VIMTA LABS
Determining Quality

11TH ANNUAL REPORT
2000 - 2001

Vimta Labs Limited

Regd. Office : Plot Nos. 141/2, & 142, Phase II, IDA,
Cherlapally, Hyderabad - 500 051, R.R. District.

BOARD OF DIRECTORS

DR S P VASIREDDI
CHAIRMAN & MANAGING DIRECTOR

SHRI V HARRIMAN
DIRECTOR-TECHNICAL

SHRI V V PRASAD
EXECUTIVE DIRECTOR

SHRI RAGHU CIDAMBI
DIRECTOR

SHRI S SUBRAHMANYAN
DIRECTOR

SHRI A D SINHA
DIRECTOR

Company Secretary & DGM-Finance

SHRI A VENKATA RAMANA

BANKERS

CANARA BANK
M G ROAD
SECUNDERABAD : 500 003.

AUDITORS

SARATHY & BALU
CHARTERED ACCOUNTANTS
12, MASTER SAI APARTMENTS
SOMAJIGUDA
HYDERABAD : 500 082.

LISTED WITH

THE HYDERABAD STOCK EXCHANGE LTD
3-6-275, HIMAYATNAGAR
HYDERABAD - 500 029

THE STOCK EXCHANGE
PHIROZE JEEJEEBHOY TOWERS
DALAL STREET
MUMBAI - 400 001

DIRECTORS' REPORT

To
The Members of
VIMTA LABS LIMITED

Your Directors have pleasure in presenting the Eleventh Annual Report together with audited accounts for the Financial Year ended on 31st March, 2001.

FINANCIAL RESULTS :

Financial Results for the year under review are as follows :

		Current Year (Rs. in lakhs)		Previous Year (Rs. in lakhs)
1) Profit before interest, Depreciation & Taxes		163.37		93.98
Less:				
2) Finance Charges	47.94		31.09	
3) Depreciation	55.08	103.02	42.43	73.52
4) Profit before Amortization and Tax		60.34		20.46
5) Amortization of preliminary expenses		13.09		13.09
6) Profit before Tax		47.25		7.37
7) Provision for Taxation		4.02		---
8) Profit after tax		43.23		7.37

REVIEW OF OPERATIONS :

During the year under review your company has achieved an all time record turnover of Rs. 637.27 lakhs with an increase of 55% over previous year turnover of Rs. 410.90 lakhs and earned a net profit of Rs. 43.23 lakhs after tax (Previous year 7.37 lakhs)

The Market development - the Franchisee scheme in the state has proven to be successful and efforts are on for nation wide launch of this scheme.

During the year under review the Joint Venture Company Vimta Rostest Pvt. Ltd. has made a profit of Rs. 14 lakhs. It has contributed Rs. 28 lakhs to Vimta Labs sales towards testing & analytical services.

Whilst the business of the company is improving, now it has a major need to update the test equipment and its facilities. Majority of the test equipment were installed in 1993-94 and they need to be refurbished or replaced. In view of this, the Board has decided to refurbish/replace on an urgent basis the immediate requirement through internal generation and Hire Purchase. Your Company has also received considerable support from Agricultural & Processed Food Products Export Development Authority (APEDA) to buy state of the art equipment to test Food and Agri products, by way of non refundable grant of Rs. 35 lakhs towards 50% of the cost of the equipment. The Company has to match equal amounts to procure the equipment.

FUTURE OUT LOOK :

Though there is a recession in the domestic industrial production, your company is performing well and it should be doing well in the future as the quality awarenes in the country has been increasing day by day. Your company is focusing attention on the foreign markets for meeting their outsourcing of needs with respect to testing and contract research services. Thus the company is poised to substantialy increase its foreign exchange earnings. Resultantly, your Company has been sanctioned to import the state of the art equipment under concessional rate of Customs duty i.e. 5%, whereby your Company would be saving substantially on Customs duty.

DIRECTORS :

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri S Subrahmanyan, Director will retire by rotation and is eligible for reappointment. He has given his consent.

AUDITORS :

M/s.Sarathy & Balu Chartered Accountants, Auditors of the Company will retire at the conclusion of the ensuing Annual General Meeting. They have given their consent for reappointment and further stated that if appointed, their appointment will be within the limits specified under Section 224 (1-B) of the Companies Act, 1956. The appointment requires the special resolution under section 224A of the Companies Act, 1956 as the public financial institutions are holding more than 25% of the subscribed share capital of the Company.

PARTICULARS OF EMPLOYEES :

Your Directors report that no employee of the company was in receipt of remuneration in aggregate, more than Rs.1,200,000/- per annum, where employed throught the financial year, and more than Rs.100,000/- per month, where employed for a part of the financial year.

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 I and forms part of this report.

Directors Responsibility Statement under the provisions of Section 217 (2AA)

Pursuant to the above provisions your Directors state that :

i) The applicable accounting standards have been followed in preparation the annual accounts and there are no material departures during the year under review.

ii) They had selected the accounting standards and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your company at the end of the financial year and of the profits of the Company for that period.

iii) They had 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 had prepared the annual accounts on a going concern basis.

ACKNOWLEDGMENTS :

Your Directors take this opportunity to express their gratitude to the Business Associates, Customers, Bankers, Financial Institutions and Venture Capital Institutions for their support and guidance.

Your Directors deeply acknowledge the continued trust and confidence of the customers and shareholders on your Company. The Directors wish to place on record their deep sense of appreciation of the services rendered by all the associates of the Company.

For and on behalf of the Board

Hyderabad

Date : 25.06.2001

Dr S P Vasireddi

Chairman & Managing Director

ANNEXURE - I

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

(Forming part of the Directors' Report for the year ended 31st March, 2001.)

A. Conservation of Energy :

The Company is a service industry carrying on the business of Testing and Analysis of various materials, conducting clinical research and under taking of Environmental Impact Assessment studies of industrial and Infrastructure projects. Testing is undertaken for various materials and different types of tests are carried out depending on the nature of material and the quality standards such as IS, IP, USP, BP, ASTM, AOAC, etc. Testing is done using different Testing Equipments. It may be that a particular material needs to be tested on different instruments for various parameters simultaneously as required by the customer. Most of the test equipments are micro-processor based and draw only requisite power.

Power is drawn by different equipments from a common source in the Lab. Besides this, Generator and UPS are used as back-up sources. Hence it is not practicable to quantify the power consumption of each equipment and for each test.

a) Energy Conservation Measures Taken :

   i) Designed and installed the power distribution system perfectly which will utilise 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 necessary for majority of the rooms, which is being conserved for utilisation of equipment.

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

   At present no additional investments and proposals are required to be implemented for reduction of consumption of energy.

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

   As a result of the measures at (a) above, the energy consumption is reduced to the barest minimum requirement.

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

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

B. Technology Absorption :

The Company is offering testing facilities for various materials, conducting Clinical Research and undertaking studies of Environmental Impact Assessment of Projects. The tests/studies are carried out as per the prescribed National/ International Standards. The Company has not taken up any Research and Development (R & D) activities due to the reason that it has to conduct the tests as per the prescribed procedures. However, the Company extends support to R & D programmes of Industry in trouble shooting and product development using the state of the art instrumentation and expertise available. In the same way, as the Technology involved in the testing is only testing of products as per the prescribed standard procedures/manuals, the disclosure of information in Form B of the Rules are not applicable.

C. Foreign Exchange Earnings And Outgo :

During the financial year, the company has earned foreign exchange of Rs.22.89 Lakhs. Further the Company has incurred an amount of Rs.60.60 lakhs on import of Capital goods, chemicals and consumables, reference standard and travel expenditure.

For and on behalf of the Board

Dr S P Vasireddi

Chairman & Managing Director

Hyderabad

Date : 25.06.2001

AUDITORS' REPORT

To
The Members of
VIMTA LABS LIMITED

We have audited the attached Balance Sheet of VIMTA LABS LTD as at 31st March,2001 and the relative Profit & Loss account for the year ended on that date, both of which we have signed under reference to this report and report that:

1. As required by the Manufacturing and other Companies (Auditors'Report) Order, 1988, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act,1956, we annex hereto a statement on the matters specified in paragraphs 4 & 5 of the said order to the extent they are applicable to this Company.
2. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for our audit. In our opinion, proper books of accounts have been kept as required by law so far as appears from our examination of the books and the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the Books of Account of the Company.
3. In our opinion, the Profit & Loss account and the Balance sheet Comply with the accounting standards referred to in Sec. 211 (3c) of the Companies Act, 1956.
4. As per the information and explanations provided to us, no director of the Company is disqualified as on 31.03.2001 from being appointed as a director of the Company in terms of Clause (g) of subsection (1) of Section 274 of the Companies Act,1956.
5. In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and Profit & Loss Account together with the notes thereon and attached thereto given in the prescribed manner the information required by the Companies Act,1956 and also give respectively, a true and fair view of the state of the Company's affairs as at 31st March,2001 and its Profit for the year ended on that date.

for ***Sarathy & Balu***
Chartered Accountants

Hyderabad
Date : 25.06.2001

(J Venkateswarlu)
Partner

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 1 of our report of even date

1. The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets. The fixed assets of the Company have been physically verified at reasonable intervals during the year by the management and no material discrepancies between the book records and the physical inventory have been noticed.
2. The fixed assets of the Company have not been revalued during the year.
3. The stocks of finished goods, stores and spares and raw materials of the Company at all its locations have been physically verified by the management at reasonable intervals during the year.
4. In our opinion, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
5. There were no material discrepancies between the physical stocks and the book stocks.
6. In our opinion, the valuation of stocks of finished goods, stores and spares and raw materials is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in preceding year.
7. The company has not taken any loans secured or unsecured from companies, firms or other parties listed in the register maintained under section 301 of the Companies, Act,1956 and/or from the Companies under the same management as defined under the erstwhile sub-section (1B) of Section 370 of the Companies Act,1956.
8. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register(s) maintained under section 301 and/or to the companies under the same management as defined under the erstwhile sub-section (1B) of Section 370 of the Companies Act, 1956.

9. Interest free loans or advances in the nature of loans have been given to employees only who are repaying the principal amounts as stipulated.
10. In our opinion, there is an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of stores and spares, raw materials, including components, plant and machinery, equipment and other assets, and for the sale of goods and services.
11. In our opinion and according to the information and explanations given to us, the transactions of purchase of goods and materials and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the Register maintained under section 301 of the Companies Act,1956 and aggregating to Rs.50000/- or more during the year in respect of each party, have been made at prices which are reasonable having regard to the prevailing market prices for such goods, materials or services or the prices at which transactions for similar goods, materials or services have been made with other parties.
12. The company has a regular procedure for determining unserviceable or damaged stores, raw materials, or finished goods, on the basis of technical evaluation and on such basis, in our opinion adequate amounts have been written off of such stocks in the accounts.
13. The Company has not accepted any deposits from public.
14. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of scrap where applicable and significant. The company has no by-products.
15. In our opinion, the Company has an internal audit system Commensurate with its size and nature of its business.
16. In respect of this company, maintenance of cost records has not been prescribed by the Central Government under Section 209(1)(d) of the Companies Act,1956.
17. ***According to the records of the company and as explained to us, the Company is not regular in depositing the Provident Fund and Employees' State Insurance dues with the appropriate authorities. The extent of arrears as at 31.03.2001 towards Provident Fund is Rs.3.63 Lakhs and towards Employees' State Insurance is Rs.0.49 Lakhs. While contribution to Provident Fund is yet to be paid, the ESI dues were deposited on 08.06.2001.***
18. There were no undisputed amounts payable in respect of income-tax, wealth-tax, sales tax, customs duty and excise duty outstanding as at the last day of the accounting period for a period of more than six months from the date they became payable.
19. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices we have not come across any personal expenses which have been charged to profit and loss account, nor we have been informed of any such case by the management.
20. The Company is not a sick company within the meaning of Clause (o) of sub section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act,1985.
21. In our opinion, the Company has a reasonable system of recording receipts, issues and consumption of material and stores and allocating materials consumed to the relative jobs, commensurate with its size and nature of its business.
22. In our opinion, the Company has a reasonable system of allocating man-hours utilised to the relative jobs, commensurate with its size and nature of its business.
23. In our opinion, there is a reasonable system of authorisation at proper levels, and an adequate system of internal control commensurate with its size and nature of its business, on issue of stores and allocation of stores and labour to jobs.

for ***Sarathy & Balu***
Chartered Accountants

Hyderabad
Date : 25.06.2001

(J Venkateswarlu)
Partner

BALANCE SHEET AS AT 31ST MARCH, 2001

		Schedule No.	As at 31.03.2001 Rs. Ps.	As at 31.03.2000 Rs. Ps.
I	**SOURCES OF FUNDS**			
	(1) Shareholders' Funds			
	Capital	1	36,071,240.00	36,071,240.00
	Reserves & Surplus	2	34,576,152.51	30,253,203.53
	(2) Loan funds			
	Secured loans	3	10,275,066.00	23,179,308.40
	Unsecured loans	4	10,352,715.00	3,915,303.00
	TOTAL		91,275,173.51	93,419,054.93
II	**APPLICATION OF FUNDS**			
	(1) **Fixed Assets**	5		
	(a) Gross Block		108,011,843.42	99,693,963.75
	(b) Less:Depreciation		32,947,550.35	27,438,662.35
	(c) Net Block		75,064,293.07	72,255,301.40
	(2) **Investments**	6	480,000.00	480,000.00
	(3) **Current Assets Loans & Advances**	7		
	(a) Inventories		2,521,445.00	3,856,524.00
	(b) Sundry debtors		10,845,561.20	11,307,362.80
	(c) Cash and Bank balances		688,888.82	374,361.29
	(d) Other Current assets		2,536,716.91	1,585,607.00
	(e) Loans & advances		4,683,367.53	3,481,937.71
	SUB TOTAL		21,275,979.46	20,605,792.80
	Less : Curent liabilities & Provisions	8	11,395,616.92	5,855,323.36
	Net Current Assets		9,880,362.54	14,750,469.44
	(4) (a) **Miscellaneous Expenditure** (to the extent not written off or adjusted)	9	5,850,517.90	5,933,284.09
	TOTAL		91,275,173.51	93,419,054.93

SIGNIFICANT ACCOUNTING POLICIES AND

Schedules mentioned above form an integral part of the Balance Sheet.

This is the Balance sheet referred to in our report of even date.

for **Sarathy & Balu**
Chartered Accountants,

(J. Venkateswarlu)
Partner

Hyderabad
Date : 25.06.2001

For and on behalf of the Board

Dr S P Vasireddi	Managing Director
Shri V Harriman	Director Technical
Shri V V Prasad	Executive Director
Shri Raghu Cidambi	Director
Shri S Subrahmanyan	Director
Shri A D Sinha	Director
Shri A Venkata Ramana	Company Secretary & DGM Finance

Hyderabad
Date : 25.06.2001

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2001

	Schedule No.	**Year Ended 31.03.2001 Rs. Ps.**	Year Ended 31.03.2000 Rs. Ps.
NOTES FORMING PART OF THE ACCOUNTS	17		
INCOME			
Income from operations	10	**63,727,295.22**	41,092,260.85
Increase/(Decrease) in Inventories	11	**(2,129,200.00)**	(5,786,148.00)
Other Income	12	**339,936.90**	58,665.70
TOTAL		**61,938,032.12**	35,364,778.55
EXPENDITURE			
Testing and analysis expenditure	13	**14,221,995.73**	8,611,785.72
Payments and benefits to employees	14	**11,491,206.10**	6,188,831.17
Administration selling & General expenses	15	**19,887,310.21**	11,166,085.93
Finance charges and interest	16	**4,794,109.91**	3,109,109.38
Depreciation	5	**5,508,888.00**	4,243,182.00
TOTAL		**55,903,509.95**	33,318,994.20
Profit before amortisation		**6,034,522.17**	2,045,784.35
Less : Amortisation of Preliminary and Deferred Revenue Expenses	9	**1,309,573.19**	1,309,573.19
Profit before tax		**4,724,948.98**	736,211.16
Less :Provision for taxation		**402,000.00**	0.00
Profit after tax		**4,322,948.98**	736,211.16
Add. : Balance brought forward from Previous Year		**20,694,033.53**	19,957,822.37
SURPLUS CARRIED TO BALANCE SHEET		**25,016,982.51**	20,694,033.53
SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS	17		

Schedules mentioned above form an integral part of the Profit & Loss Account.

This is the Profit & Loss Account referred
to in our report of even date.

for **Sarathy & Balu**
Chartered Accountants,

(J. Venkateswarlu)
Partner

Hyderabad
Date : 25.06.2001

For and on behalf of the Board

Dr S P Vasireddi	Managing Director
Shri V Harriman	Director Technical
Shri V V Prasad	Executive Director
Shri Raghu Cidambi	Director
Shri S Subrahmanyan	Director
Shri A D Sinha	Director
Shri A Venkata Ramana	Company Secretary & DGM Finance

Hyderabad
Date : 25.06.2001

SCHEDULES FORMING PART OF THE ACCOUNTS

	As on 31.03.2001 Rs. Ps.	As on 31.03.2000 Rs. Ps.
1. SHARE CAPITAL		
Authorised:7000000 Equity Shares of Rs.10/- each(Previous year 7000000 Equity Shares of Rs.10/- each)	70,000,000.00	70,000,000.00
Issued, Subscribed and Paid up 3608624 equity shares of Rs.10/- each fully paid up (Previous year 3608624) shares of Rs.10/- each fully paid up)	36,086,240.00	36,086,240.00
Less : Allotment money due in respect of 3000 shares @ Rs.5/- each (Previous year - 3000 shares @ Rs.5/- each)	15,000.00	15,000.00
TOTAL	36,071,240.00	36,071,240.00
2. RESERVES AND SURPLUS		
(i) Share Premium Account	9,559,170.00	9,559,170.00
(ii) Surplus in Profit & Loss A/c	25,016,982.51	20,694,033.53
TOTAL	34,576,152.51	30,253,203.53
3. SECURED LOANS		
A) Loans & Advances from Banks		
a) Open Cash Credit from Canara Bank	4,307,025.00	4,799,877.40
B) Other Loans & Advances		
1. Term Loans from IDBI	0.00	16,416,000.00
2. Hire Purchase Loans	5,878,866.00	335,362.00
3. Venture Capital type of loan assistance from Centre for Technology Development.	89,175.00	1,628,069.00
TOTAL	10,275,066.00	23,179,308.40
4. UNSECURED LOANS		
(i) Short Term Loans & Advances from other than Banks		
A) From Directors	10,222,495.00	3,789,340.00
B) From others	130,220.00	125,963.00
TOTAL	10,352,715.00	3,915,303.00

SCHEDULES FORMING PART OF THE ACCOUNTS - CONTD.

5 . FIXED ASSETS

SL. No.	DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		AS ON 01.04.2000 Rs. Ps.	ADDITIONS Rs. Ps.	SALES/ ADJUSTMENTS Rs. Ps.	TOTAL Rs. Ps.	UPTO 31.03.2000 Rs. Ps.	FOR THE YEAR Rs. Ps.	ON SALES/ ADJUSTMENTS Rs. Ps.	TOTAL Rs. Ps.	**AS AT 31.03.2001 Rs. Ps.**	AS AT 31.03.2000 Rs. Ps.
1	Freehold Land & Site Development	955,656.00	0.00	0.00	955,656.00	0.00	0.00	0.00	0.00	**955,656.00**	955,656.00
2	Buildings										
	- Lab Buildings	18,788,054.37	0.00	0.00	18,788,054.37	2,031,689.90	306,245.00	0.00	2,337,934.90	**16,450,119.47**	16,756,364.47
	- Staff quarters	944,264.00	0.00	0.00	944,264.00	109,019.00	15,391.00	0.00	124,410.00	**819,854.00**	835,245.00
3	Plant & Machinary	68,339,769.79	7,474,434.67	0.00	75,814,204.46	21,596,769.66	4,373,555.00	0.00	25,970,324.66	**49,843,879.80**	46,743,000.13
4	Electrical Installation	3,997,340.24	0.00	0.00	3,997,340.24	1,334,685.24	243,238.00	0.00	1,577,923.24	**2,419,417.00**	2,662,655.00
5	Office Equipment	1,635,767.31	0.00	0.00	1,635,767.31	561,181.09	99,537.00	0.00	660,718.09	**975,049.22**	1,074,586.22
6	Computers	191,767.00	843,445.00	0.00	1,035,212.00	33,236.00	98,064.00	0.00	131,300.00	**903,912.00**	158,531.00
7	Furnitures & Fixtures	2,746,729.05	0.00	0.00	2,746,729.05	980,798.20	173,868.00	0.00	1,154,666.20	**1,592,062.85**	1,765,930.85
8	Vehicles	2,094,615.99	0.00	0.00	2,094,615.99	791,283.26	198,990.00	0.00	990,273.26	**1,104,342.73**	1,303,332.73
	TOTAL	99,693,963.75	8,317,879.67	0.00	108,011,843.42	27,438,662.35	5,508,888.00	0.00	32,947,550.35	**75,064,293.07**	72,255,301.40
	PREVIOUS YEAR	99,901,067.70	937,997.06	1,145,101.01	99,693,963.75	23,662,482.35	4,243,182.00	467,002.00	27,438,662.35	**72,255,301.40**	76,238,585.35

VIMTA LABS
Determining Quality

SCHEDULES FORMING PART OF THE ACCOUNTS - CONTD.

	As at 31.03.2001 Rs. Ps.	As at 31.03.2000 Rs. Ps.
6. *INVESTMENTS*		
Equity shares- fully paidup at cost		
Unquoted- Non Trading :		
(48,000 equity shares of Rs.10/- each fully paidup in Vimta Rostest (P) Ltd.,	480,000.00	480,000.00
TOTAL	480,000.00	480,000.00
7. *CURRENT ASSETS, LOANS & ADVANCES*		
(a) Inventories		
Chemicals & Consumables (At cost)	734,466.00	337,943.00
Components, Stores & Spares (At cost)	1,411,429.00	1,013,831.00
Environmental Jobs		
Works-in-progress (At Cost)	375,550.00	2,504,750.00
TOTAL	2,521,445.00	3,856,524.00
(b) Sundry Debtors		
(Debts considered good for which the company holds no security other than the debtors' personal security)		
(i) Debts Outstanding For a Period Exceeding Six months	3,710,082.73	2,288,201.00
(ii) Other Debts	7,135,478.47	9,019,161.80
TOTAL	10,845,561.20	11,307,362.80
(c) Cash & Bank Balances		
(i) Cash Balance on hand	150,069.81	21,954.69
(ii) Balances with Scheduled Banks		
(a) in Current Accounts	65,161.56	250,719.15
(b) in Deposit Accounts	473,657.45	101,687.45
TOTAL	688,888.82	374,361.29
(d) Other Current Assets		
(i) Advance payment of Income-tax(TDS)	2,440,896.91	1,585,607.00
(ii) Retention money with customers	95,820.00	0.00
TOTAL	2,536,716.91	1,585,607.00
(e) Loans and Advances		
(advances Considered good for which the Company holds no secrity other than the personal security of parties)		
(i) Advances recoverable in cash or in kind or for value to be received	1,286,599.77	1,683,629.21
(ii) Deposits and balances with Public Sector Bodies & Others	2,116,214.70	1,623,469.50
(iii) Advances for services & supplies	1,280,553.06	174,839.00
TOTAL	4,683,367.53	3,481,937.71

SCHEDULES FORMING PART OF THE ACCOUNTS - CONTD.

	As on 31.03.2001 Rs. Ps.	As on 31.03.2000 Rs. Ps.
8. *CURRENT LIABILITIES & PROVISIONS*		
(A) Current Liabilities		
(i) Sundry Creditors		
(a) for Capital Expenditure	151,425.67	0.00
(b) for Services & Supplies	6,893,622.33	5,376,831.18
(c) Remuneration & fee payable to directors	3,035,861.02	417,715.18
(ii) Advances from Customers against Services	912,707.90	60,777.00
TOTAL	10,993,616.92	5,855,323.36
(B) Provisions		
Provision for Income-tax	402,000.00	0.00
TOTAL	11,395,616.92	5,855,323.36
9. *MISCELLANEOUS EXPENDITURE*		
(To the extent not written off or adjusted)		
(i) Public Issue Expenditure		
Opening Balance	1,358,399.24	1,752,892.24
Less : Written off during the year	394,493.00	394,493.00
BALANCE	963,906.24	1,358,399,24
(ii) Deferred Revenue Expenditure		
(a) ISO Quality System Expenses - Opening balance	1,554,568.24	1,865,481.43
Less: Written off during the year	310,913.19	310,913.19
BALANCE	1,243,655.05	1,554,568.24
(b) GLP Expenses - Opening balance	2,628,846.25	3,066,987.25
Less: Written off during the year	438,141.00	438,141.00
BALANCE	2,190,705.25	2,628,846.25
c) Expenditure on Interational Business Promotion - Opening balance	332,050.00	498,076.00
Less : Written off during the year	166,026.00	166,026.00
BALANCE	166,024.00	332,050.00
(iii) Interest not accrued & due on Hire Purchase Loans - Opening balance	59,420.36	168,510.36
Add : Additions during the year	2,087,038.00	0.00
Less : Written off during the year	860,231.00	109,090.00
BALANCE	1,286,227.36	59,420.36
TOTAL (I) TO (III)	5,850,517.90	5,933,284.09

SCHEDULES FORMING PART OF THE ACCOUNTS - CONTD.

	Year Ended 31.03.2001 Rs. Ps.	Year Ended 31.03.2000 Rs. Ps.
10. INCOME FROM OPERATIONS		
(i) Income from Testing & Analysis Services		
- Domestic	61,437,761.22	40,597,080.85
- Exports	2,289,534.00	495,180.00
TOTAL	63,727,295.22	41,092,260.85
11. INCREASE/(DECREASE) IN INVENTORIES		
Closing Work-in-progress of Env. Jobs	375,550.00	2,504,750.00
Less : Opening Work-in-progress	2,504,750.00	8,290,898.00
INCREASE / (DECREASE)	(2,129,200.00)	(5,786,148.00)
12. OTHER INCOME		
i) Interest Income	139,797.00	55,013.00
(Tax deducted at source - Nil)		
(Previous year Rs. Nil)		
ii) Miscellaneous Receipts	200,139.90	3,652.70
TOTAL	339,936.90	58,665.70
13. TESTING & ANALYSIS EXPENDITURE		
Chemicals, Consumables, Stores, Spares & Components consumed	3,609,090.50	2,101,565.91
Sample preparation, Data Generation Inspection and Testing Expenses	8,478,673.15	5,035,374.01
Water,Power & Fuel Charges	2,134,232.08	1,474,845.80
TOTAL	14,221,995.73	8,611,785.72
14. PAYMENTS & BENEFITS TO EMPLOYEES		
Salaries & wages	9,370,443.00	4,826,261.00
Bonus	77,628.00	71,130.00
Contribution to Provident Fund	591,814.00	512,673.00
ESI Contribution	112,111.00	93,381.00
Staff Welfare Expenses	438,493.10	340,987.17
Gratuity	25,188.00	75,662.00
Other Benefits	875,529.00	268,737.00
TOTAL	11,491,206.10	6,188,831.17

SCHEDULES FORMING PART OF THE ACCOUNTS - CONTD.

	Year Ended 31.03.2001 Rs. Ps.	Year Ended 31.03.2000 Rs. Ps.
15. ADMINISTRATION, SELLING & GENERAL EXPENSES		
Managerial Remuneration	**2,859,344.00**	2,700,000.00
Sitting fees to Directors	**6,500.00**	1,500.00
Rent	**106,000.00**	51,402.00
Rates, Taxes, Licences & Renewals	**655,677.50**	316,700.69
Insurance	**162,874.00**	179,090.00
Travelling & Conveyance	**2,817,899.72**	755,657.97
Advertisement, Publicity & Sales Promotion Expenses	**350,410.03**	137,386.50
Postage, Telegrams, Telephone & Telex	**1,360,435.56**	748,065.95
Printing & Stationary	**1,034,788.69**	509,217.95
Repairs & Miantenance to :		
Plant & Machinery	**1,055,602.07**	430,996.85
Buildings	**1,047,711.85**	465,501.41
Others	**261,526.80**	8,985.00
Payments to Auditors		
(a) As Auditor	**21,000.00**	20,000.00
(b) As advisor for :		
(i) Certification and Co. Law Matters	**13,125.00**	12,500.00
(ii) Taxation Matters	**13,125.00**	12,500.00
(c) Out of pocket expenses	**600.00**	1,470.00
Books & Periodicals	**44,646.00**	55,301.00
Bad & Doubtful debts writtenoff	**3,201,345.00**	2,201,648.00
Vehicle Maintenance	**976,595.78**	992,149.39
Professional and Consultancy Charges	**1,807,665.00**	847,488.00
Entertainment Expenses	**111,705.99**	169,015.64
Loss on sale of Assets	**0.00**	277,099.01
Membership & Subscriptions	**52,420.40**	23,393.00
Security Charges	**180,911.00**	159,582.00
Seminars, Conferences, Recruitment & Training Expenses of Personnel	**978,653.62**	43,363.00
Commision to Franchisees	**96,165.00**	0.00
Software Charges	**487,664.00**	0.00
Miscelaneous Expenses	**182,918.20**	46,072.37
TOTAL	**19,887,310.21**	11,166,085.93

	Year Ended 31.03.2001 Rs. Ps.	Year Ended 31.03.2000 Rs. Ps.
16. FINANCE CHARGES AND INTEREST		
( ) Interest		
(a) on fixed loans - to I D B I	**1,360,029.00**	2,090,483.00
- to CTD	**199,081.00**	317,427.00
(b) on other loans - to Canara Bank	**432,586.00**	226,757.00
- to Others	**2,484,375.14**	263,578.48
(ii) Bank Charges	**318,038.77**	210,863.90
TOTAL	**4,794,109.91**	3,109,109.38

17. SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES :

i) **Method of Accounting** : The accounts are prepared in accordance with the Accounting Principles generally accepted in India as a going concern. The Company follows accrual method of Accounting.

ii) **Fixed Assets** : Fixed Assets are shown at cost less depreciation. Interest on borrowings for acquiring fixed assets and revenue expenses incurred at project site for the period upto putting the asset for commercial use are capitalised as part of the asset cost.

iii) **Depreciation** : Depreciation on fixed assets has been charged under straight line method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956. Extra shift depreciation is charged on the assets which are used for double/triple shifts.

Depreciation on additions/deductions is calculated prorata from/to the month of additions/deductions.

iv) **Inventories** : Inventories are valued at cost after providing for the obsolescence and job works in progress are valued at cost.

v) **Prior Period Expenses/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."

vi) **Gratuity** : As per the practice consistently followed by the Company, the liability on account of gratuity to employees is accounted for in the year of settlement of claims. The amounts are charged to the revenue in the year of actual payment.

vii) **Miscellaneous Expenditure** :

(a) Expenditure incurred on Preliminary & Pre-operative, Public Issue are written off over a period of 10 years in equal instalments.

(b) Expenditure spent on implementation of the quality systems and advertisement and expenses on launching of new services of the Company, are treated as a deferred revenue expenditure. Such expenditure is amortized over a period of 5 years or 10 years respectively during which period the company expects the benefits to accrue.

viii) **General** : Accounting Policies not specifically referred to are in consistent with the Generally accepted Accounting Practices.

B NOTES FORMING PART OF ACCOUNTS :

1. CONTINGENT LIABILITIES :

i) Bank Guarantees issued by the Bank on behalf of the Company and not provided for is Rs. 9.70 lakhs (Previous Year Rs. 6.50 lakhs). These guarantees are secured by way of lien on the Company's Deposits of Rs.1.94 lakhs with the Bank (Previous year 1.02 lakhs).

2. SECURED LOANS :

i) The working capital limits from Canara Bank under over draft against Book Debts facility are secured by equitable mortgage of Land & Building assignment of Book Debts and personal guarantee by whole time Directors of the Company in their personal capacities.

ii) The venture capital type of loan assistance from Centre for Technology Development, Bangalore is secured by hypothecation of movable properties of the Company such as Plant & Machinery and testing equipment acquired with the said loan amount.

iii) Hire purchase loans are secured by lien on the respective assets acquired with the loan amounts.

3. SHARE PREMIUM :

An amount of Rs.7500/- (@ Rs.2.50 per share on 3000 equity shares) (previous year Rs.7500/-) is to be received under Share Premium account from the shareholders from whom allotment money is due.

4. MANAGERIAL REMUNERATION :

A) Particulars of remuneration to the Whole time Directors are as follows :

	Managing Director Rs. Ps.	Executive Director Rs. Ps.	Director Technical Rs. Ps.	Total Rs. Ps.
a) Salary	10,47,500.00	9,00,000.00	9,00,000.00	28,47,500.00
	(9,00,000.00)	(9,00,000.00)	(9,00,000.00)	(27,00,000.00)
b) Commission	11,844.00	Nil	Nil	11,844.00
	(Nil)	(Nil)	(Nil)	(Nil)
Total	10,59,344.00	9,00,000.00	9,00,000.00	28,59,344.00
	(9,00,000.00)	(9,00,000.00)	(9,00,000.00)	(27,00,000.00)

Note :

(i) Figures in brackets relate to the previous year.

(ii) (a) The above Remuneration is paid/provided as per the terms and conditions approved by the Shareholders/Board subject to the limits specified in schedule XIII to the Companies Act, 1956.

(b) Computation of Net profit in accordance with Section 349 of the Companies Act,1956 for calculation of Commission payable to the Directors is as follows :

	2000-2001 Rs. Ps.
Net Profit as per Profit & Loss A/c	4,322,949.00
Add : Commission to Managing Director	11844.00
	4,334,793.00
1) Depreciation debited to P & L A/c	5,508,888.00
	9,843,681.00
Less :	
1) Depreciation as per the provisions of Section 350 of the Companies Act, 1956	5,508,888.00
Net Profit within the meaning of Sec. 349	4,334,793.00
Commission to the Managing Director @1% (Proportinate amount for the period from 01.01.2001 to 31.03.2001)	11,844.00

5. Additional information pursuant to the provisions of Part II of Schedule VI to the Companies Act, 1956 to the extent applicable to this company is as under:

	2000 - 2001 Rs. in lakhs	1999 - 2000 Rs. in lakhs
a) Value of Imports calculated on CIF basis in respect of :		
— Capital goods	**53.51**	Nil
— Reference Standards	**0.23**	Nil
b) Expenditure in foreign currency on account of royalty, know-how, professional and consultation fees, interest and other matters :		
i) Foreign travel :	**6.86**	Nil
ii) Expenses on International Business Promotion	**Nil**	0.90
iii) Repairs & Maintenance	**Nil**	0.18
iv) Membership & Subscription	**Nil**	0.04
v) Others	**Nil**	0.06
c) Amount remitted in foreign currency on account of dividends	**Nil**	Nil
d) Earnings in Foreign Exchange : Income from operations	**22.89**	4.95

e) Value of imported and indigenous raw material, spare parts & components consumed during the year and the percentage of each to the total Con - -sumption : The company is carrying on the business of testing and analysis of various materials and it consumes a variety of chemicals and con sumables for its testing activities and does not require any raw material or compon- ents as no manufact- uring activity is carried on. It is not practicable to furnish the Quanti- -tative details of these chemicals & consu- mables as number of chemicals in small quantities are used in the process of testing. Hence the aggregate value of chemicals and consumables and the spares and stores consumed are furnished below:

	2000 - 20001		1999 - 2000	
	Rs in Lakhs	% to total consumption	Rs in Lakhs	% to total consumption
Chemicals & Consumables :				
Indigenous	**18.79**	**100.00**	17.73	100.00
Imported	**Nil**	**Nil**	Nil	Nil
TOTAL	**18.79**	**100.00**	17.73	100.00
Spares and Components :				
Indigenous	**17.30**	**100.00**	3.28	100.00
Imported	**Nil**	**Nil**	Nil	Nil
TOTAL	**17.30**	**100.00**	3.28	100.00

6. **INCOME - TAX** : Provision for tax u/s 115 JB of the Income-Tax Act, 1961 is made and no provision is required for regular Tax.

7. Previous Year's figures have been regrouped wherever necessary to conform with the layout of the accounts adopted of the current year.

8. Information on current liabilities & provisions : (Rs. in Lakhs)

i) Names of small scale industrial under takings to whom the company owe a sum exceeding Rs.1.00 Lakhs which is outstanding for more than 30 days. Nil

(Rs. in Lakhs)

ii) Total outstanding dues of small scale industrial undertakings — Nil

iii) Total outstanding dues of *Creditors other than small* scale industrial undertakings — 109.94

C. Additional Information pursuant to the provisions of part IV of Schedule VI to the Companies Act, 1956:

I. Registration Details

Registration No.	State Code
11977	01

Balance Sheet Date

Date	Month	Year
31	03	2001

II. Capital Raised during the Year (Amount in Rs. Thousands)

Public Issue	Right Issue
NIL	NIL
Bonus Issue	**Private placement**
NIL	NIL

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	Total Assets
91275	91275

Sources of Funds

Paid-Up Capital	Reserves & Surplus
36071	34576
Secured Loans	Unsecured Loans
10275	10353

Application of Funds

Net Fixed Assets	Investments
75064	480
Net Current Assets	Misc. Expenditure
9880	5851

IV. Performance of Company (Amount in Rs. Thousands)

Turnover	*Total Expenditure*
61598	57210

Net of adjustments for work-in-progress.

Profit before tax	Profit after tax
4725	4323
Earning Per Share in Rs.	Dividend rate %
1.00	NIL

V. Item Code No : Not applicable

Product description : Quality Testing of Industrial materials, Agri Products, Pharmaceuticals and Environmental Consultancy and other testing services.

Schedules 1 to 17 above form an integral part of the Balance sheet & Profit & Loss Account.

for **Sarathy & Balu**
Chartered Accountants,

(J. Venkateswarlu)
Partner

Hyderabad
Date : 25.06.2001

For and on behalf of the Board

Dr S P Vasireddi	Managing Director
Shri V Harriman	Director Technical
Shri V V Prasad	Executive Director
Shri Raghu Cidambi	Director
Shri S Subrahmanyan	Director
Shri A D Sinha	Director
Shri A Venkata Ramana	Company Secretary & DGM Finance

Hyderabad
Date : 25.06.2001

CASH FLOW STATEMENT

(Rupees in lakhs)

	Particulars		31.03.2001		31.03.2000
A.	**CASH FLOW FROM OPERATING ACTIVITIES :**				
	Net Profit/(Loss) before tax and Extraordinary items		43.23		7.37
	Adjustment for :				
	Depreciation	55.08		42.43	
	Interest debited to P&L A/c	47.94		31.09	
	Amortisation of Preliminary deferred revenue expenditure	13.09		13.09	
	Loss on sale of assets	0.00		2.77	
		116.11		89.38	
	Less : Interest earned	3.40		0.59	
			112.71		88.79
	Operating profit before working capital changes		155.94		96.16
	Adjustments for :				
	Trade and other receivables	-16.91		-50.94	
	Inventories	-13.36		-61.72	
	Trade payables	55.41		77.60	
			25.14		-35.06
	Cash generated from operations		181.08		61.10
	Interest Paid		32.90		28.95
	Cash flow before extra-ordinary items		148.18		32.15
	NET CASH FLOW FROM OPERATING ACTIVITIES		148.18		32.15
B.	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Purchase of Fixed assets	83.17		11.38	
	Interest received	3.39		0.58	
	Sale of fixed assets	0		3.60	
NET CASH USED IN INVESTING ACTIVITIES			86.56		15.56

CASH FLOW STATEMENT

(Rupees in lakhs)

	Particulars		31.03.2001		31.03.2000
C.	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Proceeds from issue of share capital		0.00		0.00
	Proceeds from long term borrowings		0.00		0.00
	Repayment of finance lease liabilities		9.92		4.49
	NET CASH FLOW FROM FINANCING ACTIVITIES		-9.92		-4.49
	Total		51.70		12.10
	DEFICIT IN PROFIT AND LOSS ACCOUNT		43.84		18.64
			8.07		-30.74
Net increase in cash and cash equivalents					
Cash and Cash equivalents Opening Balance :					
Cash and bank balances		3.74		2.84	
Cash credit accounts		-48.00		-16.15	
			-44.26		-13.31
Cash and Cash equivalents closing balance :					
Cash and bank balances		6.88		3.74	
Cash credit accounts		-43.07		-47.79	
			-36.19		-44.05

For and on behalf of the Board

Dr. S P Vasireddi	Managing Director
Shri V Harriman	Director Technical
Shri V V Prasad	Executive Director
Shri Raghu Cidambi	Director
Shri S Subrahmanyan	Director
Shri A D Sinha	Director
Shri A Venkata Ramana	Company Secretary & DGM Finance

Hyderabad
Date : 25.06.2001

AUDITOR'S CERTIFICATE

We have examined the above Cash Flow Statement of VIMTA LABS LIMITED for the year ended 31st March, 2001. The statement has been prepared by the Company in accordance with the requirements of Clause 32 of the listing agreement entered into with the Stock Exchanges and is based on and in agreement with the corresponding Profit & Loss Account and the Balance Sheet of the Company covered by our Report of 25th June, 2001.

for **Sarathy & Balu**
Chartered Accountants

(J.Venkateswarlu)
Partner

Hyderabad
Date : 25.06.2001

NOTICE

NOTICE is hereby given that the Eleventh Annual General Meeting of the members of VIMTA LABS LIMITED will be held at 10.00 A.M. on Friday the 28th, September, 2001 at the Registered Office of the Company i.e. Plot Nos.141/2 & 142, IDA, Phase II, Cherlapally, Rangareddy District, Hyderabad 500 051 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the audited Balance Sheet as at 31st March,2001 and Profit & Loss Account for the year ended on that date together with the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri S Subrahmanyan who retires by rotation and, being eligible, offers himself for reappointment.
3. To consider and, if thought fit, to pass the following Resolution, with or without modifications, as a Special Resolution:

"RESOLVED that pursuant to the provisions of Section 224A and other applicable provisions, if any, of the Companies Act, 1956, 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 this Meeting upto 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

4. To consider Re-appointment of Managing Director and in this connection if thought fit, to pass the following Resolution, with or without modifications, as a Special Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions of the Companies Act, 1956, read with Schedule XIII (as amended from time to time) to the said Act, and subject to approval of Shareholders, Dr S P Vasireddi be and is hereby re-appointed Managing Director of the Company for a period of 5 years with effect from 01.01.2001 at a remuneration as detailed below :

I. Salary

Rs. 80000/- (Rupees eighty thousand only) per month.

II. Perquisites

Perquisites as follows will be paid and / or provided in addition to salary, subject however that the amount of perquisites under Part A shall be restricted to total remuneration as per Part II of Schedule XIII to the Companies Act, 1956, as applicable from time to time.

Part A

a) Housing

The expenditure by the Company on hiring unfurnished accommodation will be subject to the following ceiling :

A. a) At Mumbai, Kolkata, Delhi and Chennai - 60% of salary over and above 10% payable by Dr S P Vasireddi.

b) At other places - 50% of salary over and above 10% payable by Dr S P Vasireddi himself.

B. In case no accomodation is provided by the Company, the appointee shall be entitled to House Rent Allowance at the rate 40% of his salary.

The expenditure incurred by the Company on gas, electricity, water and furnishings will be valued as per the Income-tax Rules, 1962. This will however, be subject to a ceiling of 10% of the salary.

b) Medical Reimbursement

Reimbursement of medical expenses actually incurred for self and family including dependent mother and father, subject to a ceiling of Rs. 75000/- per year or Rs. 225000/- in a block of 3 years.

c) Leave Travel Concession

For self and family including dependent father and mother, to and fro from any place in India, once in a year in accordance with the rules of the Company.

d) Club Fees

Fees of Club subject to maximum of 2 clubs will be allowed, provided that no admission or life membership fees shall be paid.

Part B

a) Pension / Superannuation Fund

Company's contribution to Pension /Superannuation Fund in accordance with the Scheme of the Company.

b) Gratuity

As per the rules of the Company, payable in accordance with the approved fund at a rate not exceeding one-half month's salary for each completed year of service.

Leave encashment

On full pay and allowances as per rules of the Company, but not more than one months' leave for every 11 months of service. Leave not availed.of shall be allowed to be encashed at the end of the tenure.

(Note : The contribution towards Pension / Superannuation Fund to the extent of these, either singly or put together, are not taxable under the Income Tax, 1961, Gratuity and Leave encashment will not be included in computation of the ceiling on perquisites.

III. Commission

1% of the amount of net profit before taxes (but after charging all expenses including depreciation and managerial compensation) as appearing in the Audited Annual Accounts for each Financial Year in the Company, unless otherwise decided by the Board for any Financial year. However, the total remuneration (i.e. salary, perquisites and commission) in any one financial year shall not exceed the limits prescribed from time to time under Sections 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act, as may, for the time being, be in force.

"Further resolved that subject to approval of General Body, the above remuneration may be increased / decreased, as and when the Company had adequate profits, under the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions of the Companies Act 1956, read with Schedule XIII of the Act as amended from time to time".

5 To consider Re-appointment of Executive Director and in this connection if thought fit, to pass the following Resolution, with or without modifications, as a Special Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions of the Companies Act, 1956, read with Schedule XIII (as amended from time to time) to the said Act, and subject to approval of Shareholders, Shri V V Prasad be and is hereby re-appointed as Executive Director of the Company for a period of 5 years with effect from 07.06.2001 at a remuneration as detailed below :

I. Salary

Rs. 64000/- (Rupees sixtyfour thousand only) per month.

II. Perquisites

Perquisites as follows will be paid and / or provided in addition to salary, subject however that the amount of perquisites under Part A shall be restricted to total remuneration as per Part II of Schedule XIII to the Companies Act, 1956, as applicable from time to time.

Part A

a) Housing

The expenditure by the Company on hiring unfurnished accommodation will be subject to the following ceiling :

A. a) At Mumbai, Kolkata, Delhi and Chennai - 60% of salary over and above 10% payable by Shri V V Prasad.

b) At other places - 50% of salary over and above 10% payable by Shri V V Prasad himself.

B. In case no accomodation is provided by the Company, the appointee shall be entitled to House Rent Allowance at the rate 40% of his salary.

The expenditure incurred by the Company on gas, electricity, water and furnishings will be valued as per the Income-tax Rules, 1962. This will however, be subject to a ceiling of 10% of the salary.

b) Medical Reimbursement

Reimbursement of medical expenses actually incurred for self and family including dependent mother and father, subject to a ceiling of Rs. 64000/- per year or Rs. 192000/- in a block of 3 years.

c) Leave Travel Concession

For self and family including dependent father and mother, to and fro from any place in India, once in a year in accordance with the rules of the Company.

d) Club Fees

Fees of Club subject to maximum of 2 clubs will be allowed, provided that no admission or life membership fees shall be paid.

Part B

a) Pension / Superannuation Fund

Company's contribution to Pension / Superannuation Fund in accordance with the Scheme of the Company.

b) Gratuity

As per the rules of the Company, payable in accordance with the approved fund at a rate not exceeding one-half month's salary for each completed year of service.

Leave encashment

On full pay and allowances as per rules of the Company, but not more than one months' leave for every 11 months of service. Leave not availed of shall be allowed to be encashed at the end of the tenure.

(Note : The contribution towards Pension / Superannuation Fund to the extent of these, either singly or put together, are not taxable under the Income Tax, 1961, Gratuity and Leave encashment will not be included in computation of the ceiling on perquisites.

III. Commission

1% of the amount of net profit before taxes (but after charging all expenses including depreciation and managerial compensation) as appearing in the Audited Annual Accounts for each Financial Year in the Company, unless otherwise decided by the Board for any Financial year. However, that the total remuneration (i.e. salary, perquisites and commission) in any one financial year shall not exceed the limits prescribed from time to time under Sections 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act, as may, for the time being, be in force.

"Further resolved that subject to approval of General Body, the above remuneration may be increased / decreased, as and when the Company had adequate profits, under the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions of the Companies Act 1956, read with Schedule XIII of the Act as amended from time to time".

By Order of the Board
for **Vimta Labs Limited**

Hyderabad
Date : 25.06.2001

A Venkata Ramana
Company Secretary & DGM-Finance

NOTES :-

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and on poll to vote instead of himself. Such a proxy need not be a member of the company. Proxies in order to be valid and effective must be delivered at the Registered Office of 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 be closed from 16.09.2001 to 28.09.2001 (Both days inclusive).

3. Members are requested to:

   i) Intimate changes, if any, in their registered address to the Company.

   ii) bring their copy of the Annual Report and the Attendance slips with them to the Meeting.

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

Item No. 3

The Public Financial Institutions are holding more than 25% of the subscribed share capital of the Company and as such the re-appointment of Auditors should be made by Special Resolution in pursuance of Section 224A of the Companies Act, 1956.

The Directors recommend the resolution for approval.

None of the Directors of the Company is in any way concerned or interested in the Resolution.

Item No. 4

The term of Dr S P Vasireddi the Managing Director was expired on 31.12.2000 and the Board in its meeting reappointed him as Managing Director for a period of 5 (five) years with effect from 01.01.2001 upon terms and conditions as set out in the resolution in accordance with Schdule XIII of the Companies Act, 1956.

Excepting Dr S P Vasireddi, Shri V Harriman and Shri V V Prasad none of the other Directors of the Company is in any way concerned or interested in the Resolution.

Item No. 5

The term of Shri V V Prasad the Executive Director was expired on 06.06.2001 and the Board in its meeting reappointed him as Executive Director for a period of 5 (five) years with effect from 07.06.2001 upon terms and conditions as set out in the resolution in accordance with Schdule XIII of the Companies Act, 1956.

Excepting Shri V V Prasad, Dr S P Vasireddi, and Shri V Harriman none of the other Directors of the Company is in any way concerned or interested in the Resolution.

Hyderabad
Date : 25.06.2001

By Order of the Board
for **Vimta Labs Limited**

A Venkata Ramana
Company Secretary & DGM-Finance

VIMTA LABS LIMITED
Regd. Office : Plot No. 142, IDA, Phase II,
Cherlapally, R R Dist., Hyderabad - 500 051.

PROXY FORM

I / We ....

of ....

the district of ....

being member / members of the above named Company appoint ....

of ....

in the district of ....

as my / our Proxy to vote for me / us on my /our behalf at the 11th Annual General Body Meeting of the Company to be held on Friday, the 28th September, 2001 at 10.00 A.M. at Plot No. 142, IDA, Phase II, Cherlapally, R R Dist., Hyderabad - 500 051 and at any adjournment thereof.

Signed this .... day of .... 2001.

Affix
1Re.
Revenue
Stamp

Signature

Note : This form duly completed and signed must be deposited at the Registered Office of the Company not less than 48 hours before the meeting.

VIMTA LABS LIMITED
Regd. Office : Plot No. 142, IDA, Phase II,
Cherlapally, R R Dist., Hyderabad - 500 051.

ATTENDANCE SLIP

This Attendance Slip, duly filled in, to be handed over at the Entrance of the Meeting Hall.

Name of the attending Member (in Block Letters) ....

Members Folio No. ....

Name of the Proxy (in Block Letters, to be filled in, if the Proxy attends instead of the Member) ....

No, of Shares held ....

I hereby record my presence at the 11th Annual General Body Meeting of the Company to be held on Friday, the 28th September, 2001 at 10.00 A.M. at Plot No. 142, IDA, Phase II, Cherlapally, R R Dist., Hyderabad - 500 051.

Member's / Proxy's Signature*

* To be signed at the time of handing over the slip.

BOOK POST
PRINTED MATTER

To

If undelivered, please return to :

Vimta Labs Limited
Plot Nos. 141/2, & 142, Phase II, IDA,
Cherlapally, R.R. District,
Hyderabad - 500 051. A.P. India.