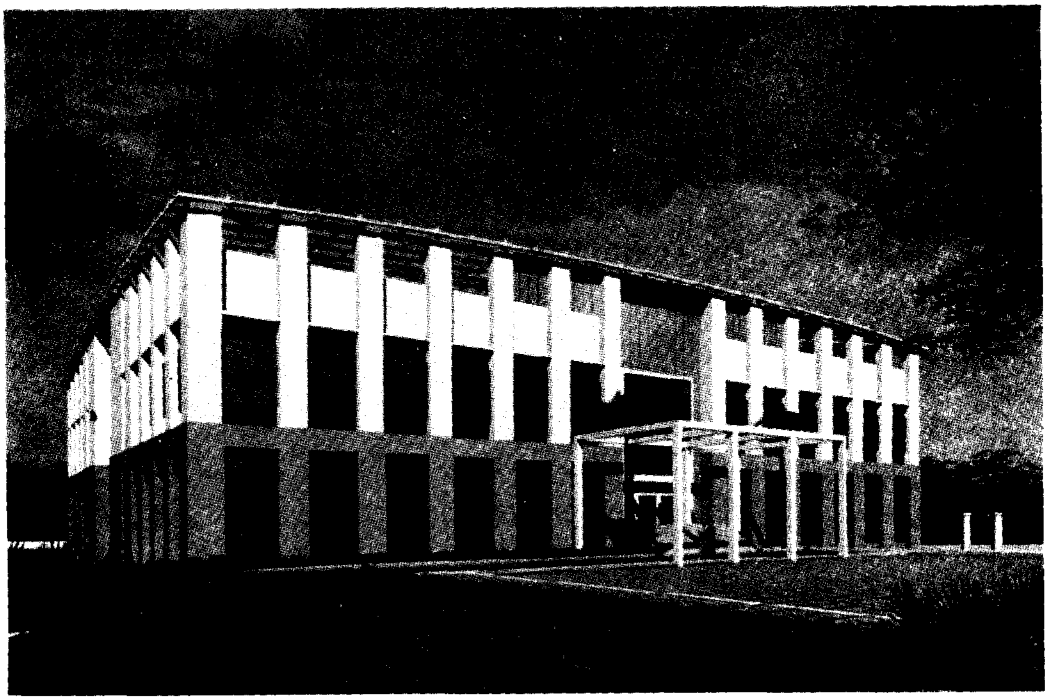
VIMTA LABS

Determining Quality



15TH ANNUAL REPORT
2004-2005

Vimta Labs Limited

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

CONTENTS

BOARD OF DIRECTORS

DR S P VASIREDDI
CHAIRMAN & MANAGING DIRECTOR

V HARRIMAN
DIRECTOR-TECHNICAL

V V PRASAD
EXECUTIVE DIRECTOR

HARITA VASIREDDI
DIRECTOR PROJECTS

S SUBRAHMANYAN
DIRECTOR

T S AJAI
DIRECTOR

Dr SUBBA RAO PAVULURI
DIRECTOR

Prof. D BALASUBRAMANIAN
DIRECTOR

Company Secretary & VP-Finance

A VENKATA RAMANA

BANKERS

STATE BANK OF INDIA
OVERSEAS BRANCH
5-9-300, ABIDS
HYDERABAD - 500 001

AUDITORS

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

LISTED WITH

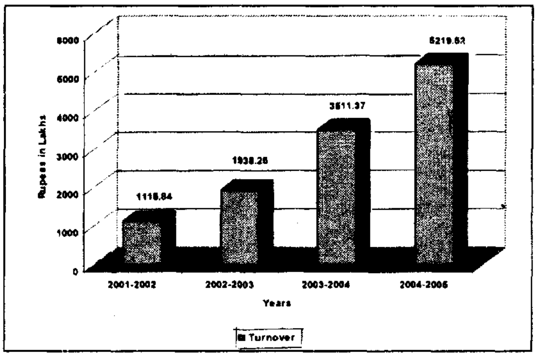
THE HYDERABAD STOCK EXCHANGE LTD
6-3-654, ADJ.TO ERRAMANJIL BUS STOP
SOMAJIGUDA, HYDERABAD - 500 062

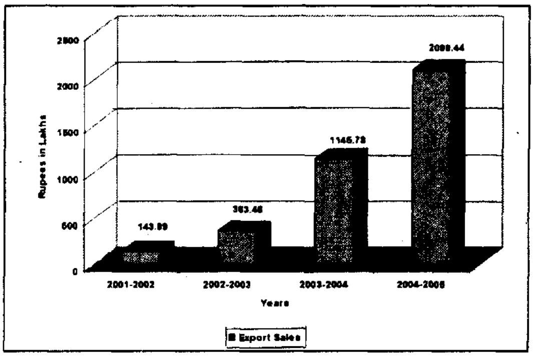
THE STOCK EXCHANGE, MUMBAI
PHIROZE JEEJEEBHOY TOWERS
DALAL STREET
MUMBAI - 400 001

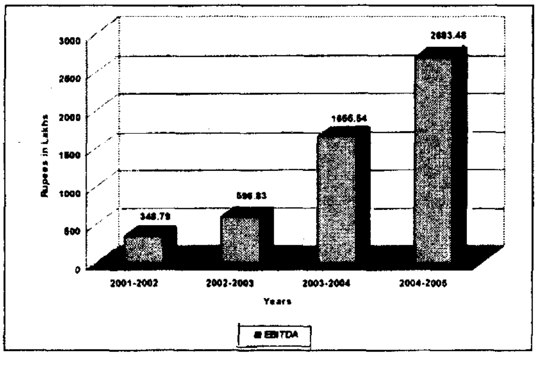
SHARE TRANSFER AGENTS

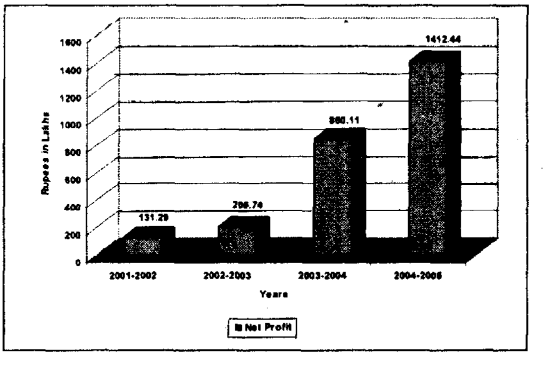
CIL SECURITIES LTD
214, RAGHAVARATNA TOWERS
CHIRAG ALI LANE, ABIDS
HYDERABAD - 500 001

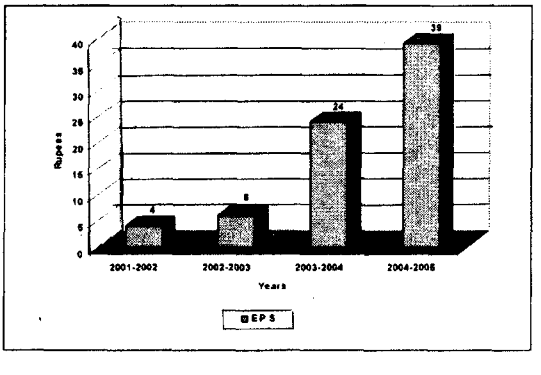
SELECTIVE FINANCIAL DATA

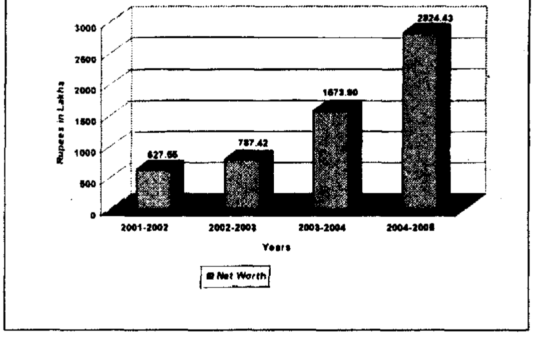












To

The Members of

VIMTA LABS LIMITED

Your Directors have pleasure in presenting the 15th Annual Report and Audited Accounts of your Company for the year ended March 31, 2005.

FINANCIAL RESULTS

Financial Results for the year under review are as follows :

	Year Ended March, 2005 (Rs. in Lakhs)		Previous Year March, 2004 (Rs. in Lakhs)	
1 Profit before Interest, Depreciation & Taxes		2683.48		1655.56
Less: Finance Charges	47.11		55.00	
Depreciation	375.97	423.08	334.64	389.64
2 Profit before Amortization, Prior year adjustments & Taxes		2260.40		1265.92
Less / Add : Amortization of Preliminary Expenses			1.75	
Less/ (Add) Prior year adjustments	16.94	16.94	(3.16)	1.41
3 Profit before tax		2243.46		1267.33
4 Less:				
a) Provision for Tax (regular)	799.00		432.00	
b) Deferred Tax Liability/(Asset)	32.02	831.02	(14.78)	417.22
5 Profit after Tax		1412.44		850.11
6 Add: Surplus brought forward from previous years		1059.44		313.40
Amount available for appropriations		2471.88		1163.51
APPROPRIATIONS				
Transfer to General Reserve		145.00		43.00
Interim/Proposed dividend		144.34		54.13
Provision for tax on proposed dividend		19.55		6.94
Surplus Carried to Balance Sheet		2162.99		1059.44
		2471.88		1163.51

OPERATIONS

During the year under review your company earned a gross revenue of Rs.5257.86 lakhs as against Rs.3490.87 lakhs in the previous year and posted earnings of Rs. 2683.48 lakhs before interest, taxes, depreciation and amortization (EBITDA) as compared to previous year earnings of Rs. 1655.56 lakhs. Your Company has achieved a growth rate of 66% in net profit after tax (including deferred tax) which stood at Rs. 1412.44 lakhs as against Rs. 850.11 lakhs in the previous year. Your Directors are glade to inform the growth of 83% in export turnover of Rs.2099.44 lakhs as against Rs. 1145.78 lakhs in the previous year.

DIVIDENDS

Your Directors are pleased to recommend a final dividend of 40% i.e. Rs. 4/- per each equity share of Rs. 10/- each for the financial year 2004-2005 which includes an interim dividend of Rs. 2/- per each equity share declared and paid.

FUTURE OUTLOOK

With the completion of project expansion at S P Bio-Tech Park, Genome Valley, Hyderabad, VIMTA would have a clear lead over the competitiors nationally and globally in terms of facility and technology. This would position your Company on a sound footing and help move towards the Company's Goal of 2010 to be amongst the top ten global Contract Research & Testing Laboratories.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 read with the Articles of Association of the Company, *Shri S Subrahmanyan and Dr Subba Rao Pavuluri, Directors* of the Company would retire by rotation at the ensuing Annual General Meeting, and are eligible for re-appointment. They have expressed their willingness for re-appointment.

Your directors recommend the reappointment of S Subrahmanyan and Dr Subba Rao Pavuluri as Directors subject to retirement by rotation.

AUDITORS

M/s Sarathy & Balu, Chartered Accountants, Auditors of the Company shall retire at 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 meaning of Section 224 (1-B) of the Companies Act, 1956.

PARTICULARS OF EMPLOYEES

The list of employees of the Company who have received remuneration in excess of the limits specified in Section 217(2A) of the Companies Act, 1956 read with the rules made there under is enclosed hereto as Annexure-I.

INFORMATION ON ENERGY CONSERVATION & TECHNOLOGY ABSORPTION

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

ii. the directors had selected such accounting policies and applied consistently, and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profits of the Company for the period.

iii. that the directors had taken proper and sufficiant care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 to safeguard the assets of the Company and for preventing and detecting fraud and other irregularities.

iv. that the directors had prepared the annual accounts on going concern basis.

MANAGEMENT DISCUSSION & ANALYSIS

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

Industry Overview

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

1. Contract Research (clinical and pre-clinical)
2. Clinical Reference Laboratory services (Central Lab)
3. Analytical Testing of water, food, drugs, etc.,
4. Environmental Monitoring and Impact Assessment.

Quality, Technology and Knowledge have been the drivers for the Company's growth. Focus areas are Research & Testing in water, food & drugs, clinical & pre-clinical studies and clinical reference laboratory services.

Scope and Potential

With the strong fundamentals and three drivers, Vimta stood as a credible player in the market. It has potential to take up any challenges and has wide scope to bite larger share of global market. Operations from new expansion project at SP Biotech Park is expected to commence from September, 2005.

Strengths

The processes at Vimta are institutionalized. Quality is the prime focus. Quality Systems as per International Standard ISO 17025, Good Laboratory Practice and Good Clinical Practices are in place. Laboratory has been accredited by the National Accreditation Board for Testing and Calibration Laboratories (NABL), the only accreditation system of Government of India. Laboratory has faced several successful audits from European and American customers. Passed regulatory audits from WHO and Europe. USFDA has already affirmed Vimta's Bioavailability study reports.

Threats

More and more players are likely to walk into the field of operations Vimta is engaged in. Multinational Contract Research Organizations (CROs) are planning to anchor in India to reduce their service costs.

Segment-wise or Product-wise performance

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

Outlook

Prospects for the contract research and testing business seems to be bright and experiencing growth rates ranging from 30 to 50% in various disciplines. Pharma and biotech industries have been primarily responsible to drive the contract research business. Overseas business opportunities have become plenty for CROs in view of cost effective human resource available in India.

Contract testing activities are also in rise due to stringent quality demands of the food and agri sector, especially for the export markets.

Risks and Concerns

The increasing demand for Vimta's services during the last 5 years has been putting a lot of pressure on human resources. Availability of talented and trained manpower is scarce and the company is doing its best to employ qualified people and train them on the job against the increasing work loads. The capabilities are being stretched to deliver the commitments made.

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 authorised, recorded and reported correctly.

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

Financial performance

Gross revenues for the year 2004-05 is Rs.5257.86 lakhs as compared to the previous year of Rs. 3490.87 lakhs. The Export income increased by 83% in the year to reach Rs. 2099.44 lakhs as compared to the previous year of Rs.1145.78 lakhs. The Net Profit stood at Rs.1412.44 lakhs with an increase of 66% over previous years Net Profit of Rs.850.11 lakhs.

Human Resources

Vimta's strong HR is its backbone. The personnel employed at Vimta are qualified and trained. As on date Vimta has 471 employees including 244 scientists & engineers, 17 PhDs and 13 medical doctors. Continuous learning is key principle of the Company and it is in this way the Company offers comprehensive world class training and development resources to its employees.

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

1. CASH FLOW STATEMENTS

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

2. STOCK EXCHANGES

Equity Shares of your Company are listed with the following Stock Exchanges and the listing fee was paid in time and no amount of fee was outstanding.

i) **The Hyderabad Stock Exchange Ltd.**
6-3-654, Adj.to Erramanjil Bus Stop
Somajiguda
Hyderabad : 500082

ii) **The Stock Exchange, Mumbai**
Phiroje Jeejeebhoy Towers
Dalal Street
Mumbai : 400001

3. SHARE TRANSFER AGENCY

In terms of SEBI Circular No.D&CC/FITTC/Cir-15/2002 dated 27.12.2002, the Company has appointed M/s CIL Securities Ltd, 214, Raghavaratna Towers, Abids, Hyderabad: 500001 as its share transfer agency for handling both physical and electronic transfers.

4. FIXED DEPOSITS

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

5. ACKNOWLEDGMENTS

Your Directors wish to place on record their gratitude to shareholders and thank the customers, vendors, franchisees and bankers for their continued support to your Company's growth. Your Directors wish to place on record, their appreciation for the contribution made by the employees at all levels, who, through their competence, sincerity, hard work, solidarity and dedicated support, enabled your Company to make rapid strides.

For and on behalf of the Board

Hyderabad
Date : 20.04.2005

DR S P VASIREDDI
CHAIRMAN & MANAGING DIRECTOR

ANNEXURE - I

Statement pursuant to Section 217(2A) of the Companies Act, 1956 and Companies (Particulars of Employees) Rules, 1975.
(Forming part of the Directors' Report for the year ended March 31, 2005)

Name	Qualification and Experience	Age in years	Designation/Nature of Duties	Date of Commencement of employment	Gross remuneration Including perquisites (Rs.)	Last Employment
Dr S P Vasireddi	M.Sc. Ph.D. 33 years	56	Managing Director	01.01.2001	3492000	i. Mineral Exporation Corp. Ltd. Nagpur ii. Vimta Labs
V Harriman	D.Tech in Electronics, Toronto, Canada 28 Years	54	Director-Technical	01.04.2005	2795000	i. GB Electronics Bangalore. ii. Vimta Labs
V V Prasad	B.Com 28 Years	54	Executive Director	07.06.2001	2795000	Vimta Labs
Harita Vasireddi	B. Pharm, MBA (USA) 7 Years	30	Director Project	26.10.2002	2487600	Vimta Rostest Pvt Ltd.

NOTES :

1. Nature of employment of all the above Executives is contractual.

2. Remuneration includes salary, reimbursement of medical expenses, leave travel facility as applicable and perquisites like contribution to provident/ superannuation fund and leave encashment.

For and on behalf of the Board

Hyderabad
Date : 20.04.2005

DR S P VASIREDDI
CHAIRMAN & MANAGING DIRECTOR

ANNEXURE - II

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

(Forming part of the Directors' Report for the year ended *31st March, 2005.)*

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 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.

a) Energy conservation measures taken :

i) Designed and installed the power distribution system perfectly well 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 necessary in the lab.

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

At present no additional investments and proposals are contemplated 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:

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.

B. TECHNOLOGY ABSORPTION

The tests/studies are carried out as per the prescribed national/international standards and regulations. The Company undertakes contract research projects for the sponsors as per national and international guidelines such as DCGI, USFDA and ICH etc. In the same way, the technology involved in testing is only testing of products as per the prescribed standard procedures/manuals. Testing technology is absorbed to the extent permitted by the appropriate guidelines.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the financial year, the Company has earned foreign exchange of Rs.2099.44 lakhs (previous year Rs. 1145.78 lakhs). The Company's foreign exchange outgo was of Rs.896.76 lakhs (previous year Rs. 643.26 lakhs) towards import of capital goods, software, chemicals, consumables & reference standards and travel expenditure.

for and on behalf of the Board

Hyderabad
Date : 20.04.2005

Dr S P Vasireddi
Chairman & Managing Director

1. INTRODUCTION

Company Philosophy on Corporate Governance

Vimta Labs Limited ("Vimta" or "The Company") believes that the Corporate Governance goes beyond being a regulatory requirement and has hereby laid strong emphasis on the transparency 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.

2. BOARD OF DIRECTORS

2.1 Composition

The Board has a fair representation of the executive, non-executive and independent directors consisting of 8 directors out of which 4 directors are non-executive and independent. The Independent Directors on the Board are senior, competent and from different fields. Active participation of the Independent Directors does add value in the decision making process of the Board of Directors.

The Composition of the Board of Directors during the year ended March 31, 2005 and as on the date of the Report along with their brief resume is given below:

Name of Directors	Brief Resume	Category
Dr S P Vasireddi	Ph.D. with over 33 years of experience. He is one of the promoter Director of the company and has been its Chairman & Managing Director since inception. He is a member on the Governing Boards of several scientific bodies.	Promoter Executive Director Chairman & Managing Director
V Harriman	D.Tech. from Toronto, Canada with over 28 years of experience. He is one of the promoter Director of the company and has been its Director-Technical since inception.	Promoter Executive Director
V V Prasad	A Graduate in commerce with over 28 years experience, He is one of the promoter Director of the company and has been its Executive Director since inception. Prior to starting this Company he was in service with AP State Government.	Promoter Executive Director Executive Director
Harita Vasireddi	A Pharmacist and an MBA (USA) in Service Operations Management. She worked for Vimta Rostest (P) Ltd. as Manager Operations for four years. Currently she is Director-Projects.	Executive Director Director Projects
S Subrahmanyan	A Master of Technology in Chemical Engineering, he is a retired Addl. Director General of Bureau of Indian Standards. Inducted to the Board in 1993.	Non-Executive Director
T S Ajai	A Chartered Accountant. Specializing in direct tax laws and business and commercial laws. He has wide experience and expertise in the areas of Company Law, Income Tax, Investment Regulations, Other Corporate Laws, and foreign collaborations. Inducted to the Board in 2002.	Non-Executive Director
Dr Subba Rao Pavuluri	A Technologist and an entrepreneur. He is having more than 20 years of business experience. Inducted to the board in 2003.	Non-Executive Director
Prof. D Balasubramanian	A Ph D in Chemistry from Colombia University, New York. 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 Chevalierde l' Ordre National de Merite" by President of France in 2002	Non-Executive Director

2.2 Meetings and attendance record of each Director

During the year ended March 31, 2005 the Board of Directors met four times. These were held on April 16, 2004; July 12, 2004; October 8, 2004 and January 12, 2005. Other than the Annual General Meeting, there was no General Meeting of the shareholders of the Company held during the year ended March 31, 2005.

The attendance record of the Directors at the Board Meetings during the year 2004-05 and at the last Annual General Meeting (AGM) is as under :-

Name of the Directors	Attendance at Board Meetings	Attendance at Last at AGM held on 25-08-2004
Dr S P Vasireddi	4 out of 4	Present
V Harriman	4 out of 4	Present
V V Prasad	4 out of 4	Present
Harita Vasireddi	3 out of 4	Present
A D Sinha	2 out of 2*	---
S Subrahmanyam	4 out of 4	Present
T S Ajai	4 out of 4	Present
Dr P Subba Rao	2 out of 4	Present
Prof. D Balasubramanian	2 out of 2**	---

* Resigned w.e.f. 25-08-2004
** Joined on 25-08-2004

2.3 Other directorships etc.,

The details of directorships in other Companies (excluding Private Limited Companies, Foreign Companies and Section 25 Companies) held by the Directors as on the date of the Report are given below :

Name of the Directors	No. of Other Director-Ships in other Public Limited Co.
Dr S P Vasireddi	Nil
V Harriman	Nil
V V Prasad	Nil
Harita Vasireddi	Nil
A D Sinha	Nil
S Subrahmanyam	Nil
T S Ajai	Nil
Dr Subba Rao Pavuluri	2
Prof. D Balasubramanian	Nil

2.4 Remuneration of Directors

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

The details of remuneration and sitting fee paid and provided to each Directors during the year 2004-05 are given below :

Name of the Directors	Salary	Sitting Fee	Service Contract upto
Dr S P Vasireddi	3492000	NA	31.12.2005
V Harriman	2795000	NA	31.03.2006
V V Prasad	2795000	NA	06.06.2006
Harita Vasireddi	2487600	NA	25.10.2005
A D Sinha	NA	10000	NA
S Subrahmanyam	NA	20000	NA
T S Ajai	NA	20000	NA
Dr Subba Rao Pavuluri	NA	Nil	NA
Prof. D Balasubramanian	NA	10000	NA

Note :

Salary includes Basic Salary, Allowances and Perquisites like Contribution to Provident / Superannuation Fund, Gratuity and Leave Encashment.

2.5 Re-appointment of Directors

The Directors S Subrahmanyan and Dr Subba Rao Pavuluri shall retire by rotation at the ensuing Annual General Meeting, and are eligible for re-appointment. Both the Directors have opted for reappointment.

The brief particulars/resume of other directorships of the Directors newly appointed and retiring by rotation at the ensuing Annual General Meeting have been provided in paragraph 2.1 and 2.3 above.

3. AUDIT COMMITTEE

a) Composition

T S Ajai : Chairman
Dr Subba Rao Pavuluri : Member
S Subrahmanyan : Member

All the members of the Audit Committee are non executive and independent directors. The Company Secretary & VP Finance A Venkata Ramana acts as Secretary to the Committee.

b) Scope

The terms of reference of the Audit Committee are 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, discussions on quarterly, half yearly and annual financial results, interaction with statutory, internal auditors and recommendation for appointment of statutory auditors and their remuneration. The Audit Committee reviews the quarterly report submitted by the Finance & Accounts department.

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

c) Attendance

During the year the Audit Committee has met 4 times on April 16, 2004; July 12, 2004; October 8, 2004 and January 12, 2005. While T S Ajai and S Subrahmanyan attended all the meetings, Dr Subba Rao Pavuluri has attended two meetings.

4. REMUNERATION COMMITTEE

a) Composition

T S Ajai : Chairman
S Subrahmanyan : Member
Dr Subba Rao Pavuluri : Member

All the members of the Remuneration Committee are non executive and independent directors. The Company Secretary & VP Finance A Venkata Ramana acts as Secretary to the Committee.

b) Scope

The remuneration committee of the Company recommends the compensation package and other terms and conditions of Executive Directors and other senior manager's level.

c) Attendance

During the year the Remuneration Committee has met three times on July 12, 2004; October 8, 2004 and January 12, 2005. While T S Ajai and S Subrahmanyan have attended all the meetings, Dr Subba Rao Pavuluri has attended one meeting.

5. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

a) Composition

V V Prasad : Chairman
T S Ajai : Member
S Subrahmanyan : Member

The Company Secretary & VP Finance A Venkata Ramana acts as Secretary to the Committee.

b) Scope

The Committee is formed to review and redress all the grievances of Shareholders/Investors of the Company.

The redressal of Shareholders/Investors complaints are attended to by the Compliance Officer A Venkata Ramana, Company Secretary & VP-Finance on day-to-day basis under the supervision of the Chairman of the Committee. The major grievances if any, are referred to the committee for redressal. The nature of the complaints / grievances and the action taken are as under :

Nature of Complaints/Queries	*Received*	*Resolved*
Non receipt of Shares certificates sent for Transfers	5	5
Non receipt of dividend warrants	12	12
Loss of Share certificates	60	60
Letters from SEBI	1	1
Letter from Stock Exchange	1	1

c) Attendance

During the year the Committee has met on April 16, 2004; July 12, 2004; October 8, 2004 and January 12, 2005. All the members have attended all the meetings.

6. GENERAL BODY MEETINGS

The Details of last 3 Annual General Meetings are:

Sl. No.	Year	Meeting	Venue	Date	Time
1.	2001-2002	AGM	Regd. Office	31.05.2002	10.00 AM
2.	2002-2003	AGM	Regd. Office	16.06.2003	10.00 AM
3	2003-2004	AGM	Regd. Office	25.08.2004	10.00 AM

No resolutions were circulated by postal ballot in the above Annual General Meetings.

7. DISCLOSURES

There are no materially significant transactions with the related parties viz., Promoters, Directors or the Management, their subsidiaries, or relatives, conflicting with Company's interest. Suitable disclosures as required by the Accounting Standard (AS18), Related party Transactions have been made in the Annual Report.

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.

8. MEANS OF COMMUNICATION

The quarterly, half-yearly and annual financial results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board by fax 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 national daily news papers of English and regional language (Telugu). The results are also placed on the Company's website www.vimta.com & EDIFAR website maintained by National Information Centre (NIC), online, as may be specified by SEBI. Further all the material information which has bearing on the operations of the company is sent to all stock exchanges concerned.

9. COMPLIANCE OF INSIDER TRADING NORMS

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

10. GENERAL SHAREHOLDER INFORMATION

10.1 Annual General Meeting

Date : 25.05.2005
Time : 10.00 A.M.
Venue : 141/2 & 142, IDA, Phase-II
Cherlapally, Hyderabad-500051
(Registered Office of the Company)

10.2 Financial Calendar

First quarter results	:	July,2005
Half yearly results	:	October,2005
Third quarter results	:	January,2006
Annual Results	:	April,2006
Date of book closures	:	23.05.2005 to25.05. 2005 (both days inclusive)
Date of dividend payment	:	within 30 days from declaration (if approved)

10.3 Listing with Stock Exchanges

Name of the Stock Exchanges & Address

1. **The Hyderabad Stock Exchange Ltd.**
6-3-654, Adj. to Erramanjil Bus Stop
Somajiguda
Hyderabad - 500 082
Stock Code : VML

2. **The Stock Exchange, Mumbai**
Phiroje Jeejeebhoy Towers
Dalal Street
Mumbai - 400 001
Stock Code : 524394

The ISIN of dematerialized shares of the Company is INE579C01011

10.4 Electronic Connectivity

1. **M/s National Securities Depository Ltd.**
Trade World, 4th Floor
Kamala Mills Compound
Senapati Bapat Marg, Lower Parel
Mumbai - 400 013

2. **M/s Central Depository Services (India) Limited**
26/28th Floor, BSE Buildings, Dalal Street
Mumbai - 400 023

10.5 Stock Price Data

Monthly high and low share quotations on the Stock Exchange, Mumbai during each month for the financial year 2004 - 2005 are given below :

Year : 2004- 2005	BSE	
	High Rs.	Low Rs.
April,2004	337.30	255.00
May'2004	343.00	235.05
June'2004	325.95	264.00
July'2004	477.85	322.75
August'2004	485.00	418.05
September'2004	639.90	448.25
October'2004	700.00	575.00
November'2004	699.00	580.10
December'2004	615.00	520.00
January'2005	660.00	520.00
February'2005	660.00	592.00
March'2005	624.00	575.00

10.6 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 : 040-55661267
E-mail: cilsec@rediffmail.com

10.7 Distribution of shareholding as on 31.03.2005

Share held	Shareholders		No. of Shares	
From - To	Number	%	Shares	%
Upto - 5000	3555	98.58	766584	21.24
5001-10000	14	0.39	100485	2.78
10001-20000	15	0.42	245957	6.82
20001-30000	7	0.19	179100	4.96
30001-40000	3	0.08	104435	2.89
40001-50000	1	0.03	40190	1.11
50001-100000	6	0.17	449201	12.45
100001 and above	5	0.14	1722672	47.75
Total	3606	100	3608624	100

10.8 Categories of shareholders as on 31.03.2005

SL No.	Category	No. of Shares	% of Shareholding
	Promoter's holding		
1	Promoters	1484484	41.14
2	Persons acting in concert	142170	3.94
	Non-Promoter's holding		
3	Institutional Investors	745709	20.66
4	Others	1236261	34.26
	Total	3608624	100

10.9 Share Transfer System and Dematerialization

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.

Over 91.25% of the company's equity shares have been dematerialised upto 31.03.2005. Trading in equity shares of the company is permitted only in dematerialised form as per notification issued by SEBI.

Liquidity

Vimta Shares are actively traded shares on The Stock Exchange, Mumbai. Vimta stood at rank 404 * among the top ET 500 Companies. Relevant turnover data for the financial year 2004-05 is given below:

	The Stock Exchange, Mumbai (BSE)
Total shares traded	2565323
Turnover value (Rs. in crores)	122.15

* Source : The ET 500, December, 2004

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, 2005, 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 ensuing 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 grievances are pending for a period exceeding one month against the Company as on March 31, 2005 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

Hyderabad
Date : 20.04.2005

J VENKATESWARLU
Partner
ICAI Ms. No. 022481

To
The Members of VIMTA LABS LIMITED

1. We have audited the attached balance sheet of VIMTA LABS LIMITED, as at 31st March 2005, and also the profit and loss account and the cash flow statement for the year ended on that date 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. Those 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose 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 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 appears from our examination of those books.

   (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account.

   (iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

   (v) On the basis of written representations received from the directors, as on 31st March 2005 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

   (vi) 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 2005;

   (b) in the case of the profit and loss account, of the profit for the year ended on that date; and

   (c) in the case of the cash flow statement, of the cash flows for the year ended on that date

for **SARATHY & BALU**
Chartered Accountants

Place: Hyderabad
Date: 20.04.2005

J.VENKATESWARLU
Partner
ICAI Ms. No.022481

Annexure to Audit Report dated 20.04.2005
(Referred to in paragraph 3 of our report of even date)

1. (i) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   (ii) 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. No material discrepancies were noticed on such verification.

   (iii) During the year, the company has not disposed off any substantial part of its fixed assets, affecting the going concern status of the company.

2. (i) The inventory has been physically verified during the year by the management at reasonable intervals. In our opinion, the frequency of verification is reasonable.

   (ii) 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.

   (iii) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.

3. (i) The company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.

   (ii) The company has not taken any loans, secured or unsecured from companies, firms and other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, no major weaknesses have been noticed in the internal control system and there is no continuing failure to correct major weaknesses in internal control system.

5. (i) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Sec.301 of the Act have been entered in the register required to be maintained under that section.

   (ii) In our opinion and according to the information and explanations given to us, we are of the opinion that the company has not entered into any transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act in respect of any party during the year.

6. Based on our audit procedures and according to the information and explanations given to us, the company has not accepted any deposits from public and hence complying with the provisions of Sec.58A and Sec.58AA or any other relevant provisions of the Act, is not applicable.

7. In our opinion, the company has an internal audit system commensurate with its size and nature of its business.

8. The Central Government has not prescribed maintenance of cost records U/s.209(1)(d) of the Companies Act, 1956 to this company.

9. (i) According to the records of the company, the company is regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, custom duty, excise-duty, cess and other statutory dues applicable to it

with the appropriate authorities. The company is not required to transfer any amount to the investor education and protection fund.

(ii) According to the information and explanations given to us, there are no undisputed arrears of statutory dues as at 31/3/2005 which are outstanding for a period of more than six months from the date they became payable.

(iii) According to the information and explanation given to us, there are no dues of income-tax, sales tax, wealth-tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.

10. The company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.

11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to any financial institution or bank. The company has not issued any debentures.

12. Based on our examination of documents and records, 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.

13. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the provisions of any special statute applicable to chit fund are not applicable to this company and the company is not a nidhi/mutual benefit fund/society and hence compliance with the requirements of the order in this regard are not applicable to this company.

14. Based on our examination of the records and evaluation of the related internal controls, we are of the opinion that the company has not dealt or traded in shares, securities, debentures and other investments during the year.

15. The company has not given any guarantee for loans taken by others from bank or financial institutions.

16. In our opinion, the term loans have been applied for the purpose for which they were obtained.

17. According to the information and explanations given to us and on an over all examination of the balance sheet of the company, we report that no funds raised on short term basis have been used for long term investment.

18. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.

19. 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 securities for the same is not applicable.

20. According to the information and explanations furnished to us and based on the records verified by us, the company has not raised any money through public issues during the period covered under audit and hence disclosure by the management on the end usage of money raised by public issues and our verification of the same is not applicable.

21. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the year.

for **SARATHY & BALU**
Chartered Accountants

Place: Hyderabad
Date: 20.04.2005

J. VENKATESWARLU
Partner
ICAI Ms. No.022481

BALANCE SHEET AS AT MARCH 31, 2005

		Schedule No.	**As at 31.03.2005 Rs.**	As at 31.03.2004 Rs.
I	**SOURCES OF FUNDS**			
	1) Shareholders' Funds			
	a) Capital	1	36,086,240	36,086,240
	b) Reserves & surplus	2	246,414,954	121,561,124
	2) Loan funds			
	- Secured loans	3	102,885,703	52,749,520
	3) Deferred Tax	4	16,820,007	13,618,007
	TOTAL		**402,206,904**	**224,014,891**
II	**APPLICATION OF FUNDS**			
	1) Fixed Assets	5		
	a) Gross Block		355,694,664	247,696,126
	b) Less:Depreciation		115,779,351	79,392,114
	c) Net Block		239,915,313	168,304,012
	d) Capital Work-in-progress	6	71,216,289	21,274,800
			311,131,602	**189,578,812**
	2) Investments	7	0	0
	3) Current Assets Loans & Advances	8		
	a) Inventories		13,479,834	4,928,418
	b) Sundry debtors		118,590,867	61,578,645
	c) Cash & bank balances		17,815,606	9,600,284
	d) Other current assets		1,114,518	536,684
	e) Loans & advances		13,159,247	5,670,129
			164,160,072	82,314,160
	Less : Current liabilities & Provisions	9	73,142,439	48,135,554
	Net Current assets		**91,017,633**	**34,178,606**
	4) Miscellaneous Expenditure (to the extent not written off or adjusted)	10	**57,669**	**257,473**
	TOTAL		**402,206,904**	**224,014,891**
	SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS	20		

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 and on behalf of the Board

for **Sarathy & Balu**
Chartered Accountants

J.Venkateswarlu
Partner

Dr S P Vasireddi	Managing Director
V Harriman	Director Technical
V V Prasad	Executive Director
Harita Vasireddi	Director Projects
S Subrahmanyan	Director
T S Ajai	Director
Dr Subba Rao Pavuluri	Director
Prof D Balasubramanian	Director
A Venkata Ramana	Company Secretary & V P Finance

Hyderabad
Date : 20.04.2005

Hyderabad
Date : 20.04.2005

BALANCE SHEET AS AT MARCH 31, 2005

		Schedule No.	As at 31.03.2005 Rs.	As at 31.03.2004 Rs.
I	**SOURCES OF FUNDS**			
	1) Shareholders' Funds			
	a) Capital	1	36,086,240	36,086,240
	b) Reserves & surplus	2	246,414,954	121,561,124
	2) Loan funds			
	- Secured loans	3	102,885,703	52,749,520
	3) Deferred Tax	4	16,820,007	13,618,007
	TOTAL		**402,206,904**	**224,014,891**
II	**APPLICATION OF FUNDS**			
	1) Fixed Assets	5		
	a) Gross Block		355,694,664	247,696,126
	b) Less:Depreciation		115,779,351	79,392,114
	c) Net Block		239,915,313	168,304,012
	d) Capital Work-in-progress	6	71,216,289	21,274,800
			311,131,602	**189,578,812**
	2) Investments	7	0	0
	3) Current Assets Loans & Advances	8		
	a) Inventories		13,479,834	4,928,418
	b) Sundry debtors		118,590,867	61,578,645
	c) Cash & bank balances		17,815,606	9,600,284
	d) Other current assets		1,114,518	536,684
	e) Loans & advances		13,159,247	5,670,129
			164,160,072	82,314,160
	Less : Current liabilities & Provisions	9	73,142,439	48,135,554
	Net Current assets		**91,017,633**	**34,178,606**
	4) Miscellaneous Expenditure (to the extent not written off or adjusted)	10	**57,669**	**257,473**
	TOTAL		**402,206,904**	**224,014,891**
	SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS	20		

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 and on behalf of the Board

for **Sarathy & Balu**
Chartered Accountants

J.Venkateswarlu
Partner

Dr S P Vasireddi	Managing Director
V Harriman	Director Technical
V V Prasad	Executive Director
Harita Vasireddi	Director Projects
S Subrahmanyan	Director
T S Ajai	Director
Dr Subba Rao Pavuluri	Director
Prof D Balasubramanian	Director
A Venkata Ramana	Company Secretary & V P Finance

Hyderabad
Date : 20.04.2005

Hyderabad
Date : 20.04.2005

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2005

VIMTA LABS
Determining Quality

	Schedule No.	Year ended 31.03.2005 Rs.	Year ended 31.03.2004 Rs.
INCOME			
Income from operations	11	**521,951,962**	351,137,120
Increase/(Decrease) in Inventories	12	**2,984,890**	(2,337,248)
Other Income	13	**849,062**	287,161
TOTAL		**525,785,914**	349,087,033
EXPENDITURE			
Testing and analysis expenditure	14	**109,795,547**	72,281,811
Payments and benefits to employees	15	**72,074,998**	46,344,627
Administration, selling & General expenses	16	**75,566,465**	64,904,085
Finance charges and Interest	17	**4,711,067**	5,500,833
Depreciation	5	**37,597,641**	33,463,831
TOTAL		**299,745,718**	222,495,187
Profit before amortisation & Prior year adjustments		**226,040,196**	126,591,846
Less : a) Amortisation of Preliminary expenditure	18	**0**	174,920
b) Prior year adjustments	19	**1,694,447**	316,313
Profit before tax		**224,345,749**	126,733,239
Less : Provision for Income-tax		**79,900,000**	43,200,000
Profit after tax		**144,445,749**	83,533,239
Add/(Less) : Deferred tax Asset /(Liability)		**3,202,000**	1,477,612
Balance		**141,243,749**	85,010,851
Add : Surplus brought forward from prev.year		**105,944,454**	31,340,071
Amount available for appropriations		**247,188,203**	116,350,922
APPROPRIATIONS :			
Transfer to General Reserve		**14,500,000**	4,300,000
Interim / Proposed dividend		**14,434,496**	5,412,936
Provision for tax on dividend		**1,955,423**	693,532
Surplus carried to Balance Sheet		**216,298,284**	105,944,454
		247,188,203	116,350,922
SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS	20		

COMPUTATION OF EARNINGS PER SHARE		
a) Net Profit for the year	**Rs.141,243,749**	Rs.85,010,851
b) Weighted average no.of shares outstanding during the year	**3,608,624**	3,608,624
c) Basic and diluted earnings pershare (a / b)	**Rs.39/-**	Rs.24/-
d) Nominal value of shares (fully paid up)	**Rs.10/- each**	Rs.10/- each

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

for **Sarathy & Balu**
Chartered Accountants

J.Venkateswarlu
Partner

Hyderabad
Date : 20.04.2005

For and on behalf of the Board

Dr S P Vasireddi	Managing Director
V Harriman	Director Technical
V V Prasad	Executive Director
Harita Vasireddi	Director Projects
S Subrahmanyan	Director
T S Ajai	Director
Dr Subba Rao Pavuluri	Director
Prof D Balasubramanian	Director
A Venkata Ramana	Company Secretary & V P Finance

Hyderabad
Date : 20.04.2005

		As at 31.03.2005 Rs.	As at 31.03.2004 Rs.
1.	**SHARE CAPITAL**		
	Authorised:7000000 Equity Shares of Rs.10/- each (Previous year 7000000 equity shares of Rs.10/- each)	70,000,000	70,000,000
	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	36,086,240
	TOTAL	36,086,240	36,086,240
2.	**RESERVES AND SURPLUS**		
	i) Share Premium Account	9,566,670	9,566,670
	ii) General Reserve		
	Opening Balance	6,050,000	1,750,000
	Add : Transferred during the year	14,500,000	4,300,000
		20,550,000	6,050,000
	iii) Surplus in Profit & Loss Account	216,298,284	105,944,454
	TOTAL	246,414,954	121,561,124
3.	**SECURED LOANS**		
	A) Loans & Advances from Banks		
	a) Cash Credit		
	- Rupee component	0	421,500
	- Foreign Currency component	4,326,500	4,339,000
	b) Term loans		
	- Rupee component	14,568,343	7,463,335
	- Foreign Currency component	82,083,750	36,248,835
	SUB TOTAL	100,978,593	48,472,670
	B) Loans & Advances from others		
	Hire Purchase Loans	1,907,110	4,276,850
	SUB TOTAL	1,907,110	4,276,850
	TOTAL	102,885,703	52,749,520
4	**DEFERRED TAX**		
	Opening Balance	13,618,007	15,095,619
	Add / (Less) : Liability/(Asset) for the year	3,202,000	(1,477,612)
	TOTAL	16,820,007	13,618,007

SCHEDULES FORMING PART OF THE ACCOUNTS

5. FIXED ASSETS

		GROSS BLOCK				DEPRECIATION				NET BLOCK	
SL No.	DESCRIPTION	AS AT 01.04.2004 Rs.	ADDITIONS Rs.	SALES/ ADJUSTMENTS Rs.	TOTAL Rs.	UPTO 31.03.2004 Rs.	FOR THE YEAR Rs.	ON SALES/ ADJUSTMENTS Rs.	TOTAL Rs.	**AS AT 31.03.2005 Rs.**	AS AT 31.03.2004 Rs.
1	Freehold Land & Site Dev.	955,656	20,922,012	0	21,877,668	0	0	0	0	**21,877,668**	955,656
2	Buildings										
	Lab Buildings	29,466,035	0	0	29,466,035	3,422,908	480,296	0	3,903,204	**25,562,831**	26,043,127
	Staff quarters	944,264	0	0	944,264	170,584	15,392	0	185,976	**758,288**	773,680
3	Plant & Machinary	185,171,460	86,582,704	8,106,269	263,647,895	66,633,006	33,277,299	705,901	99,204,404	**164,443,491**	118,538,454
4	Electrical Installation	3,997,340	0	0	3,997,340	2,147,545	189,872	0	2,337,417	**1,659,923**	1,849,795
5	Office Equipment	1,635,767	776,730	0	2,412,497	893,815	88,748	0	982,563	**1,429,934**	741,952
6	Computers	9,865,507	4,749,050	0	14,614,557	2,389,347	2,092,043	0	4,481,390	**10,133,167**	7,476,160
7	Furnitures & Fixtures	4,746,024	1,330,351	0	6,076,375	1,816,370	332,764	0	2,149,134	**3,927,241**	2,929,654
8	Vehicles	10,914,073	3,514,151	1,770,191	12,658,033	1,918,539	1,121,227	504,503	2,535,263	**10,122,770**	8,995,534
	TOTAL :	**247,696,126**	**117,874,998**	**9,876,460**	**355,694,664**	**79,392,114**	**37,597,641**	**1,210,404**	**115,779,351**	**239,915,313**	**168,304,012**
	PREVIOUS YEAR	170,672,383	80,352,187	3,328,444	247,696,126	46,353,305	33,463,831	425,022	79,392,114	**168,304,012**	124,319,078

6. CAPITAL WORKS IN PROGRESS

		GROSS BLOCK				DEPRECIATION				NET BLOCK	
SL No.	DESCRIPTION	AS AT 01.04.2004 Rs.	ADDITIONS Rs.	SALES/ ADJUSTMENTS Rs.	TOTAL Rs.	UPTO 31.03.2004 Rs.	FOR THE YEAR Rs.	ON SALES/ ADJUSTMENTS Rs.	TOTAL Rs.	**AS AT 31.03.2005 Rs.**	AS AT 31.03.2004 Rs.
1	**Expansion project**										
	i) Freehold land	20,424,800	497,212	20,922,012	0	0	0	0	0	**0**	0
	ii) Advance for capital items	850,000	7,678,695	0	8,528,695	0	0	0	0	**8,528,695**	0
	iii) Building under construction	0	51,722,445	0	51,722,445	0	0	0	0	**51,722,445**	0
	iv) Unallocated project expenditure (tobe capitalised)	0	10,965,149	0	10,965,149	0	0	0	0	**10,965,149**	0
	TOTAL :	**21,274,800**	**70,863,501**	**20,922,012**	**71,216,289**	**0**	**0**	**0**	**0**	**71,216,289**	**0**
	PREVIOUS YEAR	0	21,274,800	0	21,274,800	0	0	0	0	**21,274,800**	0

		As at 31.03.2005 Rs.	As at 31.03.2004 Rs.
7	**INVESTMENTS**		
	Equity shares - fully paidup - at cost - Unquoted-Non trading		
	48,000 Equity Shares of Rs.10/- each in Vimta Rostest(P) Ltd	0	480,000
	Less : Provision for dimunition in value	0	160,000
		0	320,000
	Less: Amount received on voluntary winding up of the company	0	320,000
	TOTAL	0	0
8	**CURRENT ASSETS, LOANS & ADVANCES**		
	a) Inventories (At cost)		
	Chemicals & Consumables	8,259,387	3,788,687
	Components, Stores & Spares	1,603,084	507,258
	Environmental Jobs Works-in-progress	3,617,363	632,473
	TOTAL	13,479,834	4,928,418
	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	13,419,371	2,520,820
	ii) Other debts	105,171,496	59,057,826
	TOTAL	118,590,867	61,578,645
	c) Cash & Bank Balances		
	i) Cash Balance on hand	317,684	175,164
	ii) Balances with Scheduled Banks		
	a) on current Accounts	14,024,358	4,876,049
	b) on Deposit Accounts	2,591,356	3,577,346
	c) in unclaimed dividend account	882,208	971,725
	TOTAL	17,815,606	9,600,284
	d) Other Current Assets		
	i) Income-tax refund to be received	419,064	96,008
	ii) Accrued Interest on deposits with banks	177,894	59,007
	iii) Retention Money with customers	517,560	381,669
	TOTAL	1,114,518	536,684
	e) Loans and Advances		
	(Advances considered good for which the Company holds no security other than the personal security of parties)		
	i) Advances recoverable in cash or on kind or for value to be received	1,838,119	1,212,732
	ii) Deposits and balances with Public Sector Bodies & Others	5,185,267	3,855,717
	iii) Advances for Services & Supplies	6,135,861	601,679
	TOTAL	13,159,247	5,670,129

		As at 31.03.2005 Rs.	As at 31.03.2004 Rs.
9	**CURRENT LIABILITES & PROVISIONS**		
	A) Current Liabilities		
	i) Sundry Creditors for services & supplies		
	- dues to SSI undertakings	—	—
	- dues to others	**14,073,811**	12,407,430
	- creditors for capital expenditure(Non SSI undertakings)	**6,766,741**	10,273,141
	- creditors for capital expenditure (Expansion Project)	**19,334,264**	14,467,566
	ii) Advances against services	**4,566,789**	0
	iii) Other Liabilities	**14,616,629**	9,327,846
	iv) Unclaimed dividend	**877,288**	961,725
	SUB TOTAL	**60,235,522**	47,437,707
	B) Provisions		
	i) Provision for Taxation (Net of advance tax paid)	**3,919,152**	0
	ii) Proposed dividend	**7,217,248**	0
	iii) Provision for tax on proposed dividend	**1,012,219**	0
	iv) Provision for Leave encashment	**758,298**	697,847
	SUB TOTAL	**12,906,917**	697,847
	TOTAL	**73,142,439**	48,135,554
10	**MISCELLANEOUS EXPENDITURE**		
	(To the extent not written off or adjusted)		
	i) Public Issue Expenditure		
	Opening Balance	**0**	174,920
	Less : Written off during the year	**0**	174,920
	BALANCE	**0**	0
	ii) Interest not accrued & due on Hire Purchase Loans - Opening balance	**257,473**	363,147
	Add : Additions during the year	**0**	237,840
	Less : Written off during the year	**199,804**	343,514
	BALANCE	**57,669**	257,473
	TOTAL (i) to (ii)	**57,669**	257,473

		Year ended 31.03.2005 Rs.	Year ended 31.03.2004 Rs.
11	**INCOME FROM OPERATIONS**		
	i) Income from Testing & Analysis Services		
	- Domestic	**312,007,899**	236,558,646
	- Exports	**209,944,063**	114,578,474
	TOTAL	**521,951,962**	351,137,120
12	**INCREASE/(DECREASE) IN INVENTORIES**		
	Closing Work-in-progress	**3,617,363**	632,473
	Less : Opening Work-in-progress	**632,473**	2,969,721
	Increase/(Decrease)	**2,984,890**	(2,337,248)
13	**OTHER INCOME**		
	i) Interest on Margin money received (including TDS thereon)	**128,479**	32,986
	ii) Interest received on short term deposits	**459,276**	0
	iii) Excess provision of liability written in	**0**	221,607
	iv) Interest received on consumption deposit	**20,772**	18,343
	v) Miscellaneous Receipts	**240,535**	14,225
	TOTAL	**849,062**	287,161
14	**TESTING & ANALYSIS EXPENDITURE**		
	Chemicals, Consumables, Stores,Spares & Components Consumed	**61,741,052**	37,171,370
	Sample preparation, Data Generation,Inspection and Testing Exps.	**36,052,273**	29,423,301
	Water,Power & Fuel Charges	**12,002,222**	5,687,140
	TOTAL	**109,795,547**	72,281,811
15	**PAYMENTS & BENEFITS TO EMPLOYEES**		
	Salaries & wages	**56,971,515**	35,577,215
	Bonus	**1,150,800**	710,939
	Contribution to Provident Fund	**3,324,024**	2,352,019
	ESI Contribution	**657,631**	366,560
	Staff Welfare Expenses	**2,850,456**	1,666,713
	Gratuity	**1,408,771**	637,449
	Leave encashment	**167,088**	528,983
	Other Benefits	**5,544,713**	4,504,749
	TOTAL	**72,074,998**	46,344,627

		Year ended 31.03.2005 Rs.	Year ended 31.03.2004 Rs.
16	**ADMINISTRATION, SELLING & GENERAL EXPENSES**		
	Managerial Remuneration	9,700,790	10,496,800
	Sitting fees to Directors	60,000	60,000
	Rent	1,210,507	541,110
	Rates, Taxes, Licences & Renewals	553,926	1,717,668
	Insurance	860,432	896,330
	Travelling & Conveyance	12,356,088	7,986,697
	Advertisement & Business Promotion expenses	9,679,636	6,232,798
	Communication Expenses	5,824,589	3,906,191
	Printing & Stationary	5,944,296	4,009,976
	Repairs & Maintenance	8,439,253	7,884,987
	Payments to Auditors	225,710	125,650
	Books & Periodicals	280,353	70,971
	Vehicle Maintenance	1,151,069	1,186,714
	Professional and Consultancy Charges	5,505,490	2,585,481
	Membership & Subscriptions	361,004	264,504
	Security Charges	763,276	692,468
	Recruitment & training expenses of personnel	935,835	540,982
	Commission	1,944,868	2,126,683
	Software charges	6,703,306	11,797,537
	Loss on chit bid (Net of dividends)	0	95,399
	Loss on sale of assets	1,739,404	170,627
	Exchange Fluctuation charges	553,139	1,070,727
	Miscellaneous Expenses	773,494	443,785
	TOTAL	75,566,465	64,904,085
17	**FINANCE CHARGES AND INTEREST**		
	i) Interest		
	a) To Banks		
	- On term Loans	3,452,002	2,758,435
	- On Working Capital facilities	37,403	271,629
	b) on other loans		
	- to Others(other than Directors)	305,863	407,028
	ii) Bank Charges	915,799	2,063,741
	TOTAL	4,711,067	5,500,833
18	**AMORTISATION OF PRELIMINARY EXPENDITURE**		
	Public Issue Expenditure written off	0	174,920
	TOTAL	0	174,920
19	**PRIOR YEAR ADJUSTMENTS**		
	a) Excess provision of Income tax in earlier years written in	1,008,553	796,313
	Less: Additional Liability of Income tax on completion of assessment of earlier years	1,102,002	480,000
	Sub - Total	93,449	316,313
	b) Cancellation of Clinical project works	1,600,998	0
	TOTAL	1,694,447	316,313

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

A. SIGNIFICANT ACCOUNTING POLICIES

Following are the significant accounting policies adopted and consistently followed in preparation and presentation of financial statements:

i) **Method of Accounting :** Financial statements are prepared under historical cost convention, in accordance with the accounting principles generally accepted in India having due regard to fundamental accounting assumptions of going concern, consistency and accrual. The Company follows accrual method of accounting.

ii) **Accounting Standards :** Recommendations made in the Accounting Standards issued by ICAI which are applicable to the company are complied with.

iii) **Fixed Assets :** Fixed Assets are stated at historical cost of acquisition/ construction less accumulated depreciation. Interest on borrowings for acquiring fixed assets and revenue expenses incurred in connection with installation and commissioning of the assets prior to putting for commercial use are capitalized as part of the asset cost.

Grants/subsidies received, if any, from Government and others, towards cost of the 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 asset block.

iv) **Depreciation :**

a) Depreciation on fixed assets other than Plant & Machinery is charged under straight line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

b) Considering the fast changes in the technology and obsolescence of Plant & Machinery, as in the past depreciation on Plant & Machinery is charged under straight line method at a higher rate of 15% p.a. instead of the specified rate of 10.34% p.a. in Schedule XIV to the Companies Act, 1956.

c) Depreciation on additions/deductions made during the year is calculated pro rata from/to the month of additions/deductions.

v) **Inventories :** Chemicals, consumables, stores, spares & components are valued at cost after providing for obsolescence and job works in progress are valued at cost. The cost is arrived by using first-in-first-out (FIFO) formula.

vi) **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.

vii) **Retirement benefits :** Provision for gratuity is made on actuarial method and charged to the revenue account. The company has taken a Gratuity Policy from LIC of India. Provident Fund and Employees State Insurance contributions are administered through the respective authorities.

viii) **Leave Encashment :** Provision for unutilized leave encashment is made on accrual basis and charged to revenue account in accordance with the leave rules of the Company.

ix) **Foreign exchange transactions :** Transactions denominated in foreign currency are accounted for initially at the exchange rate prevailing on the date of transaction. Fluctuations, if any, due to change in exchange rates between the dates of transactions and the dates of realisation are debited/credited to "Exchange fluctuation charges a/c. in Profit & Loss Account.

x) **Miscellaneous expenditure:** a) Preliminary & pre-operative expenditure and Public Issue expenses are written off over a period of 10 years in equal instalments.

b) Interest on Hire Purchase loans for future periods is accounted and shown under the head "Miscellaneous Expenditure". The same is written off to P & L a/c proportionately over the loan period.

xi) **Tax expense:** Provision for Deferred tax on Timing Differences is made as per Accounting Standard 22 (AS-22) issued by ICAI and provision is made for regular income tax as per the provisions of Income Tax Act, 1961.

xii) Segment reporting : The company is primarily engaged in the business of testing activities in various disciplines such as contract research, Clinical Speciality Diagnostics, Analytical Testing, Environmental monitoring and impact assessment studies. Since the inherent nature of all these activities are integrated and govern 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 statement. The said treatment is in accordance with accounting standard-17(AS-17) on "Segment Reporting".

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

ii) Expenditure spent on Software is treated as a revenue expenditure and charged to P & L Account consistently in the books of account.

iii) Amounts spent on Capital works in progress is carried at cost under the head 'Capital Work in Progress". As and when the Capital asset is installed and commissioned, the same is capitalized to the respective assets. Besides direct costs, indirect costs such as over heads relating to the assets incurred till the asset is put to use are treated as project expenditure and capitalized.

B. NOTES FORMING PART OF THE ACCOUNTS

1. CONTINGENT LIABILITIES:

i) Guarantees issued by Bankers on behalf of the Company and not provided for is Rs.85.17 Lakhs (Previous year Rs. 79.79 lakhs. These guarantees are secured by lien on the Company's deposits of Rs.7.51 lakhs with the bank (previous year Rs. 11.46 lakhs).

ii) Letters of Credit (LCs) opened by Bankers on behalf of the Company and not provided for in the books (as the same are not yet crystallized) is Rs.Nil (previous year Rs.98.36 lakhs).

iii) In order to obtain Import Licenses under Export Promotion Capital Goods Scheme of the Government of India, the Company has given an undertaking to fulfill certain quantified export obligations. In case of non-fulfillment of such obligations, Company shall be liable to pay duty and interest on unfulfilled export obligations under the said scheme. Till 31.03.2005, the Company has fulfilled the required export obligations under the scheme and hence no liability is foreseen on account of this.

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

v) The Company has entered into agreements for value of Rs.1335.37 lakhs (previous year Rs. 85 lakhs towards capital works for its expansion project under implementation. The balance payable in respect of the above contracts is Rs. 1117.75 lakhs (previous year Rs. 57.96 lakhs) which has a term loan backup arrangement.

2. SECURED LOANS

i) The working capital borrowings (limit Rs.200 lakhs/ Outstandings - Rs.43.26 lakhs) from State Bank of India are secured by hypothecation of all the current assets of the Company as primary security and extension of charge on land, buildings and fixed assets of the company other than the assets which are acquired with Hire Purchase loans and through grants from Government and other Institutions.

ii) Term Loan from State Bank of India (limit Rs.3794 lakhs; outstanding Rs.966.52 lakhs) is secured by hypothecation of testing equipment procured with the term loan as primary security and extension of charge on land, buildings and other fixed assets of the Company other than the assets which are acquired with HP loans and grants from Government and other institutions.

Both the above borrowings are guaranteed by three of the Directors in their personal capacity.

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

3. SUNDRY CREDITORS

There are no small scale industrial undertakings to whom the Company owe any sum which is outstanding for more than 30 days (previous year Nil).

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

5. INCOME TAX

Provision is made for regular income tax as per the provisions of Income Tax Act, 1961.

6. DEFERRED TAX

i) Computation of Deferred Tax as per AS-22 issued by ICAI is as under :-

	For the year (In lakhs)	Previous year (In lakhs)
Timing difference on account of depreciation :		
WDV of fixed assets as per Income Tax Rules	**1939.49**	1293.90
Less : WDV of Fixed Assets as per books of account	**2399.14**	1673.49
Total	**(-) 459.65**	(-) 379.59
Deferred tax on the above @36.5925%	**168.20**	136.18
Less : Opening balance of deferred tax brought forward	**136.18**	150.96
Deferred tax liability (Asset) recognised for the year	**32.02**	(14.78)

ii) Component wise break up of deferred tax liability as at 31.03.2005:

	For the year (In lakhs)	Previous year (In lakhs)
Deferred tax liability on timing deference of depreciation	168.20	136.18

7. **RELATED PARTY DISCLOSURES :** Pursuant to Accounting Standard-18 (AS-18) issued by the ICAI, the names of the related parties and nature of related party relationships and particulars of transactions with the related parties during the year are as under :

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

i) Key Management Personnel :
1) Dr S P Vasireddi, Chairman & Managing Director
2) V Harriman, Director-Technical
3) V V Prasad, Executive Director
4) Harita Vasireddi, Director-Projects

ii) Relatives of Key Management Personnel :
1) V Swarnalatha, General Manager
2) V Sireesh Chandra, Executive Trainee

b) Aggregate Related Party disclosures for the year 2004-2005.

Particulars	Associates/ Joint Venture Company	Key Management Personnel	Relatives of Key Management Personnel	Total
	Rs.	Rs.	Rs.	Rs.
Purchase of goods from	—	—	—	—
Sale of goods to	—	—	—	—
Receiving of Services	—	11,569,600	781,256	12,350,856
Rendering of Services	—	—	—	—
Agency Agreements	—	—	—	—
Loans and advances	—	—	—	—
Rent deposits	—	—	—	—

8. Information pursuant to the provisions of Part II of Schedule VI to the Companies Act, 1956 to the extent applicable is as under :

	2004-2005 Rs. in lakhs	2003-2004 Rs.in lakhs
i) Value of Imports calculated on CIF Basis in respect of :		
Capital Goods	723.47	503.96
ii) Expenditure in Foreign Currency on account of :		
a) Travelling expenses	34.03	15.83
b) Business Promotion	29.76	3.63
c) Membership & Subscriptions	0.47	0.98
d) Reference Standards	4.54	1.63
e) Software	33.37	104.43
f) Seminars & Conferences	3.01	0
g) Proficiency testing	1.70	1.77
h) Books & Periodicals/Advertisement	1.68	0
i) Repairs & Maintenance	5.88	2.20
j) Professional Charges	30.21	1.69
k) Chemicals & Consumables	2.12	3.07
l) Spares & stores	26.52	4.07
iii) Amount remitted in foreign currency on account of dividends	Nil	Nil
iv) Earnings in Foreign Exchange :		
Export Income from testing services	2099.44	1145.78

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

The company is carrying on the business of testing and analysis of various materials, bio-availability studies and environmental impact assessment studies and requires variety of chemicals and consumables for its activities. It does not require any raw material or components as no manufacturing activity is carried on. It is not practicable to furnish the quantitative details of these chemicals & consumables as number of chemicals in small quantities are used. Hence, the aggregate value of chemicals & consumables and the components consumed are furnished below:

	2004-05		2003-04	
	Rs.in lakhs	% to total Consumption	Rs.in lakhs	% to total Consumption
a) Chemicals & Consumables				
- Indigenous	**565.49**	**99**	338.62	99
- Imported	**2.12**	**1**	3.07	1
Total	**567.61**	**100**	341.69	100
b) Spares & Components				
- Indigenous	**13.34**	**33**	22.31	85
- Imported	**26.52**	**67**	4.07	15
Total	**39.86**	**100**	26.38	100

vi. Managerial Remuneration :

Particulars of remuneration paid/payable to the whole-time Directors are as follows :

Particulars	Dr S P Vasireddi Managing Director	V V Prasad Executive Director	V Harriman Director Technical	Harita Vasireddi Director Projects	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Salary	3000000 (3000000)	2400000 (2400000)	2400000 (2400000)	2125000 (1300000)	9925000 (9100000)
Perquisites :	492000 (4656000)	395000 (368600)	395000 (368600)	362600 (194000)	1644600 (1396800)
Total	**3492000** (3465600)	**2795000** (2768600)	**2795000** (2768600)	**2487600** (1494000)	**11569600** (10496800)

Notes :

a) Figures in brackets relate to the previous year

b) The above remuneration is paid/provided as per the terms and conditions approved by the Board/Shareholders.

c) Perquisites includes Company's contribution towards PF, Leave encashment and other non-monetary benefits valued as per Income Tax Rules.

vii. Details of expenditure on "Repairs & Maintenance" are as under :

Particulars	2004 - 2005 Rs.	2003 - 2004 Rs.
a) On Buildings	**4799993**	4674011
b) On Plant & Machinery	**2429730**	2483505
c) On other Assets	**1209530**	727471
Total	**8439253**	7884987

viii. Details of payments to Auditors are as under :

Particulars	2004 - 2005 Rs.	2003 - 2004 Rs.
a) As auditors	**165300**	75600
b) As advisors or in any other capacity in respect of :		
i. Taxation matters	**11020**	15000
ii. Company law matters	**22040**	21600
iii. Management Consultancy Services	**22040**	10800
c) Out of pocket expenses	**5310**	2650
Total	**225710**	125650

9. Previous year's figures have been regrouped wherever necessary to conform with the layout of the accounts adopted in the current year and paise have been rounded off to the nearest rupee.

10. **Information pursuant to the provisions of part IV of schedule VI of the Companies Act,1956.**

I. **Registration details**

Registration No.	:	11977
State Code	:	01
Balance Sheet Date	:	31.03.2005

II. **Capital raised during the year (Amount in Rs.thousands)**

Public Issue	:	Nil
Bonus Issue	:	Nil
Right issue	:	Nil
Private placement	:	Nil

III. **Position of mobilisation and deployment of funds (Amount in Rs.thousands)**

Total Liabilities	:	402206	Total Assets	:	402206
Sources of Funds			**Application of funds**		
Paid-up Capital	:	36086	Net fixed assets	:	311131
Reserves & Surplus	:	246415	Investments	:	----
Secured Loans	:	102885	Net Current Assets	:	91017
Deferred Tax	:	16820	Misc. Expenditure	:	58

IV. **Performance of Company (Amount in Rs. thousands)**

Turnover	:	525786
Total Expenditure	:	301440
Profit before tax	:	224346
Profit after tax	:	141244
Earning per share	:	Rs.39/-
Dividend Rate %	:	40%

V. **Item code No.** : ---

Product description : Analytical testing services

Schedules 1 to 20 referred to above form an integral part of the Balance sheet and Profit & Loss Account.

For and on behalf of the Board

for **Sarathy & Balu**
Chartered Accountants

J.Venkateswarlu
Partner

Dr S P Vasireddi	Managing Director
V Harriman	Director Technical
V V Prasad	Executive Director
Harita Vasireddi	Director Projects
S Subrahmanyan	Director
T S Ajai	Director
Dr Subba Rao Pavuluri	Director
Prof D Balasubramanian	Director
A Venkata Ramana	Company Secretary & V P Finance

Hyderabad
Date : 20.04.2005

Hyderabad
Date : 20.04.2005

Particulars		31.03.2005 (Rs. in lakhs)		31.03.2004 (Rs. in lakhs)
A) CASH FLOW FROM OPERATING ACTIVITIES				
Net profit before tax and Extraordinary items		**2260.40**		1265.93
Adjustment for :				
Depreciation	375.97		334.64	
Advances writtenoff	0		0.43	
Interest debited to P & L Accounts	47.11		55.01	
Loss on sale of assets	17.39		1.71	
	440.47		391.79	
Less : Excess creditors writtenin	0	**440.47**	2.22	389.57
Operating proft before working capital changes		**2700.87**		1655.50
Adjustments for :				
Trade and other receivables	-650.80		-344.31	
Inventories	-85.51		1.80	
Trade payables	128.59		76.56	
		-607.72		-265.95
Cash generted from operations		**2093.15**		1389.55
Taxes paid		**759.81**		443.51
Prior Year adjustments		**-16.94**		0.00
Cash flow before extra-ordinary items		**1316.40**		946.04
NET CASH FLOW FROM OPERATING ACTIVITIES		**1316.40**		946.04
B) CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets (after adjustments)	-1678.15		-845.76	
Sale of fixed assets	69.26		1.50	
Sale of Investments	0.00		3.20	
NET CASH USED IN INVESTING ACTIVITIES		**-1608.89**		-841.06
C) CASH FLOW FROM FINANCING ACTIVITIES				
Interest paid on term loans	-47.11		-53.95	
Proceeds from long term borrowings	529.39		154.35	
Repayment of finance lease liabilities	-21.70		3.42	
Dividends paid	-81.59		-122.12	
NET CASH FLOW FROM FINANCEING ACTIVITIES		**378.99**		18.30

Particulars		31.03.2005 (Rs. in lakhs)		31.03.2004 (Rs. in lakhs)
Net increase in cash and cash equivalents		**86.50**		86.68
Cash and Cash equivalents Opening Balance :				
Cash and bank balances	96.00		60.98	
Cash credit accounts	-47.61	**48.39**	-99.27	-38.29
Cash and Cash equivalents Closing Balance :				
Cash and bank balances	178.15		96.00	
Cash credit accounts	-43.26	**134.89**	-47.61	48.39

For and on behalf of the Board

Dr S P Vasireddi	Managing Director
V Harriman	Director Technical
V V Prasad	Executive Director
Harita Vasireddi	Director Projects
S Subrahmanyan	Director
T S Ajai	Director
Dr Subba Rao Pavuluri	Director
Prof D Balasubramanian	Director
A Venkata Ramana	Company Secretary & V P Finance

Hyderabad
Date : 20.04.2005

AUDITOR'S CERTIFICATE

We have examined the above Cash Flow Statement of **VIMTA LABS LIMITED** for the year ended 31st March, 2005. 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 20th April, 2005.

for **SARATHY & BALU**
Chartered Accountants

Hyderabad
Date : 20.04.2005

J VENKATESWARLU
Partner
ICAI Ms. No. 022481

VIMTA LABS
Determining Quality

Notice Calling 15th Annual General Meeting Scheduled to be held on May 25, 2005

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

ATTENTION

All the shareholders are requested to avail Electronic Clearing Services (ECS) mandate facility for payment of dividend in future by forwarding duly filled in ECS form to the Registrars and Transfer Agents M/s CIL Securities Limited, Hyderabad at the earliest.

NOTICE is hereby given that the Fifteenth Annual General Meeting of the members of VIMTA LABS LIMITED will be held on May 25, 2005 at 10.00 A.M. at the Registered Office of the Company at 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 March 31, 2005 and Profit & Loss Account for the year ended on that date together with the reports of the Directors and Auditors thereon.
2. To approve the Dividend.
3. To appoint a Director in place of S Subrahmanyan who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Dr Subba Rao Pavuluri who retires by rotation and being eligible, offers himself for reappointment.
5. To consider and, if thought fit, to pass the following Resolution, with or without modifications, as an Ordinary Resolution:

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

SPECIAL BUSINESS

6. To Consider and, if deem fit to pass with or without modifications the following resolution as an Ordinary Resolution.

"RESOLVED that in supersession of all previous resolutions and subject to the provisions of Sections 269 read with Schedule XIII, 198,309,310,311 and other applicable provisions, if any, of the Companies Act, 1956 and subject to other approvals, if any, required and as recommended by the remuneration committee of the board, Dr S P Vasireddi be and is hereby appointed Managing Director of the company, for a period of 5 years with effect from 1st April, 2005 on the terms and conditions as detailed below:

Remuneration:

I. Salary

Rs. 400,000/- (Rupees four lakhs only) per month.

II. Commission

Commission @ 1% of the net profits of the Company as computed under Section 349 of the Companies Act,1956.

III. Allowances

Allowances as follows will be paid and /or provided in addition to salary, and shall be included in computation of total ceiling limit.

a) Medical Reimbursement

Reimbursement of medical expenses actually incurred for self and family including dependent mother and father, subject to a ceiling of Rs.200,000/- (Rupees two lakhs only) per year.

b) Leave Travel Concession

For self and family including dependent mother and father, to and fro from any place in India, once in a year subject to a maximum of Rs.200,000/- (Rupees two lakhs only) per year.

IV. Perquisites

A) The following perquisites shall be included in computation of total ceiling limit.

i) **Pension / Superannuation Fund**

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

ii) **Gratuity**

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

B) The following perquisites shall not be included in computation of total ceiling limit.

i) **Telephone**

Free Telephone/Communication facilities at residence for business purposes.

ii) **Company's Car**

Company's Car for business purposes and for any personal use perquisite value is charged under the provisions of the Income Tax 1961."

Also further "Resolved that the total remuneration including commission, allowances and value of perquisites payable to the Managing Director and other Wholetime Directors shall not exceed 10% of the net profits of the company as computed U/s.349 of the Companies Act, 1956."

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

7. To Consider and, if deem fit to pass with or without modifications the following resolution as an Ordinary Resolution.

"RESOLVED that in supersession of all previous resolutions and subject to the provisions of Sections 269 read with Schedule XIII, 198,309,310,311 and other applicable provisions, if any, of the Companies Act, 1956 and subject to other approvals, if any, required and as recommended by the remuneration committee of the board, V V Prasad be and is hereby appointed Executive Director of the company, for a period of 5 years with effect from 1st April, 2005 on the terms and conditions as detailed below:

Remuneration :

I. **Salary**

Rs. 300,000/- (Rupees three lakhs only) per month.

II. **Commission**

Commission @ 1% of the net profits of the Company as computed under Section 349 of the Companies Act,1956.

III. **Allowances**

Allowances as follows will be paid and /or provided in addition to salary, and shall be included in computation of total ceiling limit.

a) **Medical Reimbursement**

Reimbursement of medical expenses actually incurred for self and family including dependent mother and father, subject to a ceiling of Rs.150,000/- (Rupees One lakh fifty thousand only) per year.

b) **Leave Travel Concession**

For self and family including dependent mother and father, to and fro from any place in India, once in a year subject to a maximum of Rs.150,000/- (Rupees one lakh fifty thousand only) per year.

IV. **Perquisites**

A) The following perquisites shall be included in computation of total ceiling limit.

i) **Pension / Superannuation Fund**

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

ii) **Gratuity**

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

B) The following perquisites shall not be included in computation of total ceiling limit.

i) **Telephone**

Free Telephone/Communication facilities at residence for business purposes.

ii) **Company's Car**

Company's Car for business purposes and for any personal use perquisite value is charged under the provisions of the Income Tax 1961."

Also further "Resolved that the total remuneration including commission, allowances and value of perquisites payable to the Executive Director and other Wholetime Directors shall not exceed 10% of the net profits of the company as computed U/s.349 of the Companies Act, 1956."

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

8. To Consider and, if deem fit to pass with or without modifications the following resolution as an Ordinary Resolution.

"RESOLVED that in supersession of all previous resolutions and subject to the provisions of Sections 269 read with Schedule XIII, 198,309,310,311 and other applicable provisions, if any, of the Companies Act, 1956 and subject to other approvals, if any, required and as recommended by the remuneration committee of the board, V Harriman be and is hereby appointed Director Technical of the company, for a period of 5 years with effect from 1st April, 2005 on the terms and conditions as detailed below:

Remuneration :

I. **Salary**

Rs. 300,000/- (Rupees three lakhs only) per month.

II. **Commission**

Commission @ 1% of the net profits of the Company as computed under Section 349 of the Companies Act,1956.

III. **Allowances**

Allowances as follows will be paid and /or provided in addition to salary, and shall be included in computation of total ceiling limit.

a) **Medical Reimbursement**

Reimbursement of medical expenses actually incurred for self and family including dependent mother and father, subject to a ceiling of Rs.150,000/- (Rupees One lakh fifty thousand only) per year.

b) **Leave Travel Concession**

For self and family including dependent mother and father, to and fro from any place in India, once in a year subject to a maximum of Rs.150,000/- (Rupees one lakh fifty thousand only) per year.

IV. **Perquisites**

A) The following perquisites shall be included in computation of total ceiling limit.

i) **Pension / Superannuation Fund**

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

ii) **Gratuity**

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

B) The following perquisites shall not be included in computation of total ceiling limit.

i) **Telephone**

Free Telephone/Communication facilities at residence for business purposes.

ii) **Company's Car**

Company's Car for business purposes and for any personal use perquisite value is charged under the provisions of the Income Tax 1961."

Also further "Resolved that the total remuneration including commission, allowances and value of perquisites payable to the Director Technical and other Wholetime Directors shall not exceed 10% of the net profits of the company as computed U/s.349 of the Companies Act, 1956."

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

9. To Consider and, if deem fit to pass with or without modifications the following resolution as an Ordinary Resolution.

"RESOLVED that in supersession of all previous resolutions and subject to the provisions of Sections 269 read with Schedule XIII, 198,309,310,311 and other applicable provisions, if any, of the Companies Act, 1956 and subject to other approvals, if any, required and as recommended by the remuneration committee of the Board, Harita Vasireddi be and is hereby appointed Director Projects of the company, for a period of 5 years with effect from 1st April, 2005 on the terms and conditions as detailed below:

Remuneration :

I. **Salary**

Rs. 250,000/- (Rupees two lakhs fifty thousand only) per month.

II. **Commission**

Commission @ 1% of the net profits of the Company as computed under Section 349 of the Companies Act,1956.

III. **Allowances**

Allowances as follows will be paid and /or provided in addition to salary, and shall be included in computation of total ceiling limit.

a) **Medical Reimbursement**

Reimbursement of medical expenses actually incurred for self and family including dependent mother and father, subject to a ceiling of Rs.125,000/- (Rupees One lakh twenty five thousand only) per year.

b) **Leave Travel Concession**

For self and family including dependent mother and father, to and fro from any place in India, once in a year subject to a maximum of Rs.125,000/- Rupees One lakh twenty five thousand only) per year.

IV. **Perquisites**

A) The following perquisites shall be included in computation of total ceiling limit.

i) **Pension / Superannuation Fund**

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

ii) Gratuity

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

B) The following perquisites shall not be included in computation of total ceiling limit.

i) Telephone

Free Telephone/Communication facilities at residence for business purposes.

ii) Company's Car

Company's Car for business purposes and for any personal use perquisite value is charged under the provisions of the Income Tax 1961."

Also further "Resolved that the total remuneration including commission, allowances and value of perquisites payable to the Director Projects and other Wholetime Directors shall not exceed 10% of the net profits of the company as computed U/s.349 of the Companies Act, 1956."

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

10. 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 sections 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, consent of the Company be and is hereby accorded for the appointment of Mr V Sireesh Chandra as Executive of the Company w.e.f. 15.10.2004 on a remuneration of Rs.20,000/- per month plus other perquisites per the norms of the Company with annual increments as may be approved by the Board from time to time subject to the condition that the total remuneration payable to Mr Sireesh Chandra shall not exceed Rs.50,000/- per month including all allowances and value of perquisites."

By Order of the Board

Place : Hyderabad — **A VENKATA RAMANA**
Date :20.04.2005 — **COMPANY SECRETARY & VP-FINANCE**

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on a poll to vote instead of himself. Such a proxy need not be a member of the company. Proxies in order to be valid and effective must be received by the company not later than 48 hours before the commencement of the meeting.

2. The Register of Members and the Share Transfer Books of the Company will remain closed from 23.05.2005 to 25.05.2005 (both days inclusive) for the purpose of annual closing and declaration of dividend.

3. 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).

4. Members are requested to bring their copy of Annual Report to the Meeting.

ELECTRONIC CLEARING SERVICES (ECS) MANDATE FORMAT

To
M/s. CIL Securities Limited
Unit : Vimta Labs Limited
214, Raghava Ratna Towers,
Chirag Ali Lane, Abids,
Hyderabad-500 001.

For Shares held in physical mode
Please complete this form and send it to M/s CIL Securities Limited Hyderabad.

For Shares held in Demat mode
Please inform your DP's directly.

For shares held in physical form

Master Folio No. | | | | | | | | |

FOR OFFICE USE ONLY

ECS Ref.No.

Name of First holder	
Bank Name	
Branch Name & Address	
Branch Code	(9 Digits Code Number appearing on the MICR Band of the cheque supplied by the Bank). (In lieu of the bank certificate to be obtained as under, please attach a blank cancelled cheque or photocopy of a cheque or front page of your savings bank passbook issued by your bank for verification of the above particulars.

Account type (Please tick)	→	Savings 10	Current 11	Cash Credit 13
A/c. No. (as appearing in the cheque book)	→			
Effective date of this mandate	→			

I, hereby, declare that the particulars given above are correct and complete. If any transaction is delayed or not effected at all for reasons of incompleteness or incorrectness of information supplied as above, Vimta Labs Limited and CIL Securities Limited, will not be held responsible.I have read the optional invitation letter and agree to discharge the responsibility expected of me as a participant under the scheme.

I further undertake to inform the Company any change in my Bank / Branch and Account number.

Dated : ______________

(Signature of First holder)

Note : On dematerialisation of existing physical shares, for which you have availed ECS facility, the above form needs to be re-submitted.

Certified that the particulars furnished above are correct as per our records

Bank's Stamp
Date :

(Signature of the Official of the Bank)

Vimta Labs Limited

Registered Office : Plot No. 142, IDA Phase II, Cherllapally, Hyderabad - 500 051.

ADMISSION SLIP

Name & Address of Member	Folio No.	DP ID No.	Client ID No.

I hereby record my attendance at the 15th Annual General Meeting of the company held on 25th May, 2005 at 10.00 a.m. at Registered Office of the Company i.e. Plot No. 142, IDA Phase II, Cherllapally, Hyderabad - 500 051.

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

Please indicate whether Member / Proxy.

☐ Member ☐ Proxy

____
Member's / Proxy's Signature

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

- - ✂ - - - - - - - - - - ✂ - - - - - - - - - - - - - ✂ - - - -

Vimta Labs Limited

Registered Office : Plot No. 142, IDA Phase II, Cherllapally, Hyderabad - 500 051.

PROXY FORM

Folio No.	DP ID No.	Client ID No.

I / We ____

of ____________________________ in the district of ____________________

being a Member / Members of Vimta Labs Limited hereby appoint ____________________

of ______________________ in the District of __________________________ or

____

of ______________________ in the District of ____________________ as my / our Proxy to attend and vote for me / us on my / our behalf at the 15th Annual General Meeting of the Company to be held at 10.00 a.m. on 25th May, 2005 or at any adjournment thereof.

As Witness my hand / our hands this ________ day of ______________ 2005

Affix
1 Rupee
Revenue
Stamp

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

Signed by the said

BOOK POST
PRINTED MATTER

To

If undelivered, please return to :

Vimta Labs Limited

Plot Nos. 141/2, & 142, IDA
Phase II, Cherlapally
Hyderabad - 500 051