overseas operations.
Qualification	C A	Ph.D	B Pharm, MS
Shareholding in the company as on 31.03.2012 (No. of equity shares of ₹.2 each)	Nil	Nil	Nil
List of other public limited companies in which directorship held	Nil	Nil	Nil
Chairman/Member of the Committees of the Board across all public companies of which he is a Director as on 31.03.2012	<b>Vimta Labs Limited</b> Audit Committee - Chairman Remuneration Committee - Member Shareholders/Grievance Committee - Member	<b>Vimta Labs Limited</b> Audit Committee - Member Remuneration Committee - Member	Nil

To  
The Members of  
VIMTA LABS LIMITED

Your Directors hereby present the 22nd Annual Report and audited accounts of your Company for the year ended March 31, 2012.

**FINANCIAL RESULTS**

Financial Results for the year under review are as follows :

	(₹ in lakhs)	
	For the Year 2011-2012	For the Year 2010-2011
1. Profit before interest, Depreciation & Taxes (EBIDTA)	394.61	1580.53
Less : Finance Charges & Interest	406.67	313.08
Depreciation	<u>1586.04</u>	<u>1652.92</u>
2. Profit /(Loss) before Amortization, Prior year adjustments & Taxes	(1598.10)	(385.47)
Less : Amortization of Preliminary Expenses	---	40.19
Less/(Add) : Prior year adjustments	---	40.19
3. Profit /(Loss) before tax	(1598.10)	(425.66)
4. Less : a) Prior year Tax Liability / (Credits)	(25.75)	112.96
b) Deferred Tax Liability/(Asset)	<u>(34.71)</u>	<u>(72.11)</u>
5. Profit /(Loss) after Tax	(1537.64)	(466.51)
6. Add / (Less) : Surplus brought forward from previous years	3752.66	4322.29
Amount available for appropriations	<u>2215.02</u>	<u>3855.78</u>
<b>APPROPRIATIONS :</b>		
Transfer to General Reserve	---	---
Proposed dividend	---	88.43
Provision for tax on proposed dividend	---	14.69
Surplus carried to Balance sheet	<u>2215.02</u>	<u>3752.66</u>
	<u>2215.02</u>	<u>3855.78</u>

**OPERATIONS**

Earnings before interest, depreciation, taxes and amortization (EBIDTA) for the year are ₹ 394.61 lakhs as compared to the previous year earnings of ₹ 1580.53 lakhs. Loss after tax (including deferred tax) stood at ₹ 1537.64 lakhs as against a loss of ₹ 466.51 lakhs in the previous year.

During the year under review a number of Clinical studies got delayed due to unprecedented regulatory developments in Clinical Research industry causing inordinate delays in receiving the approvals. Further, the Company had to accept cancellation of some of the studies due to withdrawal by the Customers as they did not want to proceed further resulting in steep decline in top line. It was an aberration. Added to this, the input costs have gone up significantly resulting in low EBIDTA as compared to previous year.

**DIRECTORS**

Rao Purnachandra Potharlanka an US national was inducted to the Board of your Company on 30.01.2012 as Additional Director. Your Directors recommend the appointment to be regularized as Director subject to retirement by rotation.

Keeping in view of the Company's requirement and the succession plans, the Board in its meeting held on May 21, 2012 has changed the portfolio of Harita Vasireddi as Joint Managing Director without any change in the other terms of her appointment as approved by the shareholders in their meeting dated 26.03.2010. She resumed her office w.e.f. 25.05.2012.

Your Directors recommend the change in portfolio of Harita Vasireddi.

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

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

**AUDITORS**

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

**PARTICULARS OF EMPLOYEES**

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

**INFORMATION ON ENERGY CONSERVATION & TECHNOLOGY ABSORPTION**

Pursuant to the Provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988, the relevant information pertaining to Energy Conservation, Technology

Absorption, Foreign Exchange earnings and outgo is enclosed hereto as Annexure and forms part of this report.

#### DIRECTORS RESPONSIBILITY STATEMENT

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

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

#### MANAGEMENT DISCUSSION & ANALYSIS

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

##### Industry Overview

VIMTA LABS LIMITED is engaged in Contract Research and Testing activities in Analytical, Preclinical, Clinical, Clinical Diagnostics, Cellular & Molecular Biology and Environmental assessments. Like in the previous year, during the year under review, Indian CRO Industry has experienced many more delays in receiving regulatory approvals for contract research projects.

##### Potential and Outlook

Preclinical, Clinical and Analytical Contract research and testing activity demand is growing due to growth in Biologics and drug discovery projects. Company's benefit however is dependent upon in time approvals from various regulatory bodies. Government of India has issued regulatory guidelines on Bio-similars recently.

##### Threats

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

##### Risks and Concerns

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

##### Safety, Health and Environment

As a part of Vimta's commitment towards the principles of sustainable development, safety, health and environment continue

to be the priority areas of the Company. Some of the major activities in these areas have been recycling of waste water, training of staff at all levels to the required standards of safety, health and environment.

##### Foreign exchange fluctuations

The net gain during the year on account of Foreign exchange fluctuations against foreign currency term loan accounts and overseas customer accounts is ₹ 7.42 lakhs. The same is accounted under the heads other Income and Finance costs in the statement of Profit and Loss account.

##### Segment-wise or Product-wise performance

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

##### Internal Control Systems

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

##### Financial performance

Gross revenue for the year 2011-12 is ₹ 9027.52 lakhs as compared to the previous year of ₹ 9603.82 lakhs. During the year under review, the domestic sales have gone down by 4.94% and exports by 15.14% as compared to the previous year. The Net loss stood at ₹ 1537.64 lakhs as compared to the previous year net loss of ₹ 466.51 lakhs.

##### Human Resources

Human Resource is one of the strong drivers of the Company. At the end of the financial year, Vimta has 679 employees including 27 Medical Doctors; 19 PhDs and 409 Scientists, Engineers and Technicians.

##### CORPORATE GOVERNANCE

The Company has complied with the Corporate Governance Code as stipulated under the listing agreement with the Stock Exchanges. A Separate section on Corporate Governance along with a Certificate from the auditors confirming the compliance is annexed to and forms part of this report.

##### DISCLOSURES AS PER THE LISTING AGREEMENT & SEBI REGULATIONS

###### Cash flow statement

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

###### Stock exchanges

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

**Share transfer agency**

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

**Transfer of unclaimed Dividend amount to Investor Education and Protection Fund**

The Company has transferred unclaimed dividend for the years 2001-02; 2002-03; 2003-04, 2004-05 (interim & Final) to Investor Education and Protection Fund. The details of unclaimed dividends and due dates for transfer to the fund account for other financial years are disclosed in the Corporate Governance Report.

**Code of conduct**

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

**Response to auditors' qualifications**

With respect to Auditors qualification in their report dated 21.05.2011, under item No. ix(b) the delays in depositing income tax deductions at source (TDS) and service tax in few cases were due to delay in receipt of expected cash inflows in time. However, all the payments were made before the end of the year under review.

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

With respect to Auditors qualification in item No. ix (e) of their report that the Company has not deposited the demand of ₹ 27,78,46,538/- raised by Service Tax department relating to periods from 2005-06 to 2009-10, it is informed that the Company has gone for an appeal against the demand and the same is pending before Central Excise & Service Tax Appellate Tribunal, Bangalore. Company's legal counsel confirmed the validity of the stand taken by the Company in this matter.

**FIXED DEPOSITS**

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

**ACKNOWLEDGMENTS**

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

For and on behalf of the Board

Place : Hyderabad  
Date : 16.07.2012

DR S P VASIREDDI  
CHAIRMAN & MANAGING DIRECTOR

## ANNEXURE

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

(Forming part of the Directors' Report for the year ended 31st March, 2012)

**A. CONSERVATION OF ENERGY**

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

**a) Energy Conservation Measures Taken :**

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

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

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

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

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

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

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

**e) Green building certification**

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

**B. TECHNOLOGY ABSORPTION**

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

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

During the financial year, the Company has earned foreign exchange of ₹. 3019.62 lakhs (previous year ₹ 3558.27 lakhs). The Company's foreign exchange outgo was of ₹. 575.03 lakhs (previous year ₹.491.29 lakhs) on import of capital goods, software, chemicals, consumables & reference standards, travel expenditure, professional charges etc.

For and on behalf of the Board

Place : Hyderabad  
Date : 16.07.2012

DR S P VASIREDDI  
CHAIRMAN & MANAGING DIRECTOR

**Declaration by Managing Director**

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

Place : Hyderabad  
Date : 16.07.2012

DR S P VASIREDDI  
CHAIRMAN & MANAGING DIRECTOR

## INTRODUCTION

### Company Philosophy on Corporate Governance

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

## BOARD OF DIRECTORS

### Composition, Attendance and other Directorships

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

The Composition of the Board, the Directors' attendance and their Directorships during the year ended March 31, 2012.

During the year ended March 31, 2012 the Board of Directors met four times. These were held on May 13, 2011; July 22, 2011; October 31, 2011 and January 30, 2012.

Name of the Director & Category	Attendance at		No. of other Boards / Committees in which he/she is member or Chairperson	
	Board Meeting	Annual General Meeting	Board	Committee

### I) EXECUTIVE

Dr S P Vasireddi Promoter, Managing Director	4	Present	----	----
V Harriman Promoter, Director Technical	4	Present	----	----
V V Prasad Promoter, Executive Director	4	Present	----	----
Harita Vasireddi Joint Managing Director	2	Present	----	----

### II) NON-EXECUTIVE

T S Ajai Independent Director	4	Absent	----	----
Dr Subba Rao Pavuluri Independent Director	4	Present	2	----
Prof D Balasubramanian Independent Director	1	Present	----	----
Prof K Ramachandran* Independent Director	----	Absent	----	----
Rao Purnachandra Potharlanka** Independent Director	----	----	----	----

\* Ceased to be Director w.e.f. conclusion of AGM held on 24.09.2011

\*\* Inducted to the board as Additional Director w.e.f. 30.01.2012

**AUDIT COMMITTEE****Terms of Reference**

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

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

**Composition and attendance**

Name of the Member	Meetings held	Attendance
T S Ajai, Chairman	4	4
Dr Subba Rao Pavuluri, Member	4	4
Prof. K Ramachandran, Member*	2	---
Prof. D Balasubramanian**	2	1

\* Ceased w.e.f. 24.09.2011 \*\* Inducted w.e.f. 22.07.2011

The Company Secretary, A Venkata Ramana acts as Secretary to the Committee.

**REMUNERATION COMMITTEE****Terms of reference**

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

**Composition**

Name of the Member	Position
Prof K Ramachandran*	Chairman
T S Ajai	Member
Dr Subba Rao Pavuluri**	Member / Chairman
Prof D Balasubramanian***	Member

\* Ceased w.e.f. 24.09.2011 \*\* Became Chairman w.e.f. 22.07.2011

\*\*\* Inducted w.e.f. 22.07.2011

The Company Secretary, A Venkata Ramana acts as Secretary to the Committee.

**Remuneration Policy**

The Managing Director and other three whole time directors are paid remuneration as per the terms of the appointment approved by the members in their meeting held on 30.09.2010. The other non-Executive Directors are paid sitting fees for attending the Board Meetings. The members of the committees have decided not to take any sitting fee for the time being for committee meetings. In addition Dr Subba Rao Pavuluri, T S Ajai and Rao Purnachandra Potharlanka have decided not to take any sitting fee for the Board Meetings as well.

(in ₹)

Name of the Directors	Salary	Perquisites	Sitting Fee	Total
Dr S P Vasireddi	4,800,000	576,000	---	5,376,000
V Harriman	4,800,000	576,000	---	5,376,000
V V Prasad	4,800,000	576,000	---	5,376,000
Harita Vasireddi	4,800,000	576,000	---	5,376,000
T S Ajai*	---	---	15,000	15,000
Dr Subba Rao Pavuluri	---	---	Nil	---
Prof. D Balasubramanian	---	---	5,000	5,000
Prof. K Ramachandran	---	---	---	---
Rao P Potharlanka	---	---	---	---

\* T S Ajai opted not to take any sitting fee for the Board Meetings w.e.f. 30.01.2012

**Note :** Salary includes Basic Salary, Allowances, Perquisites.

**SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE**

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

**GENERAL BODY MEETINGS****The Details of Annual General Meetings held in last three years**

S.No.	Year	Meeting	Venue	Date	Time
1.	2008-2009	AGM	Regd. Office	19.09.2009	10.00 a.m.
2.	2009-2010	AGM	Regd. Office	30.09.2010	10.00 a.m.
3.	2010-2011	AGM	Regd. Office	24.09.2011	09.30 a.m.

There were no Extra-Ordinary General Meetings (EGMs) during the Financial year 2011-12

All the Special resolutions placed before the shareholders at the above meetings were approved. No resolution was proposed which got to be conducted through Postal ballot. Hence, no resolution was circulated by postal ballot in the above Annual General Meetings.

**DISCLOSURES**

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

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

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

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

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

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

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

## MEANS OF COMMUNICATION

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

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

## COMPLIANCE OF INSIDER TRADING NORMS

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

## GENERAL SHAREHOLDER INFORMATION

### Annual General Meeting

Date	: 14.09.2012
Time	: 10.00 A M
Venue	: Plot No.141/2 & 142, IDA, Phase-II, Cherlapally, Hyderabad : 500051

### Financial Calendar

Financial year	: April 1, 2012 to March 31, 2013
First quarter results	: On or before August 14, 2012
Half yearly results	: On or before November 14, 2012
Third quarter results	: On or before February 14, 2013
Fourth quarter/Annual Results:	On or before May 30, 2013
Date of Book Closure	: 10.09.2012 to 14.09.2012 (both days inclusive)
Date of dividend payment	: Not Applicable

### Unclaimed dividend

Dividend pertaining to the financial years 2001-02, 2002-03 and 2003-04, 2004-05 (Interim & Final) which remain unclaimed for a period of seven years, was transferred to the Investor Education and Protection Fund. The unclaimed dividends for the financial years 2005-06 to 2010-11 are due for transfer to the said fund account as detailed in the below statement. Therefore, the members may claim their dividend before its transfer to the above Fund.

Sl. No.	Year of Dividend	Date of declaration	Tentative date of transfer
1	2005-2006	09.06.2006	14.07.2013
2	2006-2007	09.08.2007	13.09.2014
3	2007-2008	04.09.2008	09.10.2015
4	2008-2009	19.09.2009	24.10.2016
5	2009-2010	30.09.2010	04.11.2017
6	2010-2011	24.09.2011	28.10.2018

## Listing with Stock Exchanges

### Name of the Stock Exchanges & Address

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

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

## Electronic Connectivity

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

## Stock Price Data

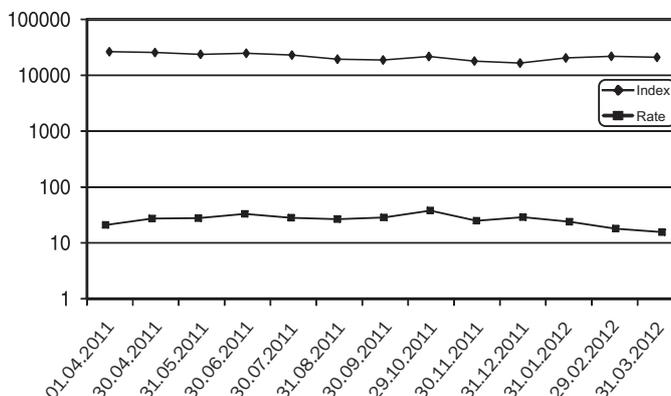
Monthly high and low share quotations on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited, Mumbai for the financial year 2011- 2012 are as follows :

(in ₹)

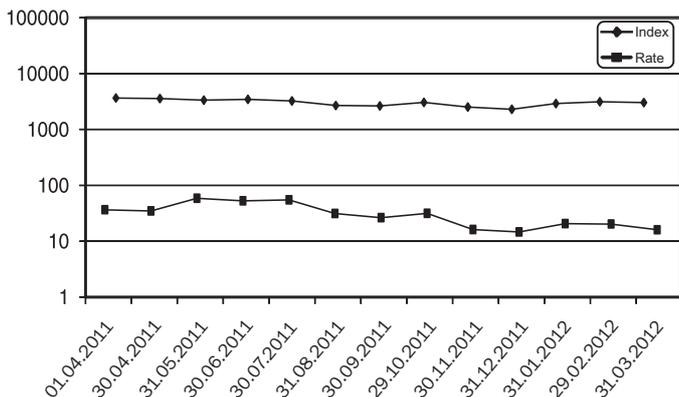
Year 2011-12	Bombay Stock Exchange Ltd.		National Stock Exchange of India Ltd.	
	High	Low	High	Low
April, 2011	29.20	21.75	29.20	21.35
May'2011	28.50	20.25	28.50	20.20
June'2011	37.50	25.50	37.50	25.30
July'2011	31.15	24.25	31.30	24.05
August'2011	28.00	18.90	28.00	18.75
September'2011	28.40	19.20	28.65	19.20
October'2011	21.15	16.00	21.20	16.15
November'2011	20.40	13.75	21.00	13.90
December'2011	17.35	13.60	17.50	13.70
January'2012	19.40	14.00	19.50	13.95
February'2012	18.75	16.00	18.65	16.05
March'2012	17.60	14.50	18.00	12.75

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

### Bombay Stock Exchange Limited



National Stock Exchange of India Limited



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

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

Compliance officer : A Venkata Ramana, Company Secretary

Share Transfer System

Presently, the share transfers which are received in physical form are processed and the share certificates are returned within a period of 15 to 20 days from the date of receipt, subject to the documents being valid and complete in all respects.

Distribution of shareholding as on 31.03.2012

Shares held From - To	Shareholders		No. of Shares	
	No.	%	No.	%
Upto 5000	9523	96.75	5003251	22.63
5001-10000	162	1.65	1240267	5.61
10001-20000	71	0.72	1039617	4.70
20001-30000	24	0.24	606359	2.74
30001-40000	9	0.09	309287	1.40
40001-50000	11	0.11	502701	2.27
50001-100000	20	0.20	1630631	7.38
100001 and above	23	0.23	11775697	53.27
<b>Total</b>	<b>9843</b>	<b>100</b>	<b>22107810</b>	<b>100</b>

Categories of shareholders as on 31.03.2012

Category	No. of Shares	%
<b>Shareholding of Promoter &amp; Promoter Group</b>		
Indian	8146386	36.85
Foreign	Nil	Nil
<b>Public Shareholding</b>		
Institutional Investors	465041	2.10
Non - Institutional Investors	13496383	61.05
<b>TOTAL</b>	<b>22107810</b>	<b>100</b>

Dematerialization of shares and liquidity

Over 97.44% of the Company's equity shares have been dematerialised as on 31.03.2012. Trading in Equity shares of the Company is permitted only in dematerialised form as per notification issued by SEBI.

Vimta Shares are actively traded at Bombay Stock Exchange Limited and National Stock Exchange of India Limited. Relevant turnover data for the financial year 2011-12 is

	*(₹ in lakhs)	
	Bombay Stock Exchange Ltd.	National Stock Exchange of India Ltd.
Total shares traded	8465889	11390991
Turnover value*	2165.44	3101.79

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

CEO/CFO Certification

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

Company locations

Regd. Office & Central Laboratory

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

Life Sciences facility

Plot No.5, Alexandria Knowledge Park  
Genome Valley, Turkapally (V)  
Shameerpet (M), Pin : 500078  
Phone : 040-67404040

Other locations

a) Laboratory locations

- i) 29-5-1, Shyam Enclave, Opp. Glaxo, Cherukupalli Vari Street, Prakasam Road, Governorpet, Vijayawada - 520002
- ii) 14-37-41/2, Krishna Nagar, Maharani, Visakhapatnam - 530002
- iii) 47 & 48, Cowley Brown Road, R S Puram, Coimbatore - 641002
- iv) 107-A-1, NSR Road, Saibaba Colony & A, Coimbatore - 641002

b) Office locations

- i) 74, G N Chetty Road, T Nagar, Chennai - 600017
- ii) 8, Azad Road, R S Puram, Coimbatore - 641002
- iii) G1 & G2, Ground Floor, Tulip Building  
Diamond Harbour Road, Sahapur, Kolkata - 700038
- iv) G1 & G2, Plot No. 37/B/2, Survey No. 62/A, Vasavi Nagar,  
Kakaguda, Village, Secunderabad, Contonment.
- v) Dageboel Alle2, 2770 - Kastrop, Denmark.

Address for correspondence

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

**AUDITORS' CERTIFICATE**

To  
The Members of Vimta Labs Limited

1. We have examined the compliance of conditions of Corporate Governance by Vimta Labs Limited, for the year ended March 31, 2012, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.
2. The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion, and to the best of our information and according to explanations given to us, we certify that the Company has complied with the conditions of the Corporate Governance as stipulated in the above mentioned Listing Agreement.
4. We state that no investor grievance is pending for a period exceeding one month against the Company as on March 31, 2012 as per the records maintained by the Shareholders/Investors Grievances Committee.
5. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

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

J VENKATESWARLU  
PARTNER  
ICAI Ms.No.022481

Hyderabad  
Date : 16.07.2012

**C E O / C F O CERTIFICATE**

The Board of Directors  
Vimta Labs Limited

We have reviewed financial statements and the cash flow statement for the financial year ended March 31, 2012, and certify that :

- a) These results and statements to the best of our knowledge and belief :
  - i. do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) To the best of our knowledge and belief, there are no transactions entered into by the Company during the year which is fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls and have evaluated the effectiveness of internal control systems of the Company and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls of which we are aware and the steps taken and proposed to be taken to rectify these deficiencies.
- d) We have also indicated to the auditors and the Audit committee about the
  - i. significant changes in internal control over financial reporting during the year and
  - ii. significant changes in accounting policies during the year. These have been disclosed in the notes to the financial statements.
- e) To the best of our knowledge and belief, there are no instances of significant fraud involving either the Management or employees having a significant role in the Company's internal control systems with respect to financial reporting.
- f) We hereby confirm and undertake that the financial statements together with notes to accounts and cash flow statement prepared for the financial year ended March 31, 2012 are in compliance with the provisions of section 209 and 211 of the Companies Act, 1956 and Rules made there under. Further, we confirm that all applicable Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 were complied.

DR S P VASIREDDI  
MANAGING DIRECTOR (C E O)

Hyderabad  
Date : 16.07.2012

P SANKARAI AH  
V P - Finance (C F O)

To  
The Members of VIMTA LABS LIMITED

1. We have audited the attached Balance Sheet of VIMTA LABS LIMITED ("the Company") at 31<sup>st</sup> March 2012, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 ("CARO'03") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, as amended from time to time, we give in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that :
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches and offices not visited by us;
  - (iii) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement together with the Significant

Accounting Policies and Notes on Financial statements dealt with by this report, are in agreement with the books of account;

- (iv) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement together with the Significant Accounting Policies and Notes on Financial statements dealt with by this report comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956;
- (v) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2012;
  - (b) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date; and
  - (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date
5. On the basis of the written representations received from the directors as on 31st March, 2012, taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director of the Company under Section 274 (1)(g) of the Companies Act, 1956.
6. As the Central Government has not notified the effective date for levy and collection of Cess U/s.441A of the Companies Act, 1956, the company has not provided / paid the said Cess for the year under audit and hence our comments on the regularity or otherwise of the company in this regard are Nil.

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

Place: Hyderabad  
Date: 21.05.2012

J. VENKATESWARLU  
PARTNER  
ICAI Ms. No.022481

#### Annexure to Audit Report dated 21.05.2012

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

- i) a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) As explained to us, all the fixed assets have been physically verified by the management at reasonable intervals as per a regular programme of verification which, in our opinion, is reasonable, having regard to the size of the company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such physical verification.
- c) According to the information and explanations given to us and in our opinion, the company has not disposed off substantial part of its fixed assets during the year affecting the going concern status of the company.
- ii) a) According to the information and explanations given to us, the inventory has been physically verified during the year by the Management at reasonable intervals. In our opinion, the frequency of verification is reasonable.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) According to the information and explanations given to us and in our opinion, the Company has maintained proper records of its inventory and no material discrepancies were noticed on physical verification of inventory as compared to the book stocks.
- iii) 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. Hence, our comments on sub-clauses (b), (c), (d) of clause (iii) of paragraph 4 of CARO'03 are Nil.
- b) During the period under audit, the company has taken an unsecured intercorporate interest free loan from one company covered in the register maintained U/s.301 of the Companies Act, 1956. Maximum amount involved during the year in these transactions was ₹.2,20,00,000/- and the balance outstanding at the year end was Nil. The terms and conditions of the loan taken by the company are not *prima facie* prejudicial to the interest of the company and the payment of the principal amount was regular.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and Services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.

- v) a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained U/s.301 of the Companies Act, 1956 have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made during the year by the Company in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of ₹.5,00,000/- in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi) According to the information and explanations given to us, the Company has not accepted any deposits from public. Therefore, provisions of Clause (vi) of CARO'03 are not applicable to the Company for the current year.
- vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii) According to the information and explanations furnished to us, the Central Government has not prescribed maintenance of cost records U/s.209(1)(d) of the Companies Act, 1956 to this company.
- ix) According to the information and explanations furnished to us and as per the records of the Company we report that:
- a) the Company is generally regular in depositing the undisputed statutory dues including provident fund, Investor Education and Protection Fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, custom duty, excise-duty and other statutory dues as applicable to it with the appropriate authorities. As the effective date for Cess leviable U/s 441A of the Companies Act, 1956 has not been notified, depositing of the same by the company is not applicable.
- b) *few cases of delays noticed in depositing the Income tax Deducted at Source (TDS) and Service Tax, were not serious and were made good before the end of the accounting period covered under audit.*
- c) there are no undisputed arrears of statutory dues as at 31.03.2012 which are outstanding for a period of more than six months from the date they became payable.
- d) there are no dues of Income tax, sales tax, customs duty, wealth-tax, excise duty and Cess which have not been deposited on account of any dispute.
- e) *Service Tax demand of ₹.27,78,46,538/- (tax of ₹13,89,23,269/- and penalty of ₹.13,89,23,269/-) relating to the period from 2005-06 to 2009-10 which is disputed by the company, pending in appeal before the CESTAT, Bangalore has not been deposited on account of dispute by the company.*
- x) The Company has no accumulated losses as at the end of the financial year under audit and it has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.
- xi) As per the information and explanations furnished to us and based on the books of account audited by us, we report that:
- a) *The company has defaulted in repayment of the installments of loans (Buyers Credit Facility) to the Bank with delay ranging from 1 day to 44 days and the amount of dues in each installment was ranging from a minimum of ₹.1,01,48,711/- to a maximum of ₹.1,30,82,201/-. However, all the defaults have been made good during the year under audit and there were no arrears as at the Balance sheet date.*
- b) *The company has defaulted in repayment of few of the installments of loans under Packing Credit in Foreign Currency (PCFC) facility to the bank with delay ranging from 1 day to 62 days and the amounts of dues delayed was ranging from a minimum of ₹.1,77,747/- to a maximum of ₹.66,51,946/-. However, all the defaults have been made good during the year under audit and there were no arrears as at the Balance sheet date.*
- c) The company has not issued any debentures during the period covered under audit.
- xii) Based on our examination of documents and records and as per the information and explanations given to us, we are of the opinion that the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) Based on our audit procedures and as per the information and explanations given to us, we are of the opinion that the Company is not a Chit Fund, Nidhi / Mutual Benefit Fund / Society. Therefore, provisions of clause (xiii) of paragraph 4 of CARO'03 are not applicable to this company.
- xiv) Based on our examination of the records and evaluation of the related internal controls, we are of the opinion that the Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, provisions of clause (xiv) of paragraph 4 of CARO'03 are not applicable to this company.
- xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi) According to the information and explanations given to us and based on our audit procedures performed, we are of the opinion that the term loans raised during the year have been applied for the purpose for which the loans were obtained.
- xvii) According to the information and explanations given to us and on an over all examination of the balance sheet of the company, we are of the opinion that no funds raised on short term basis have been used for long term investment.
- xviii) According to the information and explanations furnished to us and based on the examination of the records, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix) According to the information and explanations furnished to us and based on the records verified by us, during the period covered by our audit report, the Company has not issued any debentures and hence creation of security or charge for the same does not arise.
- xx) According to the information and explanations furnished to us and based on our audit procedures performed, during the period covered under audit, the Company has not raised any money through public issues and hence disclosure by the Management on the end usage of money raised through public issues and our comments on the same is not applicable to this company.
- xxi) Based upon the audit procedures performed for the purpose of reporting true and fair view of the financial statements and as per the information and explanations given by the Management of the Company, we report that no fraud on or by the Company has been noticed or reported during the period covered by our audit.

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

Place: Hyderabad  
Date: 21.05.2012

J. VENKATESWARLU  
PARTNER  
ICAI Ms. No.022481

	Note No	As at 31.03.2012 ₹	As at 31.03.2011 ₹
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' funds</b>			
(a) Share Capital	1	44,215,620	44,215,620
(b) Reserves and surplus	2	<u>1,052,280,713</u>	<u>1,206,043,977</u>
		<b>1,096,496,333</b>	<b>1,250,259,597</b>
<b>(2) Non-current liabilities</b>			
(a) Long-term Borrowings	3	-	20,131,313
(b) Deferred tax liabilities (net)	4	13,432,342	16,903,787
(c) Other long-term liabilities	5	<u>6,000,000</u>	-
		<b>19,432,342</b>	<b>37,035,100</b>
<b>(3) Current liabilities</b>			
(a) Short-term borrowings	6	188,071,561	179,604,998
(b) Trade payables	7	138,641,490	128,443,957
(c) Other current liabilities	8	106,832,328	143,043,180
(d) Short-term provisions	9	<u>14,765,903</u>	<u>26,999,033</u>
		<b>448,311,282</b>	<b>478,091,168</b>
<b>TOTAL</b>		<b><u>1,564,239,957</u></b>	<b><u>1,765,385,865</u></b>
<b>II. ASSETS</b>			
<b>(1) Non - current assets</b>			
(a) Fixed Assets			
(i) Tangible assets	10	1,050,432,992	1,159,746,047
(ii) Intangible assets	10(a)	1,421,874	1,696,874
(iii) Capital Work-in-Progress		-	10,384,692
(b) Long-term loans and advances	11	<u>98,111,656</u>	<u>76,973,717</u>
		<b>1,149,966,522</b>	<b>1,248,801,330</b>
<b>(2) Current assets</b>			
(a) Inventories	12	132,107,678	197,151,193
(b) Trade receivables	13	255,780,863	288,705,900
(c) Cash and cash equivalents	14	12,093,226	14,016,647
(d) Short-term loans and advances	15	<u>14,291,668</u>	<u>16,710,795</u>
		<b>414,273,435</b>	<b>516,584,535</b>
<b>TOTAL</b>		<b><u>1,564,239,957</u></b>	<b><u>1,765,385,865</u></b>
Significant Accounting Policies & Notes on Financial Statements	24 to 27		

Per our report of even date attached.

for SARATHY & BALU,  
Chartered Accountants  
(Firm Regn. No. 003621S)J. VENKATESWARLU  
PARTNER  
ICAI Ms. No.022481Place: Hyderabad  
Date: 21.05.2012

For and on behalf of the Board

Dr S P Vasireddi  
V Harriman  
V V Prasad  
T S AjaiP Sankaraiah  
A Venkata RamanaPlace: Hyderabad  
Date: 21.05.2012Managing Director  
Director Technical  
Executive Director  
DirectorVP - Finance & CFO  
Company Secretary

	Note No	Year ended 31.03.2012 ₹	Year ended 31.03.2011 ₹
<b>I. INCOME</b>			
(1) Revenue from operations (Gross)	16	910,341,499	999,869,398
Less : Service tax		36,893,878	42,856,681
Revenue from operations (Net)		873,447,621	957,012,717
(2) Other Income	17	29,303,910	3,369,652
<b>Total Revenue (I)</b>		<b>902,751,531</b>	<b>960,382,369</b>
<b>II. EXPENSES</b>			
(1) Cost of materials consumed	18	221,140,481	186,526,141
(2) Other expenditure on testing and analysis	19	156,104,195	166,722,922
(3) Changes in inventories - Work-in-Progress	20	40,891,895	(35,611,235)
(4) Employee benefits expense	21	247,115,907	290,994,316
(5) Other expenses	22	198,038,012	197,716,272
<b>Total (II)</b>		<b>863,290,490</b>	<b>806,348,416</b>
<b>III. EARNINGS BEFORE INTEREST, DEPRECIATION, TAX &amp; AMORTIZATION (EBIDTA) (I) - (II)</b>		<b>39,461,041</b>	<b>154,033,953</b>
<b>Less :</b>			
Finance costs	23	40,666,802	31,308,218
Depreciation and amortization expense	10 & 10(a)	158,604,166	165,291,544
		<b>199,270,968</b>	<b>196,599,762</b>
<b>IV. PROFIT/(LOSS) BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS &amp; TAX</b>		<b>(159,809,927)</b>	<b>(42,565,809)</b>
<b>Less : Tax expense</b>			
(i) Current tax		-	-
(ii) Prior year tax liability/(credits)		(2,575,218)	11,295,768
(iii) Deferred tax Liability / (Asset)		(3,471,445)	(7,210,662)
<b>Total tax expense</b>		<b>(6,046,663)</b>	<b>4,085,106</b>
<b>V. PROFIT/(LOSS) FOR THE YEAR</b>		<b>(153,763,264)</b>	<b>(46,650,915)</b>
<b>VI. EARNINGS PER EQUITY SHARE</b>			
(a) Basic and diluted earnings/(loss) per share		(7)	(2)
(b) Nominal value of shares (fully paid up)		2	2
Significant Accounting Policies & Notes on Financial Statements	24 to 27		

Per our report of even date attached.

for SARATHY & BALU,  
Chartered Accountants  
(Firm Regn. No. 003621S)J. VENKATESWARLU  
PARTNER  
ICAI Ms. No.022481Place: Hyderabad  
Date: 21.05.2012

For and on behalf of the Board

Dr S P Vasireddi  
V Harriman  
V V Prasad  
T S AjaiP Sankaraiah  
A Venkata RamanaPlace: Hyderabad  
Date: 21.05.2012Managing Director  
Director Technical  
Executive Director  
DirectorVP - Finance & CFO  
Company Secretary

Particulars	2011-12 (₹)	2010-11 (₹)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before tax	(159,809,927)	(42,565,809)
- Adjustments for :		
Depreciation and amortization expense	158,604,166	165,291,544
Amortization of preliminary expenses	-	4,018,721
Impairment loss on assets	-	613,334
Loss on sale of assets	-	894,417
Provision for doubtful debts	11,823,290	-
Interest debited to P&L Account	35,814,827	18,965,486
	<b>46,432,356</b>	<b>147,217,693</b>
<b>Operating profit before working capital changes</b>		
Trade & Other receivables	2,382,935	(56,314,289)
Inventories	65,043,515	(39,564,154)
Trade & other payables	12,955,724	42,883,532
<b>Cash generated from operations</b>	126,814,530	94,222,782
Prior year tax adjustments	(2,575,218)	11,295,768
<b>Net cash from operating activities</b>	<b>129,389,748</b>	<b>82,927,014</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(38,631,419)	(32,651,714)
Sale of fixed assets	-	1,075,000
<b>Net cash from (used in) investing activities</b>	<b>(38,631,419)</b>	<b>(31,576,714)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	(35,814,827)	(18,965,486)
Proceeds from long term borrowings	8,971,785	7,577,036
Repayment of long term borrowings	(53,195,226)	(34,031,210)
Repayment of soft loan from TDB	(10,798,188)	(13,599,968)
Dividends & dividends tax paid	(10,311,857)	(20,692,028)
Change in the other borrowings (net)	8,466,563	18,710,571
<b>Net cash used in financing activities</b>	<b>(92,681,750)</b>	<b>(61,001,085)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(1,923,421)</b>	<b>(9,650,785)</b>
Cash and cash equivalents at the beginning of the period	14,016,647	23,667,432
Cash and cash equivalents as at the end of the period	12,093,226	14,016,647

**Notes :**

- Cash flow statement has been prepared under the "indirect method" as set out in Accounting Standard (AS) 3, Cash flow statements.
- Previous year's figures have been regrouped / recasted wherever considered necessary to conform to the layout of the accounts adopted in the current year. Paise have been rounded off to the nearest rupee.

Per our report of even date attached.

for SARATHY & BALU,  
Chartered Accountants  
(Firm Regn. No. 003621S)J. VENKATESWARLU  
PARTNER  
ICAI Ms. No.022481Place: Hyderabad  
Date: 21.05.2012

For and on behalf of the Board

Dr S P Vasireddi  
V Harriman  
V V Prasad  
T S AjaiP Sankaraiah  
A Venkata RamanaPlace: Hyderabad  
Date: 21.05.2012Managing Director  
Director Technical  
Executive Director  
DirectorVP - Finance & CFO  
Company Secretary

	As at 31.03.2012 ₹	As at 31.03.2011 ₹
<b>1. SHARE CAPITAL</b>		
(a) <b>Authorised</b> 35000000 Equity shares of ₹.2/- each (Previous year : 35000000 Equity shares of ₹.2/- each)	<u>70,000,000</u>	<u>70,000,000</u>
(b) <b>Issued, subscribed and fully paid-up</b> 22107810 equity shares of ₹.2/- each fully paid-up (Previous year : 22107810 equity shares of ₹.2/- each fully paid-up)	44,215,620	44,215,620
Total	<u><u>44,215,620</u></u>	<u><u>44,215,620</u></u>
(c) Reconciliation of number of shares outstanding at the beginning & at the end of the reporting period No. of shares outstanding at the beginning of the year - 2,21,07,810 Add/(Less): Addition / (reduction) No. of shares outstanding at the end of the year - 2,21,07,810	44,215,620 — <u>44,215,620</u>	44,215,620 — <u>44,215,620</u>
(d) The Company has only one class of shares i.e. equity shares with equal rights for dividend and repayment. Each holder of the shares is entitled to one vote per share. Dividend on equity shares whenever proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting.		

(e) List of Shareholders holding more than 5% of the shares

Name of the Shareholder	As at 31st March, 2012		As at 31st March, 2011	
	No. of Shares*	% to paid-up capital	No. of Shares*	% to paid-up capital
i) Sivalinga Prasad Vasireddi	35,98,525	16.28	35,98,525	16.28
ii) Vungal Harriman	17,40,330	7.87	19,40,330	8.78
iii) Vasireddi Veerabhadra Prasad	14,63,515	6.62	12,93,565	5.85
iv) LCGC Chromatography Solutions Pvt. Ltd	12,00,783	5.43	—	—
v) Quantum Securities Pvt. Ltd	—	—	20,87,491	9.44

\* ₹. 2/- each fully paid-up

	As at 31.03.2012 ₹	As at 31.03.2011 ₹
<b>2) RESERVES AND SURPLUS</b>		
i) Securities premium reserve - as in last year	<u>773,728,390</u>	<u>773,728,390</u>
ii) General Reserve - as in last year	<u>57,050,000</u>	<u>57,050,000</u>
iii) Surplus in statement of profit & loss :		
Opening balance	375,265,587	432,228,359
Less : Net loss for the current period	<u>153,763,264</u>	<u>46,650,915</u>
Amount available for appropriation	221,502,323	385,577,444
Less : Appropriations :		
- Proposed dividend on equity shares	-	8,843,124
- Tax on proposed dividend	-	<u>1,468,733</u>
Closing balance	<u><u>221,502,323</u></u>	<u><u>375,265,587</u></u>
<b>Total [(i)+(ii)+(iii)]</b>	<u><u>1,052,280,713</u></u>	<u><u>1,206,043,977</u></u>

	As at 31.03.2012 ₹	As at 31.03.2011 ₹
<b>3) LONG-TERM BORROWINGS</b>		
<b>Term loans from banks - Secured :</b>		
- Rupee Loan (refer sub-note(i) below)	-	7,504,108
- Foreign currency term loan (refer sub-note(ii) below)	-	12,627,205
<b>Total</b>	<u>-</u>	<u>20,131,313</u>

- i) Corporate Loan from State Bank of India was secured by hypothecation of equipment procured with the loan as primary security and extension of *pari passu* charge on other fixed assets of the Company, other than the assets which were acquired with Hire Purchase loans, Grants and Soft loans from Government and other institutions. The loan was also secured by second charge on current assets of the company on *pari passu* basis. The loan was carrying interest of 16.75% repayable in monthly installments of ₹.5,00,000/- each.
- ii) Term Loan from The Hongkong and Shanghai Banking Corporation Limited (HSBC Bank) repayable in foreign currency was secured by *pari passu* charge on entire movable and immovable fixed assets of the company, both present and future as primary security and extension of *pari passu* charge on entire current assets of the company both present and future. The loan amount was carrying interest of LIBOR plus 65 bps to 150 bps, repayable in quarterly installments as per the sanction letter.

**Note:** There are no continuing defaults as on the Balance sheet date in repayment of all the above loans and interest thereon.

	As at 31.03.2012 ₹	As at 31.03.2011 ₹
<b>4) DEFERRED TAX LIABILITIES (NET)</b>		
<b>(i) Deferred tax liability on timing differences of :</b>		
- Depreciation	18,110,198	22,446,849
- Leave encashment	112,941	-
<b>Liability (i)</b>	<u>18,223,139</u>	<u>22,446,849</u>
<b>(ii) Deferred tax asset on timing differences of :</b>		
- Gratuity	4,790,797	4,986,404
- Leave encashment	-	556,658
<b>Asset (ii)</b>	<u>4,790,797</u>	<u>5,543,062</u>
<b>Net deferred tax liability</b>	<u>13,432,342</u>	<u>16,903,787</u>
<b>5) OTHER LONG-TERM LIABILITIES</b>		
Security deposit from customers	6,000,000	-
<b>TOTAL</b>	<u>6,000,000</u>	<u>-</u>
<b>6) SHORT TERM BORROWINGS</b>		
<b>(a) Loans repayable on demand from banks - Secured :</b>		
- Rupee loan (refer sub-note (i) below)	123,711,514	132,317,255
- Repayable in foreign currency (refer sub-note (ii) below)	64,360,047	47,287,743
<b>TOTAL</b>	<u>188,071,561</u>	<u>179,604,998</u>

- i) Cash credit from State Bank of India (limit) ₹. 110,000,000 (Previous Year ₹. 120,000,000) carried interest @ 16.75% and secured by hypothecation of all the current assets of the Company as primary security by way of *pari passu* charge and extension of *pari passu* charge on land, buildings and fixed assets of the company, other than the assets which are acquired with Hire Purchase loans, Soft loan from Technology Development Board and grants from Government and other Institutions.
- ii) Working capital facility from HSBC Bank (consisting of PCFC loan and Vendor Finance repayable in foreign currency and Indian Rupees respectively) carried interest @ LIBOR plus 3.67% and 14% per annum is secured by first *pari passu* charge on entire current assets of the company both present and future and second *pari passu* charge on movable fixed assets of the company both present and future.
- iii) There are no continuing defaults as on the Balance sheet date in repayment of the above loans and interest thereon.

	As at 31.03.2012 ₹	As at 31.03.2011 ₹
<b>7) TRADE PAYABLES - UNSECURED</b>		
(a) Due to Micro, Small and Medium enterprises (refer sub-note (i) below)	-	-
(b) Due to Others	138,641,490	128,443,957
<b>TOTAL</b>	<b><u>138,641,490</u></b>	<b><u>128,443,957</u></b>
(i) There are no defaults as on the balance sheet date in repayment of the trade payables.		
(ii) Micro, Small and Medium Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006 have been determined to the extent such parties have been identified on the basis of information available with the company.		
(iii) Disclosures relating to Micro, Small and Medium Enterprises are as under :-		
Principal amount due and remaining unpaid	-	-
Interest due on above and the unpaid interest	-	-
Interest paid	-	-
Payment made beyond the appointed day during the year	-	-
Interest due and payable for the period of delay	-	-
Interest accrued and remaining unpaid	-	-
Amount of further interest remaining due & payable in succeeding years	-	-
<b>8) OTHER CURRENT LIABILITIES :</b>		
(a) Current maturities of long-term debts	17,952,055	52,842,371
(b) Interest accrued but not due on borrowings	21,568	320,750
(c) Interest accrued and due on borrowings	88,815	72,928
(d) Advances from customers	18,304,251	7,899,237
(e) Unclaimed dividends	1,542,284	1,580,071
(f) Creditors for Capital expenditure	2,837,839	6,274,607
(g) Other payables	66,085,516	74,053,216
<b>TOTAL</b>	<b><u>106,832,328</u></b>	<b><u>143,043,180</u></b>
<b>9) SHORT-TERM PROVISIONS</b>		
(a) Provision for employee benefits :		
(i) Gratuity (refer Note 25.2 for details)	14,765,903	15,011,378
(ii) Leave encashment (refer Note 25.2 for details)	-	1,675,798
(b) Others :		
(i) Proposed dividend	-	8,843,124
(ii) Tax on proposed dividend	-	1,468,733
<b>TOTAL</b>	<b><u>14,765,903</u></b>	<b><u>26,999,033</u></b>

**10. FIXED ASSETS - Tangible Assets**

Sl. No.	Description	Gross Block			Depreciation			Net Block			
		As at 01.04.2011	Additions	Sales/ Adjusts.	Total as at 31.03.2012	Upto 31.03.2011	For the year	on Sales / Adjusts.	Total upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
		₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
a)	Feeehold Land & Site Development	21,877,668	-	-	21,877,668	-	-	-	-	21,877,668	21,877,668
b)	Buildings	652,706,438	-	-	652,706,438	39,447,108	10,639,116	-	50,086,224	602,620,214	613,259,330
	- Lab Buildings	944,264	-	-	944,264	278,328	15,392	-	293,720	650,544	665,936
	- Staff Quarters	1,140,075,227	19,551,025	-	1,159,626,252	744,613,279	133,773,024	-	878,386,303	281,239,949	395,461,948
c)	Plant & Equipment	65,558,146	1,878,401	-	67,436,547	16,392,349	4,046,432	-	20,438,781	46,997,766	49,165,797
d)	Furnitures & Fixtures	18,776,585	-	-	18,776,585	9,348,924	1,604,370	-	10,953,294	7,823,291	9,427,661
e)	Vehicles	9,363,126	40,931	-	9,404,057	2,543,492	419,143	-	2,962,635	6,441,422	6,819,634
f)	Office Equipment	65,068,753	27,061,821	-	92,130,574	13,445,162	3,947,724	-	17,392,886	74,737,688	51,623,591
g)	Others	38,929,887	483,933	-	39,413,820	27,485,405	3,883,965	-	31,369,370	8,044,450	11,444,482
	i) Electrical Installation										
	ii) Computers										
	<b>Total</b>	<b>2,013,300,094</b>	<b>49,016,111</b>	<b>-</b>	<b>2,062,316,205</b>	<b>853,554,047</b>	<b>158,329,166</b>	<b>-</b>	<b>1,011,883,213</b>	<b>1,050,432,992</b>	<b>1,159,746,047</b>
	Previous year	1,743,806,160	272,977,165	3,483,231	2,013,300,094	690,051,317	165,016,544	1,513,814	853,554,047	1,159,746,047	1,053,754,843

**10 (a) FIXED ASSETS - Intangible Assets**

Sl. No.	Description	Gross Block			Depreciation			Net Block			
		As at 01.04.2011	Additions	Sales/ Adjusts.	Total as at 31.03.2012	Upto 31.03.2011	For the year	on Sales / Adjusts.	Total upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
		₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
1	Goodwill	2,750,000	-	-	2,750,000	1,053,126	275,000	-	1,328,126	1,421,874	1,696,874
	<b>Total</b>	<b>2,750,000</b>	<b>-</b>	<b>-</b>	<b>2,750,000</b>	<b>1,053,126</b>	<b>275,000</b>	<b>-</b>	<b>1,328,126</b>	<b>1,421,874</b>	<b>1,696,874</b>
	Previous year	3,550,000	-	800,000	2,750,000	964,792	275,000	186,666	1,053,126	1,696,874	2,585,208

	As at 31.03.2012 ₹	As at 31.03.2011 ₹
<b>11) LONG-TERM LOANS AND ADVANCES UNSECURED, CONSIDERED GOOD</b>		
(a) Capital Advances	-	7,755,039
(b) Security deposits ( with Electricity and other departments)	11,496,107	9,574,724
(c) Advance Income-tax (net of provisions) (refund due)	86,615,549	59,643,954
<b>Note :</b> Due by Directors or other officers of the company or any of them either severally or jointly with any other persons or due by firms / private companies in which any Director is a Partner or a Director or a Member - Nil-.		
<b>TOTAL</b>	<b>98,111,656</b>	<b>76,973,717</b>
<b>12) INVENTORIES</b> (at lower of cost and net realisable value)		
(a) Chemicals & Consumables	64,754,183	90,415,785
(b) Work-in-progress	64,531,102	105,422,997
(c) Stores, spares and components	2,822,393	1,312,411
<b>TOTAL</b>	<b>132,107,678</b>	<b>197,151,193</b>
<b>13) TRADE RECEIVABLES</b>		
(a) Debts outstanding for a period exceeding six months from the date they are due for payment Unsecured, considered good	80,217,648	75,051,778
Unsecured, considered doubtful	11,823,290	-
Less : Provision for doubtful debts	(11,823,290)	-
	<u>80,217,648</u>	<u>75,051,778</u>
(b) Other debts Unsecured, considered good	175,563,215	213,654,122
<b>Note:</b> Due by Directors or other officers of the company or any of them either severally or jointly with any other persons or due by firms / private companies in which any Director is a Partner or a Director or a Member - Nil-.		
<b>TOTAL</b>	<b>255,780,863</b>	<b>288,705,900</b>
<b>14) CASH &amp; CASH EQUIVALENTS</b>		
(i) Balance with Scheduled Banks in India :		
(a) in Current Accounts	6,212,073	6,973,635
(b) in Deposit Accounts held as margin money for Bank guarantees ( with more than 12 months maturity)	2,854,158	2,697,499
(c) in EEFC (Current) Accounts	594,944	952,207
(d) in Unclaimed dividend accounts	1,542,284	1,580,071
(ii) Cash on hand	889,767	1,813,235
<b>TOTAL</b>	<b>12,093,226</b>	<b>14,016,647</b>
<b>15) SHORT-TERM LOANS &amp; ADVANCES UNSECURED, CONSIDERED GOOD</b>		
(a) Prepaid expenses	5,896,660	5,816,157
(b) Loans to employees (Including interest)	627,122	1,574,237
(c) Advance for Services and Supplies	6,314,170	8,513,490
(d) Interest accrued and due from State Electricity Corporations	383,326	284,365
(e) Other advances	1,070,390	522,546
<b>Note:</b> Due by Directors or other officers of the company or any of them either severally or jointly with any other persons or due by firms / private companies in which any Director is a Partner or a Director or a Member - Nil-.		
<b>TOTAL</b>	<b>14,291,668</b>	<b>16,710,795</b>

	Year ended 31.03.2012 ₹	Year ended 31.03.2011 ₹
<b>16) REVENUE FROM OPERATIONS</b>		
<b>SALE OF SERVICES (TESTING AND ANALYSIS)</b>		
(a) Domestic Sales	608,379,581	644,041,560
(b) Exports Sales	<u>301,961,918</u>	<u>355,827,838</u>
	910,341,499	999,869,398
Less : Service Tax	36,893,878	42,856,681
<b>TOTAL</b>	<u><b>873,447,621</b></u>	<u><b>957,012,717</b></u>
<b>17) OTHER INCOME</b>		
<b>(i) Interest income on</b>		
- Bank deposits	175,163	90,961
- on deposits with State Electricity Corporations	425,918	352,896
- on Income-tax refunds	3,265,695	1,262,751
- Employees loans	83,514	81,044
<b>(ii) Other non-operating income</b>		
- Net gain on foreign currency transaction and translation	13,293,195	-
- Excess liabilities written-in	8,093,276	-
- Lease rentals received	3,057,743	1,572,000
- Insurance claims	798,011	-
- Miscellaneous receipts	111,395	10,000
<b>TOTAL</b>	<u><b>29,303,910</b></u>	<u><b>3,369,652</b></u>
<b>18) COST OF MATERIALS CONSUMED</b>		
Opening stock of chemicals, consumables, stores & spares	91,728,196	87,775,277
Add : Purchases during the year	<u>196,988,861</u>	<u>190,479,060</u>
	288,717,057	278,254,337
Less : Closing stock	67,576,576	91,728,196
<b>TOTAL</b>	<u><b>221,140,481</b></u>	<u><b>186,526,141</b></u>
<b>19) OTHER EXPENDITURE ON TESTING AND ANALYSIS</b>		
Sample preparation, Data Generation, Inspection & testing exps.	95,553,464	104,355,327
Carriage inwards of samples and materials	4,308,798	5,120,772
Power & Fuel charges	54,743,121	56,538,167
Water charges	1,498,812	708,656
<b>TOTAL</b>	<u><b>156,104,195</b></u>	<u><b>166,722,922</b></u>
<b>20) CHANGES IN INVENTORIES - WORK-IN-PROGRESS</b>		
Opening Works-in-progress	105,422,997	69,811,762
Closing Works-in-progress	64,531,102	105,422,997
<b>Increase / (Decrease)</b>	<u><b>40,891,895</b></u>	<u><b>(35,611,235)</b></u>
<b>21) EMPLOYEE BENEFIT EXPENSE</b>		
Salaries & wages	204,546,538	228,186,964
Managerial remuneration	19,200,000	19,200,000
Contribution to provident and other funds (refer Note 25.2)	15,432,139	34,820,437
Staff welfare expenses	7,937,230	8,786,915
<b>TOTAL</b>	<u><b>247,115,907</b></u>	<u><b>290,994,316</b></u>

	Year ended 31.03.2012 ₹	Year ended 31.03.2011 ₹
<b>22) OTHER EXPENSES</b>		
Sitting fee to Directors	20,000	30,000
Rent	1,727,065	1,604,688
Rates, taxes and levies	5,144,751	4,016,258
Insurance	6,597,534	6,283,596
Repairs and maintenance :		
- Plant & Machinery	13,036,186	14,528,272
- Buildings	5,246,219	9,514,037
- Others	1,882,952	2,137,877
Advertising and sales promotion	2,613,390	3,992,004
Commission	13,353,794	14,213,750
Travelling and conveyance	26,533,493	25,814,918
Communication expenses	11,045,601	13,005,970
Printing and stationery	5,433,227	9,498,599
Books and periodicals	46,254	516,247
Vehicle maintenance	4,996,744	4,571,469
Operating lease charges (refer Note 25.4)	20,202,764	23,039,190
Other lease charges	360,000	3,825,184
Professional and consultancy charges	19,722,987	17,777,847
Membership and subscriptions	600,092	238,122
House keeping and premises maintenance	5,175,925	5,126,539
Security charges	3,983,403	3,949,400
Recruitment & training expenses	751,220	1,395,711
Payment to auditors :		
- As auditors	551,500	551,500
- For Taxation matters	137,875	83,090
- For Management services	60,665	55,150
- For reimbursement of expenses	7,300	7,700
Software charges	390,852	7,560,301
Impairment loss on fixed assets (refer Note 25.6)	-	613,334
Foreign Exchange fluctuations (net)	-	2,538,223
Loss on sale of fixed assets (net)	-	894,417
Cancellation of projects of earlier years	31,055,032	8,436,473
Bad debts written off	5,029,447	7,562,025
Provision for doubtful debts	11,823,290	-
Amortization of share issue expenses	-	4,018,721
Miscellaneous expenses	508,450	315,660
<b>TOTAL</b>	<b>198,038,012</b>	<b>197,716,272</b>
<b>23) FINANCE COSTS</b>		
(i) Interest		
a) To Banks		
- On term loans	2,414,118	2,049,077
- On Working capital loans	20,602,524	15,159,159
b) To Others, other than directors, on fixed loans	247,034	647,387
(ii) Bank Charges	4,851,975	12,342,732
(iii) Foreign exchange fluctuation loss on loans & interest thereon	12,551,151	1,109,863
<b>TOTAL</b>	<b>40,666,802</b>	<b>31,308,218</b>
<b>Note :</b> Expenditure not included above and capitalised to Fixed assets Interest on Rupee Term Loan	472,224	210,075
	As at 31.03.2012	As at 31.03.2011
<b>24. CONTINGENT LIABILITIES AND COMMITMENTS</b> (to the extent not provided for)		
(i) <b>Contingent liabilities</b>		
a) Claims against the company not acknowledged as debt :		
- Disputed service tax demand (Appeal pending before CESTAT)#	277,846,538	369,112
b) Guarantees issued by bank	16,174,626	11,124,476
(ii) <b>Commitments</b>		
a) Estimated amount of contracts remaining to be executed on Capital account and not provided for	-	19,870,344
b) Other Commitments :		
l) Future minimum lease payments under operating lease	25,950,271	44,372,150
<b>TOTAL</b>	<b>319,971,435</b>	<b>75,736,082</b>

#The Company has filed an appeal against the order of Commissioner of Service Tax, Hyderabad-III against the demand of ₹.27,78,46,538/- (Service tax of ₹.13,89,23,269/- and penalty of ₹.13,89,23,269/-) before the CESTAT, South Zonal Bench, Bangalore. The appeal is pending disposal. The legal counsel has confirmed the validity of the Company's claim. Hence no provision is made for this liability.

## 25. MEASUREMENT AND DISCLOSURES AS PER ACCOUNTING STANDARDS

### 25.1. Significant Accounting Policies (AS-1):

#### A) Basis of preparation of Financial Statements :

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

#### B) Use of Estimates :

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

#### C) Fixed Assets and Capital Works-in-Progress :

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

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

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

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

(iv) **Capital Works-in-Progress** : Cost of assets not ready for use at the Balance Sheet date is shown as Capital Works-in-Progress, at cost.

#### D) Depreciation and Amortization :

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

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

iii) Depreciation on intangible assets : Goodwill is amortized over a period of ten years in equal installments commencing from the year in which it was recognized.

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

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

**E) Impairment of Assets** : The Company assesses at each Balance Sheet date whether there is any indication that an asset including Goodwill may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and charged to Statement of Profit and Loss. If at the Balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. In respect of Goodwill, the impairment loss will be reversed only when it was caused by specific external events and their effect has been reversed by subsequent external events.

**F) Inventories** : Inventories, comprising of chemicals, consumables, stores, spares & components and job works-in-progress are valued at lower of cost or net realizable value. Cost is arrived by using first-in-first-out (FIFO) formula and includes all costs of purchase, cost of conversion and other costs incurred in bringing them to their respective present location and condition.

**G) Revenue recognition** : Revenue is recognized to the extent it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue from Testing and Analysis Services is recognized as the service is performed in accordance with the methods prescribed in AS - 9, Revenue Recognition. Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

**H) Research & Development** : Revenue expenditure on research and development is charged off as and when incurred. Capital expenditure on research and development is capitalized under the respective Fixed Asset and depreciated in accordance with the depreciation policy of the Company.

**I) Prior period expense/income** : The company follows the practice of making adjustments through "expenses/income under/over provided" in previous years in respect of material transactions pertaining to that period prior to the current accounting year.

**J) Employee Benefits** : Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged to Statement of Profit & Loss of the year when contributions to the fund is due. There are no other obligations other than the contributions payable to the respective authority.

Gratuity and leave encashment liabilities are a defined benefit plan and are provided for on the basis of an actuarial valuation on projected unit credit method made at the end of the each financial year. The Gratuity and leave encashment schemes are maintained and administered by an insurer to which the Trustees make periodic contributions.

Short-term employee benefits such as wages, salaries and short-term compensated absences like bonus and other non-monetary benefits are provided for as per Company's Rules on best estimate basis.

**K) Foreign Currency Transactions :** Transactions in Foreign Currencies are recorded at the exchange rates prevailing on the date of the respective transactions. Foreign Currency monetary Assets and Liabilities are restated at year end exchange rates. Exchange difference arising on settlement or restatement of monetary items is recognized as income or expense in the year in which they arise.

**L) Miscellaneous expenditure (to the extent not written off or adjusted):**

Expenditure incurred in relation to issue of further capital is written off over a period of 5 years in equal installments commencing from the year in which the funds raised were first utilized.

**M) Tax Expense :** Tax expense comprises of current tax and deferred tax.

Current Income tax is measured as per the provisions of Income Tax Act, 1961 and the rules made thereunder.

Deferred tax resulting from "Timing Differences" between book and taxable profit is accounted for using the tax rates and laws that are enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets on timing differences are recognized only if there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. However, when unabsorbed depreciation and losses carried forward exist, deferred tax is recognized only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

**N) Borrowing Costs :** Borrowing costs attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that

necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

**O) Business / Geographical Segments :** The Company is engaged in the business of Testing and Contract Research in the fields of Clinical and Pre Clinical Studies, Clinical Reference, Analytical Testing, Advanced Molecular Biology and Environmental studies. Since the inherent nature of all these activities are integrated and govern by the same set of risks and returns and operating in the same economic environment, these are treated as a single Business and Geographical Segment. The said treatment is in accordance with the Accounting Standard - 17, Segment Reporting.

**P) Earnings per Share :** The basic earnings per share is computed by dividing the net profit attributable to equity shareholders for the period by the weighted average number of equity shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduce earnings per share or increase loss per share are included.

**Q) Provisions, Contingent Liabilities and Contingent Assets :** Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the balance sheet as a foot-note. Contingent Assets are neither recognized nor disclosed in the financial statements.

**R) General :** Accounting policies not specifically referred to above are in consistent with the generally accepted accounting principles followed in India.

## 25.2 EMPLOYEE BENEFITS (AS-15)

## i) Defined Contribution Plan

Particulars	As on	As on
	31.03.2012	31.03.2011
	₹	₹
Contribution to Provident Fund	11,777,050	11,424,063

## ii) Defined Benefit Plans

Particulars	Gratuity		Leave Encashment	
	As on	As on	As on	As on
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
	₹	₹	₹	₹
<b>A Assumptions</b>				
Discount Rate	8%	8%	8%	8%
Salary Escalation	4%	4%	4%	4%
Rate of return on plan assets	9.15%	9.15%	8%	8%
Expected average remaining lives of the employees (years)	27	28	27	28
<b>B Table showing the changes in present value of obligations</b>				
a) Present value of obligations at the beginning of the year	21,358,996	7,308,093	8,749,123	4,186,181
b) Interest Cost	1,708,720	584,647	629,066	265,856
c) Current service cost	1,550,768	1,773,449	713,350	2,957,203
d) Benefits paid Actuals	(1,634,074)	(637,644)	(1,771,585)	(1,725,965)
e) Expected liability at the year end	22,984,410	9,028,545	8,319,954	5,683,275
f) Present value of obligations at the end of the year	22,209,360	21,358,996	7,427,831	8,749,123
g) Actuarial Loss/(gain) on obligations	(775,050)	12,330,451	(892,123)	3,065,848
<b>C Changes in fair value of Assets</b>				
a) Fair value of Assets at the beginning of the year	6,347,618	4,262,674	7,073,324	–
b) Expected return on plan assets	513,389	368,387	571,031	301,350
c) Contributions	2,216,524	2,354,201	1,862,212	8,490,271
d) Benefits paid- Actuals	(1,634,074)	(637,644)	(1,771,585)	(1,725,965)
e) Actuarial gain / (loss) on plan assets	Nil	Nil	40,948	7,668
f) Fair value of assets at the end of the year	7,443,457	6,347,618	7,775,930	7,073,324
<b>D Actuarial Loss or Gain recognized</b>				
a) (Gain)/Loss for the year – Obligation	(775,050)	12,330,451	(892,123)	3,065,848
b) (Gain)/Loss for the year – Plan assets	Nil	Nil	(40,948)	(7,668)
c) Total loss/(gain) for the year	(775,050)	12,330,451	(933,071)	3,058,180
d) Actuarial loss/(gain) recognized in the year	(775,050)	12,330,451	(933,071)	3,058,180
<b>E Amounts to be recognized in the Balance sheet and statement of P&amp;L</b>				
a) Present value of obligations as at the end of the year	22,209,360	21,358,996	7,427,831	8,749,123
b) Fair value of assets at the end of the year	7,443,457	6,347,618	7,775,930	7,073,324
c) Funded Status [Surplus/(deficit)]	(14,765,903)	(15,011,378)	348,099	(1,675,799)
d) Net (Liability)/asset recognized in balance sheet	(14,765,903)	(15,011,378)	348,099	(1,675,799)
<b>F Expenses recognized in statement of Profit and Loss</b>				
a) Current service cost	1,550,768	1,773,449	713,350	2,957,203
b) Interest Cost	1,708,720	584,647	629,066	265,856
c) Expected return on plan assets	(513,389)	368,387	(571,031)	301,350
d) Net actuarial (gain) / loss recognized in the year	(775,050)	12,330,451	(933,071)	3,058,180
e) Expenses recognized in statement of Profit & Loss	1,971,049	14,320,160	(161,686)	5,979,889

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

**25.3 Related party disclosures (AS-18)**

Names of the related parties and nature of relationships and particulars of transactions with the said related parties during the year are as follows :

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

**A) Key Management Personnel**

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

**B) Relatives of Key Management Personnel**

Swarnalatha Vasireddi	Wife of Managing Director
Sireesh Chandra Vungal	Son of Director Technical
Sujani Vasireddi	Daughter of Executive Director
Satya Sreenivas Neerukonda	Son-in-Law of Executive Director
Rajeswari Vungal	Wife of Director Technical

**C) Associates** Vimta Specialities Limited**D) Other related parties** Ananth Technologies Limited  
Bloomedha Info Solutions Limited

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

## ii) Aggregate Related Party transactions for the year 2011-12

(in ₹)

	Key Management Personnel	Relatives of Key Management Personnel	Associates	Other related parties in which directors interested	Total
Remuneration paid incl. PF Contribution (Previous year)	21,504,000 (21,504,000)	2,191,220 (2,310,690)	---	---	23,695,220 (23,814,690)
Services availed (Previous year)	---	84,000 (84,000)	---	4,077,834 (2,978,100)	4,161,834 (4,014,371)
Purchase of fixed assets (Previous year)	---	---	98,500	---	98,500
Lease rentals paid (Previous year)	---	---	(3,465,184)	---	(3,465,184)
ICD Received (Previous year)	---	---	27,100,000	---	27,100,000
Account payable (Previous year)	5,621,581 (3,185,915)	461,210 (402,069)	---	3,127,005 (2,815,331)	9,209,796 (6,714,989)
Dividend paid (Previous year)	2,828,556 (5,654,311)	193,558 (385,518)	---	---	3,022,114 (6,039,829)

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

**25.4. Leases (AS-19) :**

The Company has taken certain equipment under non cancelable operating lease agreements for a period of 36 months. The lease rental charge grouped under operating lease charges during the year ended March, 2012 is ₹.2,02,02,764/- (Previous year ₹.2,30,39,190/-) and maximum obligation on long-term non-cancelable operating lease payable as per the rentals stated in respective agreements are as follows:

	Current Year	Previous Year
i) Obligation on Non-cancelable operating leases :		
a) not later than one year	24,537,318	24,333,992
b) later than one year and not later than five years	1,412,953	20,038,218
c) later than five years	Nil	Nil
ii) Total of minimum sub-lease payments expected	Nil	Nil
iii) Lease payments recognized in the statement of Profit & Loss for the Period	20,202,764	23,039,190
iv) Sub lease payments received or receivable recognized in P&L A/c during the period	Nil	Nil
v) General description of significant leasing arrangements		
a) Description of the assets taken on operating lease	*	*
b) Basis on which contingent rent payments are determined	As per the terms of the lease agreement	
c) Terms of renewal or purchase options and escalation clauses of lease arrangements	As per the terms of the lease agreement	
d) Restrictions imposed by lease agreements, if any	Nil	Nil

\* Hewlett Packard Servers, Hardware &amp; Software etc.

**25.5 Earnings per Share (AS-20)**

(in ₹)

	Current Year	Previous Year
a) Net profit / (Loss) for the year	(153,763,264)	(46,650,915)
b) Weighted average no. of shares outstanding during the year	22,107,810	22,107,810
c) Basic and diluted earnings/ (loss) per share	(7)	(2)
d) Nominal value of shares (fully paid up)	2/-	2/-

**25.6. Impairment of Assets (AS-28)**

(in ₹)

	Current Year	Previous Year
i) Amount of impairment losses recognized in the P&L A/c.	Nil	613,334
ii) Amount of reversal of impairment losses recognized in the P&L A/c.	Nil	Nil
iii) Amount of impairment losses recognized directly against revaluation surplus	Nil	Nil
iv) Amount of reversals of impairment losses recognized directly in revaluation surplus	Nil	Nil

## 26. Additional Information pursuant to the provisions of Part II of Schedule VI to the Companies Act, 1956 to the extent applicable :

(in ₹)

	Current Year	Previous Year
<b>a) Value of Imports calculated on CIF Basis in respect of :</b>		
i) Chemicals & Consumables	14,097,075	6,364,278
ii) Components and spare parts	6,616,964	2,567,329
iii) Reference Standards / Proficiency testing	7,508,660	12,169,759
iv) Software	–	1,173,838
v) Capital Goods	12,224,222	8,055,841
<b>b) Expenditure in Foreign Currency on account of :</b>		
i) Travelling expenses	1,133,469	1,330,217
ii) Membership & Subscriptions	524,101	283,794
iii) Licences	139,431	–
iv) Commission	9,205,284	10,454,845
v) Interest on Foreign Currency Loan to Banks	2,994,414	6,584,414
vi) Seminars & Conferences	11,068	144,792
vii) Books & Periodicals	244,135	–
viii) Employee benefit expense	1,884,076	–
ix) Professional charges	920,400	–
<b>c) i) Amount remitted during the year in foreign currency on account of dividends</b>	Nil	Nil
ii) Number of Non-Resident Shareholders	128	111
iii) Number of shares held by them	152,637	181,357
iv) Year to which the dividends related	2010-11	2009-10
v) Dividend paid in Indian Rupees	61,055	145,086
(The NRI shareholders were paid the dividend in Indian Rupees only. Hence, amount remitted in foreign currency is Nil)		
<b>d) Earnings in foreign exchange :</b>		
Export of testing services (on FOB basis)	301,961,918	355,827,838

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

(in ₹)

	Current year		Previous year	
	Consumption Value	% to total Consumption	Consumption Value	% to total Consumption
a) Chemicals & Consumables				
- Indigenous	204,019,577	95	174,097,250	96
- Imported	10,737,872	5	7,254,052	4
<b>Total</b>	<b>214,757,449</b>	<b>100</b>	<b>181,351,302</b>	<b>100</b>
b) Spares & Components				
- Indigenous	2,872,364	45	2,380,426	46
- Imported	3,510,668	55	2,794,413	54
<b>Total</b>	<b>6,383,032</b>	<b>100</b>	<b>5,174,839</b>	<b>100</b>

27. Previous year's figures have been regrouped / recasted wherever considered necessary to conform to the layout of the accounts adopted in the current year. Paise have been rounded off to the nearest rupee.

Per our report of even date attached.

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

J. VENKATESWARLU  
PARTNER  
ICAI Ms. No.022481

Place: Hyderabad  
Date: 21.05.2012

For and on behalf of the Board

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

P Sankaraiah  
A Venkata Ramana  
VP - Finance & CFO  
Company Secretary

Place: Hyderabad  
Date: 21.05.2012

#### IMPORTANT COMMUNICATION TO MEMBERS

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



Annual Report  
2011 - 12

**Vimta Labs Limited**

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

[www.vimta.com](http://www.vimta.com)

**Registered Office :**

**Vimta Labs Limited**

Plot Nos.: 141/2 & 142  
IDA Phase II, Cherlapally  
R. R. District  
Hyderabad - 500 051, India  
Phone : +91 40 27264141  
Fax : +91 40 27263657

**Life Sciences Facility :**

**Vimta Labs Limited**

Plot No. 5  
Alexandria Knowledge Park  
(formerly known as S P Bio-Tech Park)  
Genome Valley, Turkapalli Village  
Shameerpet Mandal, R.R. District  
Hyderabad - 500 078, India  
Phone : +91 40 67404040