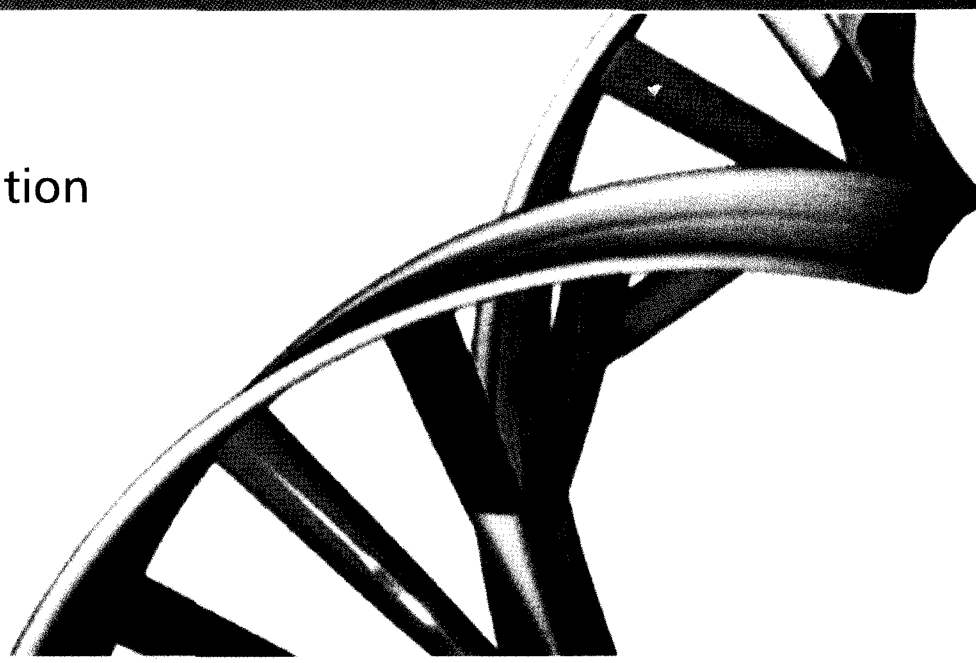
VIMTA LABS
Determining Quality

Growth & Innovation
for Total Health



VIMTA LABS LIMITED

Annual Report 2005 - 2006

VISION

To be seen as an Indian organization with a global perspective that has created an integrated, quality driven, customer sensitive, Contract Research and Testing organization.

GOAL

To be a "Top Ten" Contract Research and Testing organization globally, by 2010.

VIMTA LABS
Determining Quality

GROWTH

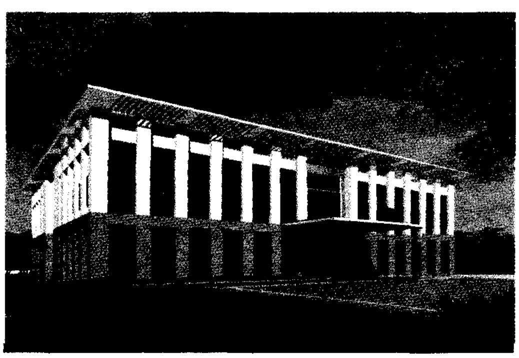
2005-06 has been a year of capacity building at VIMTA in terms of infrastructure, technology and people. Demand for our services has increased from customers across the globe and capacities were challenged. Growth was inevitable.

An orbital change is contemplated at the new Life Sciences facility in Genome Valley, Hyderabad through assimilation of leading edge technologies and GXP compliance at the heart. The phase-I of the Life Sciences campus measuring 168000 sq.ft. is nearing completion as a global benchmark facility.

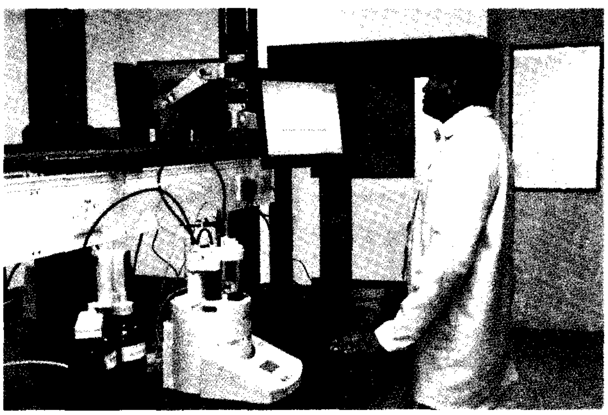
VIMTA had the privilege to host a Best Practice Workshop in February 2006 for the WAITRO (World Association of Industrial and Technological Research Organizations) members, who acclaimed VIMTA as "a best practice organization that has transformed itself into an efficient, profitable and competitive state-of-the-art laboratory, with highly motivated employees that are truly committed to providing customer satisfaction" (Ref: WAITRO News Letter March 2006 Issue and website : www.waitro.org).

VIMTA has a policy to protect itself from technological obsolescence. It is firmly believed that future is better for organizations which can adapt to the technological changes. Accordingly, VIMTA is establishing state-of-the-art network systems through a partnership with IBM to effectively manage the people - knowledge relationships.

A knowledge centre is being established to make the VIMTA team stronger. The team prides of 20 Ph.Ds, 17 doctors, 279 scientists and others totaling a strong 527, which is planned to treble by 2010.



Innovation



VIMTA's innovation engine continues... some new exciting offerings...

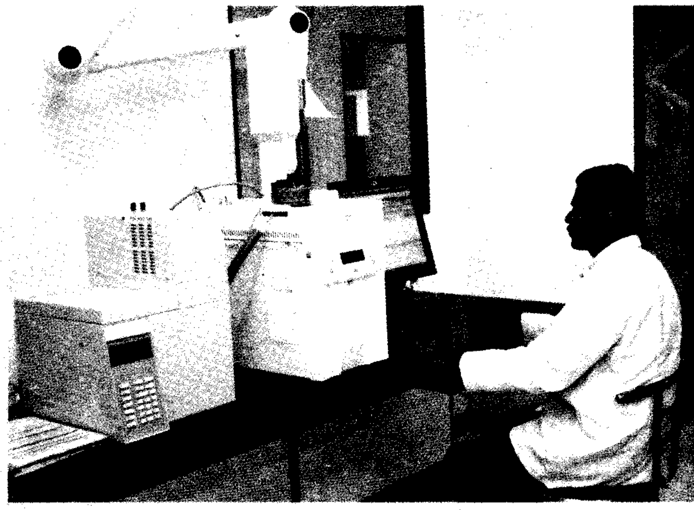
- e-Labs / virtual laboratories
- Customer specific contract labs
- Advanced molecular research labs to support drug development by pharma & biotech sectors and molecular pathology
- Ultra trace analysis at femtogram levels to support the regulators and consumers in food safety and environmental safety.

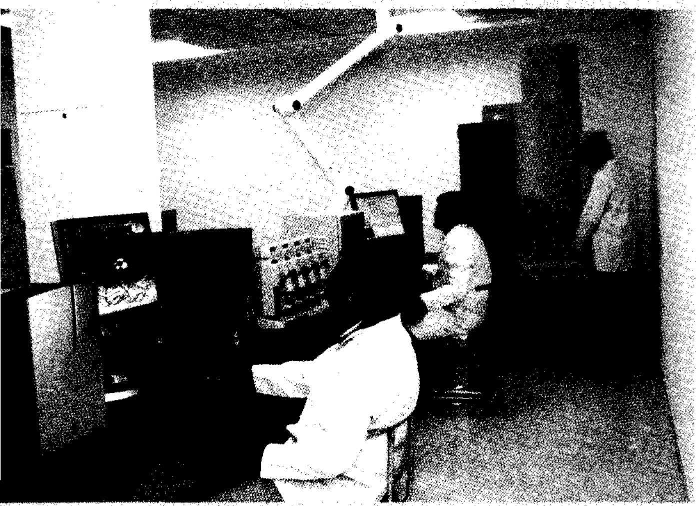
Global Standards

VIMTA has been successful in partnering with several domestic and global market leaders. Our capabilities are reaffirmed through successful performances in client audits and several regulatory audits including USFDA, European regulatory bodies from Denmark, Sweden & Portugal, WHO France, New Zealand Medsafe etal.

Total Health

VIMTA trained its focus on the elements that effect the total health of people - food, water, drugs, clinical diagnostics and environment. Everyday 527 minds at VIMTA work with a single motive to increase the quality of life for people. All the associates at VIMTA know that their work impacts billions of people across the globe.





Our Services Spectrum Covers

- Analytical - Food & Drugs
- Clinical reference lab services to address the specialities and central lab services for clinical trials
- Clinical trials phase I to IV and BA/BE studies
- Preclinical safety assessments
- Environmental assessments.

Contents

VIMTA LABS
Determining Quality

16th annual report

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.

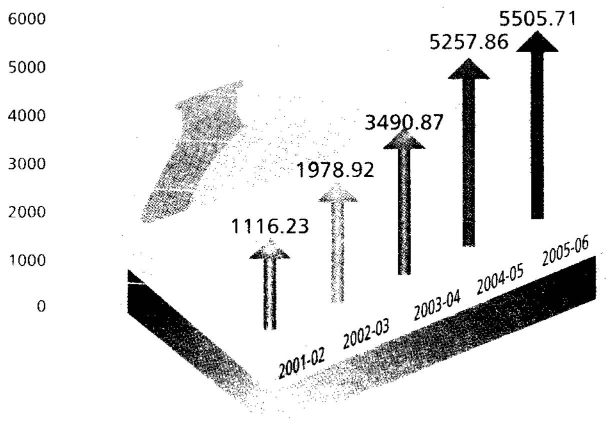
The Bombay Stock Exchange Ltd.,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001.

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

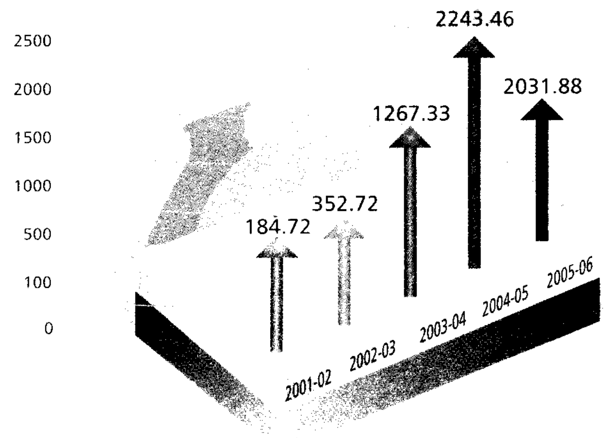
SHARE TRANSFER AGENTS

CIL Securities Ltd.
214, Raghavaratna Towers,
Chirag Ali Lane, Abids,
Hyderabad - 500 001.

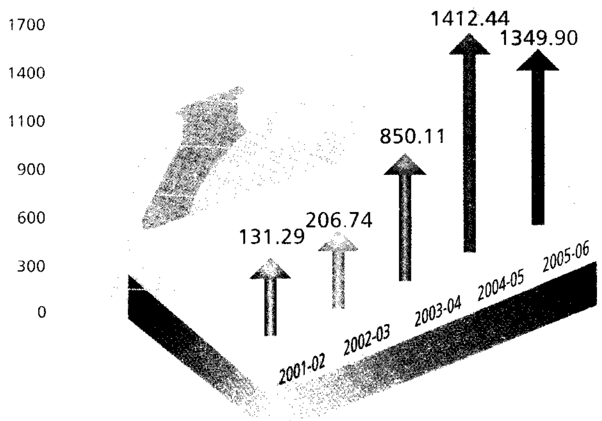
Selective Financial Data



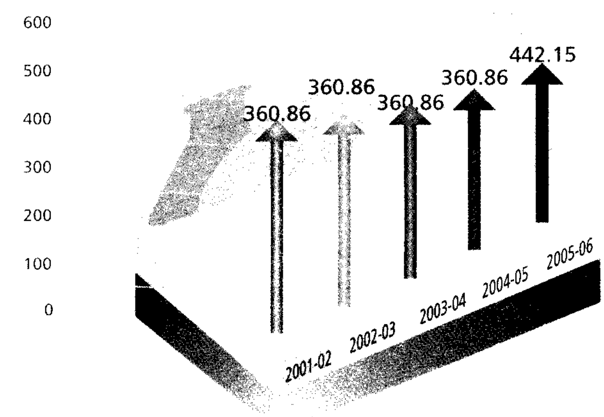
Sales & Other Income



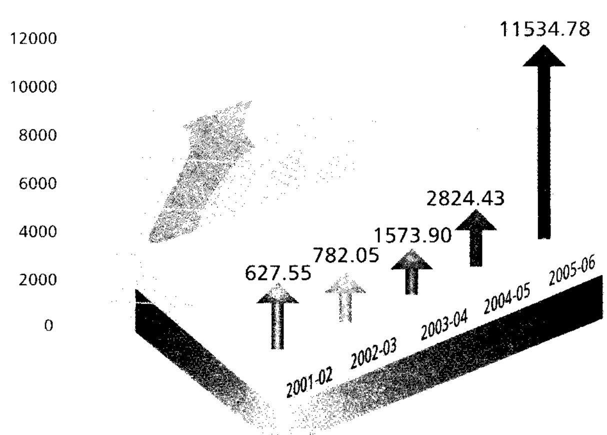
PBT



PAT



Equity



Net Worth

To

The Members of

VIMTA LABS LIMITED

Your Directors have pleasure in presenting the 16th Annual Report and Audited Accounts of your Company for the year ended March 31, 2006.

Financial Results

Financial Results for the year under review are as follows:

	For the Year 2005 - 2006 Rs. in Lakhs		For the Year 2004 - 2005 Rs. in Lakhs	
1. Profit before interest, Depreciation & Taxes		2577.79		2683.48
Less : Finance Charges & Interest	42.50		47.11	
Depreciation	503.40	545.90	375.97	423.08
2. Profit before Amortization, Prior year adjustments & Taxes		2031.89		2260.40
Less/(Add) :Prior year adjustments		0.00		16.94
3. Profit before tax		2031.89		2243.46
4. Less				
a)Provision for Tax (regular)	734.00		799.00	
b)Fringe Benefit Tax	13.00		0.00	
C)Deferred Tax Liability/(Asset)	(65.02)	681.98	32.02	831.02
5. Profit after Tax		1349.91		1412.44
6. Add : Surplus brought forward from previous years		2162.99		1059.44
Amount available for appropriations		3512.90		2471.88
Appropriations				
Transfer to General Reserves		140.00		145.00
Interim /Proposed dividend		145.15		144.34
Provision for tax on proposed dividend		20.36		19.55
Surplus carried to Balance sheet		3207.39		2162.99
		3512.90		2471.88

Operations

During the year under review your Company has faced capacity constraints and could not take up most of new orders. Accordingly it has posted gross revenue of Rs.5505.71 Lakhs against Rs.5257.86 Lakhs in the previous year. Earnings before interest, taxes, depreciation and amortization (EBITDA) for the year is Rs.2579.80 lakhs as compared to the previous year earnings of Rs.2683.49 Lakhs. Net Profit after tax (including deferred tax) stood at Rs.1349.90 Lakhs as against Rs.1412.44 Lakhs in the previous year.

The decline in the net profit is mainly due to increase in the depreciation on additions to fixed assets during the year. The Export turnover increased to Rs.2288.70 lakhs as compared to the previous year of Rs.2099.44 lakhs.

Dividends

Your Directors are pleased to recommend a dividend of 40% i.e. 80 Paise per each equity share of Rs.2/- each for the financial year 2005-06.

Additional Capital

During the year under review your company has raised additional capital of Rs.81,29,380/- through Preferential Issue, in line with the approval of the members of your company in their meeting held on 18.03.2006, as first tranch by issue of 4064690 Equity shares of Rs.2/- each at a premium of Rs.188/- each to 1) The India Fund Inc., 2) Voyager Fund Mauritius Limited, 2) Minivet Limited and 4) M/s Franklin Templeton Asset Management (India) Pvt. Ltd to meet the organic and inorganic growth plans of the Company.

New Project

The new life sciences facility at Plot No. 5, S.P. Biotech Park, Genome Valley is nearing completion. As part of the expansion plans VIMTA has initiated setting up advanced molecular research facility comprising genomics and proteomics. This facility is expected to be fully commissioned by the end of this quarter. It will have customer specific laboratories to meet global outsourcing demands and is shaping up as a world class Research Process Outsourcing (RPO) facility.

Preliminary Guidance

The year 2006-07 is expected to match or exceed the growth rates already experienced by VIMTA during 2000 to 2005. With the current growth plans in place Vimta's revenues are estimated to be in the range of Rs.90 to Rs.100 Crores with EBITDA of 48 ± 2% and PAT of 25± 2%. The envisaged inorganic growth plans on materialization are likely to supplement revenues.

Directors

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

Your directors recommend the reappointment of Shri T S Ajai and Prof D Balasubramanian as Directors subject to retirement by rotation.

Auditors

M/s Sarathy & Balu, Chartered Accountants, Auditors of the Company will 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 provisions 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. They had selected the accounting standards and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the Company for the period.
iii. They had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 to safeguard the assets of your company and for preventing and detecting fraud and other irregularities.
iv. They had prepared the annual accounts on a going concern basis.

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.
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 and clinical and specialized tests under clinical reference laboratory services.

Scope and Potential

With the full scale operations of the new facility falling in place and in view of organic growth plans, Vimta can take new challenges and potential to grow to greater heights. Inorganic growth plans envisaged will supplement further.

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.

A number of international regulatory audits have taken place during the last fiscal such as European regulatory bodies of Denmark, Sweden & Portugal, WHO-France, New Zealand Medsafe and USFDA reflecting the capabilities of Vimta.

Threats

More and more players are likely to walk into the field of operations Vimta is engaged in. Multinational Contract Testing and Research organizations 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 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 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

The business is being outsourced by Europe and North America to take India advantage with respect to cost of human resource and infrastructure. The Genome Valley project gives Vimta two years lead in terms of technology and quality.

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 revenue for the year 2005-06 is Rs.5505.71 lakhs as compared to the previous year of Rs.5257.86 lakhs. The Export income increased by 9% in the year to reach Rs.2288.70 lakhs compared to the previous year of Rs.2099.44 lakhs. The Net Profit stood at Rs.1349.91 lakhs compared to the previous year net profit of Rs.1412.44 lakhs.

Human Resources

The strong Human Capital is the back bone of Vimta. The personnel employed at Vimta are qualified and trained. As on date Vimta has 527 employees including 279 Scientists & Engineers, 20 PhDs and 17 Medical Doctors. Continuous learning is a key principle of the Company and it is in this way the Company offers comprehensive world class training and development resources to its associates.

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 i) The Hyderabad Stock Exchange Limited ii) Bombay Stock Exchange Limited iii) National Stock Exchange of India Limited

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.

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.

Acknowledgments

Your Directors wish to place on record their gratitude to shareholders and thank the customers, vendors, franchisees, bankers, merchant bankers and legal advisors for their continued support in 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: 24.04.2006

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, 2006)

Name	Qualification & Experience	Age in Years	Designation/Nature of Duties	Date of Commencement of employment	Gross Remuneration (Rs.)	Last Employment
Dr S P Vasireddi	M. Sc., Ph. D. 34 years.	57 years	Managing Director	01.04.2005	6703692	i) Mineral Exploration Corp. Ltd., Nagpur ii) Vimta Labs
V Harriman	D. Tech in Elect., Toronto, Canada 29 years.	55 Years	Director - Technical	01.04.2005	5259691	i) GB Electronics, Bangalore ii) Vimta Labs
V V Prasad	B.Com 29 years.	55 Years	Executive Director	01.04.2005	5259692	Vimta Labs
Harita Vasireddi	B.Pharma, MBA, USA 8 years.	31 Years	Director - Projects	01.04.2005	4537691	Vimta Rostest Pvt. Ltd.

NOTES :

1. Nature of employment of all the above Executives is contractual.
2. Remuneration includes salary, commission, reimbursement of medical expenses, leave travel facility as applicable and perquisites like Contribution to Provident/ Superannuation Fund, Leave Encashment.

For and on behalf of the Board

Hyderabad
Date: 24.04.2006

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, 2006.)

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

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 the 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.2288.70 lakhs (previous year Rs.2099.44 lakhs). The Company's foreign exchange outgo was of Rs.1627.61 lakhs (previous year Rs.896.76 lakhs) on import of capital goods, software, chemicals, consumables & reference standards and travel expenditure.

For and on behalf of the Board

Hyderabad
Date: 24.04.2006

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, 2006 and as on the date of the Report along with their brief resume is given below:

Name of Directors	Brief Resume
Dr S P Vasireddi Promoter Executive Director	Ph.D. with over 34 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.
V Harriman Promoter Executive Director	D.Tech. from Toronto, Canada with over 29 years of experience. He is one of the promoter Director of the company and has been its Director-Technical since inception.
V V Prasad Promoter Executive Director	A Graduate in commerce with over 29 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.
Harita Vasireddi Executive Director	A Pharmacist and an MBA (USA) in Service Operations Management with 8 years of experience. She worked with Vimta Rostest (P) Ltd. as Manager Operations for four years. Currently she is Director- Projects.
S Subrahmanyan Non-Executive & Independent Director	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.
T S Ajai Non-Executive & Independent Director	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.
Dr P Subba Rao Non-Executive & Independent Director	A technologist and an entrepreneur. He is having more than 12 years of business experience. Inducted to the Board in 2003.
Prof D Balasubramanian Non-Executive & Independent Director	He is 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.

2.2 Meetings and attendance record of each Director

During the year ended March 31, 2006 the Board of Directors met six times. These were held on April 20, 2005; July 16, 2005; October 17, 2005; January 9, 2006; February 20, 2006 & March 23, 2006. Other than the Annual General Meeting, two Extra-ordinary General Body Meetings of the shareholders of the Company held during the year ended March 31, 2006.

The attendance record of the Directors at the Board Meetings during the year 2005-2006 and the Annual General Meeting (AGM)and Extraordinary General Body Meetings are as under :-

Name of the Directors	Attendance at			
	Board Meetings	AGM Held on 25.05.2005	EGM held on 04.02.2006	EGM Held on 18.03.2006
Dr S P Vasireddi	6	Present	Present	Present
V Harriman	5	Present	Present	Present
V V Prasad	6	Present	Present	Present
Harita Vasireddi	6	Present	Present	Absent
S Subrahmanyan	4	Present	Absent	Absent
T S Ajai	5	Present	Absent	Absent
Dr P Subba Rao	4	Absent	Present	Present
Prof.D Balasubramanian	3	Absent	Absent	Absent

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
S Subrahmanyan	Nil
T S Ajai	Nil
Dr P Subba Rao	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 P Subba Rao 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 2005-06 are given below

Name of the Directors	Salary in Rs.	Sitting Fee	Service Contract upto
Dr S P Vasireddi	6703692	N A	31.10.2010
V Harriman	5259691	N A	31.10.2010
V V Prasad	5259692	N A	31.10.2010
Harita Vasireddi	4537691	N A	31.10.2010
S Subrahmanyan	Nil	20000	----
T S Ajai	Nil	25000	----
Dr P Subba Rao	Nil	Nil	----
Prof D Balasubramanian	Nil	15000	----

Note :

a) Salary includes Basic Salary, Allowances, Perquisites like Contribution to Provident / Superannuation Fund, Gratuity, Leave Encashment and other non-monetary benefits and commission.

b) Portion of the salaries paid to the Managing Director and other whole time directors have been capitalized for their time spent on the new project at Plot No.5, Genome Valley, Turkapally Village, Shameerpet Mandal.

2.5 Re-appointment of Directors

The Directors T S Ajai and Prof D Balasubramanian 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 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 P Subba Rao	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, accounting policies and statutory provisions discussions on quarterly, half yearly and annual financial results, interaction with statutory, internal auditors and recommendation for appointment of statutory auditors and their remuneration. The Audit Committee reviews the quarterly report submitted by the Finance & Accounts department.

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

c) Attendance

During the year the Audit Committee has met 4 times on April 20, 2005; July 16, 2005; October 17, 2005 and January 9, 2006. While T S Ajai and S Subrahmanyan attended all the meetings, Dr P Subba Rao has attended two meetings.

4. Remuneration Committee

a) Composition

S Subrahmanyan	Chairman
T S Ajai	Member
Dr P Subba Rao	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 managers.

c) Attendance

During the year the Remuneration Committee has met one time i.e on April 24, 2005. All the members have attended the meeting.

5. Shareholders'/Investors' Grievance Committee

a) Composition

V V Prasad	Chairman Executive Director
T S Ajai	Member Non-Executive Director
S Subrahmanyan	Member Non-Executive Director

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-Transfers	1	1
Non receipt of dividend warrants	8	8
Loss of Share certificates	48	48
Letters from S E B I	--	---
Letter from Stock Exchange	--	--

c) Attendance

During the year the Committee has met on April 20, 2005; July 16, 2005; October 17, 2005 and January 9, 2006. All the members have attended all the meetings.

6. General Body Meetings

The Details of last 3 Annual General Meetings are

S No.	Year	Meeting	Venue	Date	Time
1.	2002-2003	A G M	Regd Office	16.06.2003	10.00 A M
2.	2003-2004	A G M	Regd. Office	25.08.2004	10.00 A.M.
3.	2004-2005	A G M	Regd. Office	25.05.2005	10.00 A.M.

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 financial results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board by fax, e-mail and by courier. These are published in two newspapers within 48 hours of the conclusion of the meeting of the Board. Generally the results are published in 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, 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	09.06.2006
Time	11.00 A.M
Venue	Plot No. 5, Genome Valley, S.P. Biotech Park, Turkapally Village, Shameerpet Mandal, R.R.Dist.- 500 078.

10.2 Financial Calendar

First quarter results	July, 2006
Half yearly results	October, 2006
Third quarter results	January, 2007
Annual Results	April, 2007
Date of Book Closures	05.06.2006 to 09.06.2006 (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. Bombay Stock Exchange Limited
   Phiroje Jeejeebhoy Towers
   Dalal Street, Mumbai - 400 001
   Stock Code : 524394
3. National Stock Exchange of India Limited
   "Exchange Plaza", Bandra, Kurla, Complex,
   Bandra (E), Mumbai 400 051
   Stock Code : VMTALABS

The ISIN of dematerialized shares of the Company is INE579C01029

10.4 Electronic Connectivity

1. M/s National Securities Depository Limited
   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 Bombay Stock Exchange Limited and National Stock Exchange of India Limited, Mumbai during each month for the financial year 2005 - 2006 are given below

Year 2005-2006	Bombay Stock Exchange Limited		National Stock Exchange of India Limited *	
	High	Low	High	Low
April,2005	603.90	450.10	N.A.	N.A.
May'2005	570.00	524.55	N.A.	N.A.
June'2005	634.00	524.25	N.A.	N.A.
July'2005	790.00	565.10	N.A.	N.A.
August'2005	924.00	650.00	N.A.	N.A.
September'2005	998.90	720.00	N.A.	N.A.
October'2005	820.00	725.00	N.A.	N.A.
November'2005	850.00	721.00	N.A.	N.A.
December'2005	1145.00	801.50	1140.00	831.00
January'2006	1178.65	914.00	1125.00	910.00
February'2006	1021.80	190.00	1029.95	160.00
March'2006**	216.00	186.00	210.00	183.00

* Listed with NSE w.e.f. 15.12.2005

** Sub-division of Equity shares of face value of Rs.10/- each in to face value of Rs.2/- each w.e.f. 04.03.2006.

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
Chirag Ali lane, Abids, Hyderabad - 500001
Phone: 040-23203155, Fax: 040-55661267
E-mail: cilsec@rediffmail.com

10.7 Distribution of shareholding as on 31.03.2006

Shares held	Shareholders		No. of shares	
From - To	Number	%	Shares	%
Upto 5000	4646	97.05	2558088	11.57
5001 - 10000	45	0.94	347383	1.57
10001 - 20000	38	0.79	530614	2.40
20001 - 30000	5	0.10	132215	0.60
30001 - 40000	6	0.13	218875	0.99
40001 - 50000	6	0.13	264040	1.19
50001 - 100000	14	0.29	1180105	5.34
100001 and above	27	0.56	16876490	76.34
Total	4787	100	22107810	100.00

10.8 Categories of shareholders as on 31.03.2006

S No.	Category	No. of shares	% of shareholding
A)	Promoters' holdings		
1	Promoters	7422420	33.57
2	Persons acting in concert	647850	2.93
B)	Non-Promoters' holdings		
3	Institutional Investors	8625133	39.02
4	Others	5412407	24.48
	Total	22107810	100.00

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 76.46% of the company's equity shares have been dematerialised upto 31.03.2006. Trading in Equity shares of the company is permitted only in dematerialised form as per notification issued by SEBI.

10.10 Liquidity

Vimta Shares are actively traded shares on Bombay Stock Exchange Limited and National Stock Exchange Limited. Relevant turnover data for the financial year 2005-06

	Bombay Stock Exchange Limited	National Stock Exchange Limited
Total shares traded	1258710	806556
Turnover value (Rs. in crores)	72.20	28.26

10.11 Address for correspondence

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

Declaration

To
The members of Vimta Labs Limited.
I here by declare that all the board members and senior management personnel have complied with the code of conduct adopted by the company.

Dr S P Vasireddi
Chairman & Managing Director

Auditor's 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, 2006, 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, 2006 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

J. VENKATESWARLU
PARTNER
ICAI Ms. No.022481

Place: Hyderabad
Date: 24.04.2006

To,
The Members of Vimta Labs Limited

1 We have audited the attached balance sheet of VIMTA LABS LIMITED, as at 31st March 2006, 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 2006 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2006 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 2006.

(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

J. VENKATESWARLU
PARTNER
ICAI Ms. No.022481

Place: Hyderabad
Date: 24.04.2006

Annexure to Audit Report dated 24.04.2006

(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 31.03.2006 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.
    During the period covered under audit, the company raised funds to the tune of Rs.7722.91 lakhs by issuing 40,64,690 equity shares of Rs.2/- each fully paid up at a premium of Rs.188/- per share by private placement to 5 parties. The management gave necessary disclosures on the end usage of money raised as above and we have verified the same with the offer document and found it to be true and correct.
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

J. VENKATESWARLU
PARTNER
ICAI Ms. No.022481

Place: Hyderabad
Date: 24.04.2006

BALANCE SHEET AS AT MARCH 31, 2006

	Schedule No	As at 31.03.2006 Rs.	As at 31.03.2005 Rs.
Sources of Funds			
1) Shareholders' Funds			
a) Capital	1	44,215,620	36,086,240
b) Reserves & surplus	2	1,129,016,444	246,414,954
2) Loan funds			
- Secured loans	3	385,429,947	102,885,703
3) Deferred Tax	4	10,318,007	16,820,007
TOTAL		**1,568,980,018**	**402,206,904**
Application of Funds			
1) Fixed Assets	5		
a) Gross Block		439,671,335	355,694,664
b) Less: Depreciation		165,794,459	115,779,351
c) Net Block		273,876,876	239,915,313
d) Capital Work-in-progress	5A	448,403,980	71,216,289
		722,280,856	**311,131,602**
2) Current Assets Loans & Advances	6		
a) Inventories		20,724,525	13,479,834
b) Sundry debtors		154,751,891	118,590,867
c) Cash & bank balances		773,334,346	17,815,606
d) Other current assets		3,678,539	1,114,518
e) Loans & advances		13,484,250	13,159,247
		965,973,551	164,160,072
Less : Current liabilities & Provisions	7	139,028,312	73,142,439
Net Current assets		**826,945,239**	**91,017,633**
3) Miscellaneous Expenditure (to the extent not written off or adjusted)	8	**19,753,923**	**57,669**
TOTAL		**1,568,980,018**	**402,206,904**
Significant accounting policies and notes Forming part of the accounts	17		

Schedules mentioned above form an integral part of the Balance Sheet
This is the balance sheet referred to in our report of even date

For Sarathy & Balu
Chartered Accountants

J Venkateswarlu
Partner

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
Dr P Subba Rao	Director
A Venkata Ramana	Company Secretary & VP - Finance

Hyderabad
Date: 24.04.2006

Hyderabad
Date: 24.04.2006

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2006

	Schedule No	Year Ended 31.03.2006 Rs.	Year Ended 31.03.2005 Rs.
Income			
Income from operations	9	542,015,546	521,951,962
Increase/(Decrease) in Inventories	10	4,923,987	2,984 890
Other Income	11	3,631,564	849,062
TOTAL		**550,571,097**	**525,785,914**
Expenditure			
Testing and analysis expenditure	12	130,239,895	109,795,547
Payments and benefits to employees	13	86,534,820	72,074,998
Administration, selling & General expenses	14	76,017,450	75,566,465
TOTAL		**292,792,165**	**257,437,010**
EBIDTA		257,778,932	268,348,904
Finance charges and Interest	15	4,250,473	4,711,067
Depreciation	5	50,340,330	37,597,641
TOTAL		**54,590,803**	**42,308,708**
Profit before amortisation & Prior year adjustments		203,188,129	226,040,196
Less : a) Prior year adjustments	16	—	1,694,447
Profit before tax		203,188,129	224,345,749
Less : a) Provision for Income-tax		73,400,000	79,900,000
b) Fringe benefit tax		1,300,000	—
Profit after tax		128,488,129	144,445,749
Add/(Less) : Deferred tax Asset /(Liability)		6,502,000	3,202,000
Balance		134,990,129	141,243,749
Add : Surplus brought forward from previous year		216,298,284	105,944,454
Amount available for appropriations		351,288,413	247,188,203
Appropriations			
Transfer to General Reserve		14,000,000	14,500,000
Interim / Proposed dividend		14,514,676	14,434,496
Provision for tax on dividend		2,035,683	1,955,423
Surplus carried to Balance Sheet		320,738,054	216,298,284
		351,288,413	247,188,203
Significant Accounting Policies and notes forming part of the accounts	17		
Computation of Earnings per share			
a) Net Profit for the year		Rs.134990129	Rs.141243749
b) Weighted average no.of shares outstanding during the year		22,107,810	3,608,624
c) Basic and diluted earnings pershare (a / b)		Rs.7/-	Rs.39/-
d) Nominal value of shares (fully paid up		Rs.2/- each	Rs.10/- each

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

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

For Sarathy & Balu
Chartered Accountants

J Venkateswarlu
Partner

Hyderabad
Date: 24.04.2006

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
Dr P Subba Rao	Director
A Venkata Ramana	Company Secretary & VP - Finance

Hyderabad
Date: 24.04.2006

		As at 31.03.2006 Rs.	As at 31.03.2005 Rs.
1.	**Share Capital**		
	Authorised:35000000 Equity Shares of Rs.2/- each (Previous year 7000000 equity shares of Rs.10/- each)	70,000,000	70,000,000
	Issued, Subscribed and Paid up 22107810 equity shares of Rs.2/- each fully paid up (Previous year 3608624 shares of Rs.10/- each fully paid up)	44,215,620	36,086,240
	TOTAL	**44,215,620**	**36,086,240**
2.	**Reserves and Surplus**		
	i) Share Premium Account	773,728,390	9,566,670
	ii) General Reserve		
	Opening Balance	20,550,000	6,050,000
	Add : Transferred during the year	14,000,000	14,500,000
		34,550,000	20,550,000
	iii) Surplus in Profit & Loss Account	320,738,054	216,298,284
	TOTAL	**1,129,016,444**	**246,414,954**
3.	**Secured Loans**		
	A) Loans & Advances from Banks		
	a) Cash Credit		
	- Repayable in Indian Rupees	59,943,588	-
	- Repayable in foreign currency	-	4,326,500
	b) Term loans		
	- Repayable in Indian Rupees	5,403,515	14,568,343
	- Repayable in foreign currency	319,543,204	82,083,750
	SUB TOTAL	**384,890,307**	**100,978,593**
	B) Loans & Advances from others		
	Hire Purchase Loans	539,640	1,907,110
	SUB TOTAL	**539,640**	**1,907,110**
	TOTAL	**385,429,947**	**102,885,703**
4	**Deferred Tax**		
	Opening Balance	16,820,007	13,618,007
	Add / (Less) : Liability/(Asset) for the year	(6,502,000)	3,202,000
	TOTAL	**10,318,007**	**16,820,007**

5.FIXED ASSETS

S No.	Description	Gross Block				Depreciation				Net Block	
		As at 01.04.05	Additions	Sales/ Adjusts	Total	Upto 31.03.05	For the period	on Sales/ Adjusts	Total	As at 31.03.06	As at 31.03.05
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	Feeehold Land & Site Development	21,877,668	0	0	21,877,668	0	0	0	0	21,877,668	21,877,668
2	Buildings										
	Lab Buildings	29,466,035	0	0	29,466,035	3,903,204	480,296	0	4,383,500	25,082,535	25,562,831
	Staff Quarters	944,264	0	0	944,264	185,976	15,392	0	201,368	742,896	758,288
3	Plant & Machinery	263,647,895	78,362,627	0	342,010,522	99,204,404	45,243,564	0	144,447,968	197,562,554	164,443,491
4	Electrical Installation	3,997,340	0	0	3,997,340	2,337,417	189,873	0	2,527,290	1,470,050	1,659,923
5	Office Equipment	2,412,497	515,036	0	2,927,533	982,563	126,912	0	1,109,475	1,818,058	1,429,934
6	Computers	14,614,557	1,823,676	0	16,438,233	4,481,390	2,538,360	0	7,019,750	9,418,483	10,133,167
7	Furnitures & Fixtures	6,076,375	488,248	0	6,564,623	2,149,134	407,141	0	2,556,275	4,008,348	3,927,241
8	Vehicles	12,658,033	3,699,985	912,901	15,445,117	2,535,263	1,338,792	325,222	3,548,833	11,896,284	10,122,770
	Total :	**355,694,664**	**84,889,572**	**912,901**	**439,671,335**	**115,779,351**	**50,340,330**	**325,222**	**165,794,459**	**273,876,876**	**239,915,313**
	Previous year	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

5A. CAPITAL WORKS-IN-PROGRESS

S No.	Description	Gross Block				Depreciation				Net Block	
		As at 01.04.05	Additions	Sales/ Adjusts	Total	Upto 31.03.05	For the period	on Sales/ Adjusts	Total	As at 31.03.06	As at 31.03.05
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1.	Expansion Project										
	i) Advance for Capital Items	8,528,695	53,118,248	0	61,646,943	0	0	0	0	61,646,943	8,528,695
	ii) Building under construction	51,722,445	213,945,166	0	265,667,611	0	0	0	0	265,667,611	51,722,445
	iii) Plant & Machinery	0	53,011,945	0	53,011,945	0	0	0	0	53,011,945	0
	iv) Unallocated project expenditure	10,965,149	57,112,332	0	68,077,481	0	0	0	0	68,077,481	10,965,149
	Total :	**71,216,289**	**377,187,691**	**0**	**448,403,980**	**0**	**0**	**0**	**0**	**448,403,980**	**71,216,289**
	Previous year	21,274,800	70,863,501	20,922,012	71,216,289	0	0	0	0	71,216,289	0

			As at 31.03.2006 Rs.	As at 31.03.2005 Rs.
6.	**Current Assets, Loans & Advances**			
	a)	Inventories (At cost)		
		Chemicals & Consumables	9,594,703	8,259,387
		Components, Stores & Spares	2,588,472	1,603,084
		Environmental Jobs Works-in-progress	8,541,350	3,617,363
		TOTAL	**20,724,525**	**13,479,834**
	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	17,901,916	13,419,371
		ii) Other debts	136,849,975	105,171,496
		TOTAL	**154,751,891**	**118,590,867**
	c)	Cash & Bank Balances		
		i) Cash Balance on hand	293,610	317,684
		ii) Balances with Scheduled Banks		
		a) on current Accounts	69,543,355	14,024,358
		b) on Deposit Accounts	702,526,956	2,591,356
		c) in unclaimed dividend account	970,425	882,208
		TOTAL	**773,334,346**	**17,815,606**
	d)	Other Current Assets		
		i) Income-tax refund to be received	2,302,312	419,064
		ii) Accrued Interest on deposits with banks	1,048,852	177,894
		iii) Retention Money with customers	327,375	517,560
		TOTAL	**3,678,539**	**1,114,518**
	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	3,198,456	1,838,119
		ii) Deposits and balances with Public Sector Bodies & Others	7,005,962	5,185,267
		iii) Advances for Services & Supplies	3,279,832	6,135,861
		TOTAL	**13,484,250**	**13,159,247**

SCHEDULES TO BALANCE SHEET

				As at 31.03.2006 Rs.	As at 31.03.2005 Rs.
7.	**Current Liabilities & Provisions**				
	A)	Current Liabilities			
		i)	Sundry Creditors for services & supplies		
			- dues to SSI undertakings	—	—
			- dues to others	21,957,707	14,073,811
			- creditors for capital expenditure (Non SSI undertakings)	8,490	6,766,741
			- creditors for capital expenditure (Expansion Project)	63,655,688	19,334,264
		ii)	Advances against services	4,959,533	4,566,789
		iii)	Other Liabilities	23,908,690	14,616,629
		iv)	Unclaimed dividend	965,505	877,288
			SUB TOTAL	**115,455,613**	**60,235,522**
	B)	Provisions			
		i)	Provision for Taxation (Net of advance tax paid)	5,649,362	3,919,152
		ii)	Proposed dividend	14,514,676	7,217,248
		iii)	Provision for tax on proposed dividend	2,035,683	1,012,219
		iv)	Provision for Leave encashment	1,372,978	758,298
			SUB TOTAL	**23,572,699**	**12,906,917**
			TOTAL	**139,028,312**	**73,142,439**
8	**Miscellaneous Expenditure**				
	(To the extent not written off or adjusted)				
	(i)	Interest not accrued & due on Hire Purchase Loans - Opening balance		57,669	257,473
	Add : Additions during the year			-	
		Less: Written off during the year		49,855	199,804
			BALANCE	**7,814**	**57,669**
	(ii)	Preliminary exps. in connection with further issue of capital		19,746,109	-
			TOTAL (I) to (II)	**19,753,923**	**57,669**

		Year Ended 31.03.2006 Rs.	Year Ended 31.03.2005 Rs.
9	**Income from Operations**		
	i) Income from Testing & Analysis Services		
	- Domestic	313,145,658	312,007,899
	- Exports	228,869,888	209,944,063
	TOTAL	**542,015,546**	**521,951,962**
10	**Increase/(Decrease) in Inventories**		
	Closing Work-in-progress	8,541,350	3,617,363
	Less : Opening Work-in-progress	3,617,363	632,473
	Increase/(Decrease)	4,923,987	2,984,890
11	**Other Income**		
	i) Interest on Deposits with Banks (including TDS thereon)	1,017,981	587,755
	ii) Gain on exchange fluctuations	2,543,623	—
	iii) Interest received on consumption deposit	69,631	20,772
	iv) Miscellaneous Receipts	329	240,535
	TOTAL	**3,631,564**	**849,062**
12	**Testing & Analysis Expenditure**		
	Chemicals, Consumables, Stores, Spares & Components Consumed	82,843,278	61,741,052
	Sample preparation, Data Generation, Inspection and Testing Exps.	36,976,106	36,052,273
	Water, Power & Fuel Charges	10,420,511	12,002,222
	TOTAL	**130,239,895**	**109,795,547**
13	**Payments & Benefits to Employees**		
	Salaries & wages	71,182,501	56,971,515
	Bonus	1,162,519	1,150,800
	Contribution to Provident Fund	3,956,133	3,324,024
	ESI Contribution	506,071	657,631
	Staff Welfare Expenses	2,255,536	2,850,456
	Gratuity	1,297,782	1,408,771
	Leave encashment	648,182	167,088
	Other Benefits	5,526,096	5,544,713
	TOTAL	**86,534,820**	**72,074,998**

		Year Ended 31-03-2006 Rs.	Year Ended 31-03-2005 Rs.
14	**Administration, Selling & General Expenses**		
	Managerial Remuneration	13,911,855	9,700,790
	Sitting fees to Directors	60,000	60,000
	Rent	1,898,170	1,210,507
	Rates, Taxes, Licences & Renewals	467,125	553,926
	Insurance	2,732,729	860,432
	Travelling & Conveyance	12,634,620	12,356,088
	Advertisement & Business Promotion expenses	10,299,079	9,679,636
	Communication Expenses	6,281,735	5,824,589
	Printing & Stationary	6,139,182	5,944,296
	Repairs & Maintenance	6,688,374	8,439,253
	Payments to Auditors	263,180	225,710
	Books & Periodicals	237,610	280,353
	Vehicle Maintenance	1,481,325	1,151,069
	Professional and Consultancy Charges	5,578,534	5,505,490
	Membership & Subscriptions	145,851	361,004
	Security Charges	896,907	763,276
	Recruitment & training expenses of personnel	1,853,904	935,835
	Commission	2,196,501	1,944,868
	Software charges	1,272,813	6,703,306
	Bad debts written off	248,584	—
	Loss on sale of assets	447,679	1,739,404
	Exchange Fluctuation charges	—	553,139
	Miscellaneous Expenses	281,693	773,494
	TOTAL	**76,017,450**	**75,566,465**
15	**Finance Charges and Interest**		
	i) Interest		
	a) To Banks		
	- On term Loans	1,359,018	3,452,002
	- On Working Capital facilities	1,787,594	37,403
	b) On other loans		
	- to Others(other than Directors)	49,855	305,863
	ii) Bank Charges	1,054,006	915,799
	TOTAL	**4,250,473**	**4,711,067**
16	***Prior Year Adjustments***		
	a) Excess provision of Income tax in earlier years written in	—	1,008,553
	Less: Additional Liability of Income tax on completion of assessment of earlier years	—	1,102,002
	SUB-TOTAL	—	**93,449**
	b) Cancellation of Clinical project works	—	1,600,998
	TOTAL	—	**1,694,447**

17. 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 of the company.

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 as 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 acquisition, 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 only is carried to the fixed assets 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) As followed consistently, considering the fast changes taking place in the technology and obsolescence of Plant & Machinery, depreciation on Plant & Machinery is charged under straight line method at a higher rate of 15% p.a. as against 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 crystalisation are debited/credited to "Exchange fluctuation Charges A/c" and taken to Profit & Loss Account.

x) Miscellaneous expenditure:

a) Expenditure incurred in relation to preferential issue of capital is written off over a period of 5 years in equal installments commencing from the year in which the funds raised are utilised.

b) Undue portion of interest on Hire Purchase loans is accounted for in full in the year of entering the Hire purchase transaction 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 tax on regular income, tax on dividend and fringe benefit tax as per the provisions of Income Tax Act, 1961.

xii) Segment reporting: The company is 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 form part of a single Business and Geographical Segment. The said treatment is in accordance with accounting standard-17(AS-17) on "Segment Reporting" issued by ICAI.

xiii) Assets taken on Operating Lease: Lease payments made for assets taken on operating lease are recognized as an expense in the statement of Profit & Loss A/c as per the terms of lease agreements.

xiv) Software: Expenditure incurred on Software is treated as a revenue expenditure and charged to P & L Account consistently. However, for computation of taxable income, the same is treated as fixed asset and depreciated at applicable rate of depreciation.

xv) Capital Works in Progress: Amounts spent on expansion project is carried at cost under the head "Capital Works in Progress". As and when the assets are put to commercial use, the cost of respective asset is capitalized. Besides the direct cost, indirect costs relating to the acquisition and installation of assets incurred till the asset is put to use are treated as project expenditure and capitalized to the assets in proportionate manner.

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

B. Notes to the Accounts

1. Contingent Liabilities

i) Guarantees issued by Bankers on behalf of the Company and not provided for is Rs.82.28 lakhs (Previous year Rs.85.17 lakhs). These guarantees are secured by lien on the Company's deposits of Rs.17.66 lakhs with the bank (previous year Rs.7.51 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.240.97 lakhs (previous year Nil).

iii) In order to obtain Import Licences under the Export Promotion Capital Goods Scheme of Government of India, the Company has given an undertaking to fulfill certain quantified export obligations. In case of non-fulfillment of such obligations, the Company shall be liable to pay duty and interest on unfulfilled export obligations under the said scheme. Till 31.03.2006, 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) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.1350.50 lakhs (previous year Rs. 1117.75 lakhs).

vi) On completion of Income Tax assessment for assessment year 2003-04, the Company received a demand notice for Rs.1865377/- from Income Tax Department on account of disallowance of company's claim for deduction U/s 80 HHE. The company has paid the demand under protest and went on appeal against the order and is hopeful of a favourable decision from the appellate authority. Pending the issue before the Commissioner (Appeals), the demand has not been provided for.

vii) Total of future minimum lease payments in respect of assets taken under non cancelable operating leases not provided for - Rs.447.25 lakhs.

2. Share Capital

i) As per the approval of shareholders in the Extraordinary General Meeting held on 18.03.2006, the company allotted 4064690 equity shares of Rs.2/- each fully paid up at a premium of Rs.188/- per share on preferential basis and raised funds aggregating to Rs.77,22,91,100/- for its expansion purposes.

ii) Out of the above raised funds, till the year-end, the company spent an amount of Rs.87.17 lakhs on purchase of equipment and incurred expenses of Rs.215.39 lakhs on raising the equity. The balance-unutilized funds are kept in Bank deposits as at the year end.

iii) In accordance with the accounting policy of the company, the expenditure incurred on issue of this capital will be amortized over a period of 5 years commencing from the financial year 2006-07.

3. Secured Loans

i) The working capital borrowings (limit Rs.700 lakhs/ Outstanding - Rs.599.43 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.3675 lakhs; outstanding Rs.3249.47 lakhs) is secured by equitable mortgage of land and buildings situated at Plot Nos 141/2 & 142 IDA Phase II, Cherlapally, Hyderabad and Plot No: 5, S.P. Biotech park, Genome Valley, Hyderabad and hypothecation of equipment procured with the term loan as primary security and extension of charge on other fixed assets of the Company situated at other places, other than the assets which are acquired with HP loans and grants from Government and other institutions.

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

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

4. Sundry Creditors

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

5. Fixed Assets

i) Capital Work-in progress : The company's expansion project at S P Bio-Tech park, Hyderabad is under progress. Besides the direct cost on capital items, revenue expenditure incurred in relation to the project implementation is also capitalized. Pending completion of the project, the expenditure spent on the project is carried at cost under the head "Capital Works in Progress".

ii) As the fixed assets taken on "operating lease" are not put to use during the year due to delay in completion of required infrastructure facilities, the lease charges paid are capitalized as related pre operative expenditure to the project cost.

6. Current Assets, Loans & Advances

i) 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.

ii)Particulars of Time deposits with Scheduled Banks are as under:

	Current year (Rs. in lakhs)	Previous year (Rs. in lakhs)
a) Unutilised capital raised through preferential allotment	7000.00	NIL
b) Other funds of the company	25.27	25.91
Total	7025.27	25.91

7. Income Tax

Provision for tax on income, tax on dividend and fringe benefit tax is made as per the applicable provisions of Income Tax Act, 1961.

8. Deferred Tax

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

	Current year Rs. in Lakhs	Previous year Rs. in Lakhs
i) Timing differences of depreciation	320.28	459.65
ii) Timing difference of Leave encashment	(13.72)	0.00
Net timing differences	306.56	459.65
Deferred tax on the above	103.18	168.20
Less : Opening balance of deferred tax (already provided)	168.20	136.18
Deferred tax liability/(Asset) recognised for the year	(65.02)	32.02

ii) Component wise break up of deferred tax liability/ (asset) as at 31.03.2006

	Current year Rs. in Lakhs	Previous year Rs. in Lakhs
Deferred tax liability on timing differences of depreciation	107.80	168.20
Deferred tax asset on Leave encashment	4.62	–
Net liability	103.18	168.20

9. 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	Dr S P Vasireddi, Chairman & Managing Director V Harriman, Director-Technical V V Prasad, Executive Director Harita Vasireddi, Director-Projects
ii) Relatives of Key Management Personnel	V Swarnalatha, General Manager V Sireesh Chandra, Dy Manager - IT

b) Aggregate Related Party disclosures for the year 2005-2006

	Associates	Key Management Personnel Rs.	Relatives of Key Management Personnel Rs.	Total Rs.
Purchase of goods from	—	—	—	—
Sale of Goods to	—	—	—	—
Receiving of services	—	2,17,60,766	10,75,640	2,28,36,406
(Previous Year)	-	(1,15,69,600)	(7,81,256)	(1,23,50,856)
Rendering services	—	—	—	—
Agency Agreement	—	—	—	—
Loans and advances	—	—	—	—
Rent Deposits	—	—	—	—

10. Operating Lease Disclosures

In respect of the assets taken on operating lease, the following disclosures are made in terms of AS-19, Leases, issued by the ICAI.

i) Total of future minimum lease payments under non-cancellable operating leases for the periods

a)	not later than one year	Rs.204.47 Lacs
b)	later than one year and not later than five years	Rs.242.78 Lacs
c)	later than five years	Nil

ii) Total of minimum sub-lease payments expected — NIL

iii) Lease payments recognized in the statement of Profit & Loss for the period — As the assets taken on operating lease were not put to use during the period, the lease payments made were capitalized to the expansion project. Hence, amount recognized in P&L A/c for the year is nil

iv) Sub lease payments received or receivable recognized in P&L A/c during the period — NIL

v) General description of significant leasing arrangements

a) Description of the assets taken on operating lease : IBM Servers, Laptops, Software etc.

b) Basis on which contingent rent payments are determined : As per the terms of the lease agreement

c) Terms of renewal or purchase Options and escalation clauses of lease arrangements : As per the terms of the lease agreement

d) Restrictions imposed by lease agreements, if any : NIL

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

			Current year Rs. in Lakhs	Previous year Rs. in Lakhs
i)	Value of Imports calculated on CIF Basis in respect of :			
	a)	Capital Goods including Capital Works in progress	1484.80	723.47
	b)	Chemicals & Consumables	21.53	2.12
	c)	Spares & stores	34.74	26.52
	d)	Reference Standards / Proficiency testing	12.57	6.24
	e)	Software	6.93	33.37
ii)	Expenditure in Foreign Currency on account of :			
	a)	Traveling expenses	4.52	34.03
	b)	Business Promotion	20.42	29.76
	c)	Membership & Subscriptions	0.07	0.47
	d)	Seminars, Conferences, Training & Devp.	6.45	3.01
	e)	Preliminary expenses in connection with further issue of capital	1.25	Nil
	f)	Books & Periodicals/Advertisement	Nil	1.68
	g)	Repairs & Maintenance	9.33	5.88
h)	Professional Charges		25.00	30.21
iii)	Amount remitted in foreign currency on account of dividends		Nil	Nil
iv)	Earnings in Foreign Exchange : Export Income from testing services		2288.70	2099.44

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:

		Current year		Previous year	
		Consumption	% to total	Consumption	% to total
a)	Chemicals & Consumables				
	- Indigenous	638.22	97	565.49	99
	- Imported	21.53	3	2.12	1
	Total	659.75	100	567.61	100
b)	Spares & Components				
	- Indigenous	125.17	78	13.34	33
	- Imported	34.74	22	26.52	67
	Total	159.91	100	39.86	100

vi) Managerial Remuneration

A) Particulars of remuneration paid/payable to the whole-time Directors is as follows

	Dr. S. P. Vasireddi Managing Director Rs.	Shri Harriman Director Technical Rs.	Shri V. V. Prasad Executive Director Rs.	Ms. Harita Vasireddi Director Projects Rs.	Total Rs.
Salary	5200000 (3000000)	3900000 (2400000)	3900000 (2400000)	3250000 (2125000)	16250000 (9925000)
Perquisites	602400 (492000)	458400 (395000)	458400 (395000)	386400 (362600)	1905600 (1644600)
Commission	901292 (nil)	901291 (nil)	901292 (nil)	901291 (nil)	3605166 (nil)
Total	6703692 (3492000)	5259691 (2795000)	5259692 (2795000)	4537691 (2487600)	21760766 (11569600)

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

d) *Out of above remuneration, an amount of Rs.7848911/- has been capitalized to the expansion project coming at SP Biotech Park, Genome Valley, Hyderabad, based on the time spent by them on the project*

B) Computation of net profit U/s 349 of Companies Act 1956 for arriving at over all remuneration and commission payable to Whole-time Directors

Particulars	Amount in Rs.
Profit before tax as per Profit & Loss Account	203188129
Add: a) Loss on sale of assets	447679
a) Directors Remuneration debited to P & L A/c	13911855
b) Depreciation debited to P&L A/c	50340330
c) Sitting fee to Directors	60000
Total	**267947993**
Less: Depreciation	50340330
Net profit computed u/s 349	217607663
Over all limit available for distribution to Whole-time Directors @ 10% of the above	21760766
Less: Remuneration paid (including value of perks) in the form of salary and perks.	18155600
Balance available for payment of Commission as per the terms of appointment	3605166
Total Remuneration	**21760766**

vi) Details of expenditure on "Repairs & Maintenance" is as under

	Current year Rs.	Previous year Rs.
a) On Buildings	4075506	4799993
b) On Plant & Machinery	1252201	2429730
c) On other Assets	1360667	1209530
Total	6688374	8439253

viii) Details of payments to Auditors are as under

	Current year Rs.	Previous year Rs.
a) As auditors	165300	165300
b) As advisors or in any other capacity, in respect of		
i) Taxation matters	11020	11020
ii) Company law matters	22040	22040
iii) Management Consultancy Services	22040	22040
iv) Certification Services	55100	0
c) Out of pocket expenses	8080	5310
Total	283580	225710

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

13. 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	:	31.03.2006

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

Public Issue	:	Nil
Bonus Issue	:	Nil
Right Issue	:	Nil
Private placement / Preferential allotment	:	8129

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

Total Liabilities	:	1568980
Total Assets	:	1568980
Sources of funds		
Aid-up Capital	:	44216
Reserves & Surplus	:	1129016
Secured Loans	:	385430
Deferred Tax	:	10318
Application of funds		
Net fixed assets	:	722281
Investments	:	Nil
Net Current Assets	:	826945
Misc. Expenditure	:	19754

IV. Performance of company (Amount in Rs. thousands)

Turnover (includes other Income)	:	550571
Total Expenditure	:	347383
Profit before tax	:	203188
Profit after tax	:	134990
Earning per share	:	7
Dividend Rate	:	40%

V.

Tem code No.	:	—
Product description	:	Analytical testing services

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

For Sarathy & Balu
Chartered Accountants

J Venkateswarlu
Partner

Hyderabad
Date : 24.04.2006

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
Dr P Subba Rao	Director
A Venkata Ramana	Company Secretary & VP - Finance

Hyderabad
Date : 24.04.2006

CASH FLOW STATEMENT

	Particulars	31.03.2006 Rs. In Lakhs		31.03.2005 Rs. In Lakhs	
A)	CASH FLOW FROM OPERATING ACTIVITIES				
	Net profit before tax and Extraordinary items		2031.90		2260.40
	Adjustment for				
	Depreciation	503.40		375.97	
	Interest debited to P & L Accounts	42.50		47.11	
	Loss on sale of assets	4.48		17.39	
			550.38		440.47
	Operating profit before working capital changes		2582.28		2700.87
	Adjustments for				
	Trade and other receivables	390.50		650.80	
	Inventories	72.45		85.51	
	Trade payables	-552.17		-128.59	
			-89.22		607.72
	Cash generated from operations		2671.50		2093.15
	Taxes paid (including FBT)		729.71		759.81
	Prior Year adjustments		0		16.94
	Cash flow before extra-ordinary items		1941.79		1316.40
	Net cash flow operating activities		1941.79		1316.40
B)	CASH FLOW FROM INVESTING ACTIVITIES				
	Purchase of fixed assets (after adjustments)	-4614.61		-1678.15	
	Sale of fixed assets	1.40		69.26	
	Net cash used in investing activities		-4613.21		-1608.89
C)	CASH FLOW FROM FINANCING ACTIVITIES				
	Interest paid on term loans	-42.50		-47.11	
	Proceeds from Share capital	7722.91		0	
	Proceeds from long term borrowings	2282.93		529.39	
	Preliminary exps	-197.43		0.00	
	Repayment of finance lease liabilities	-13.18		-21.70	
	Dividends paid	-82.29		-81.59	
	Net cash flow from financing activities		9670.44		378.99
	Net increase in cash and cash equivalents		6999.02		86.50
	Cash and Cash equivalents Opening Balance :				
	Cash and bank balances	178.15		96.00	
	Cash credit accounts	-43.26	134.89	-47.61	48.39
	Cash and Cash equivalents Closing Balance :				
	Cash and bank balances	7733.35		178.15	
	Cash credit accounts	-599.44	7133.91	-43.26	134.89

For and on behalf of the Board

Dr S P Vasireddi	Managing Director	Harita Vasireddi	Director Projects
V Harriman	Director Technical	S Subrahmanyan	Director
V V Prasad	Executive Director	Dr P Subba Rao	Director

A Venkata Ramana — Company Secretary & VP - Finance

Hyderabad
Date : 24.04.2006

AUDITOR'S CERTIFICATE

We have examined the above Cash Flow statement of VIMTA LABS LIMITED for the year ended 31st March, 2006. 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 24th April, 2006.

for SARATHY & BALU,
CHARTERED ACCOUNTANTS

Place: Hyderabad
Date: 24.04.2006

J. VENKATESWARLU
PARTNER

VIMTA LABS
Determining Quality

Notice Calling 16th Annual General Meeting
Scheduled to be held on June 9, 2006

Vimta Labs Limited
Registered Office: Plot Nos. 141/2 & 142, IDA Phase II, Cherllapally, Hyderabad - 500 051

Bus pickup service for AGM on June 9, 2006

1) 9:30 AM	Secunderabad Rly. Station, Bhoiguda side vehicle park.
2) 9:45 AM	Near Jubilee Bus Stand, Secunderabad.

NOTICE

NOTICE is hereby given that the Sixteenth Annual general meeting of the members of VIMTA LABS LIMITED will be held on Friday, June 9, 2006 at 11.00 A.M. at the new facility Plot No. 5, Genome Valley, SP Biotech Park, Turkapally Village, Shameerpet Mandal, R.R. Dist.- 500 078 to transact the following business:

Ordinary Business

1. To receive, consider, approve and adopt the audited Balance Sheet as at March 31, 2006 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 T S Ajai who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Prof D Balasubramanian 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."

By order of the Board

Place : Hyderabad
Date : 24.04.2006

A VENKATA RAMANA
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 05.06.2006 to 09.06.2006 (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.
5. The Company's equity shares are listed on The Hyderabad Stock Exchange Limited, Bombay Stock Exchange Limited and National Stock Exchange Limited. Further, the listing fees in respect of shares of the Company have been paid to the aforesaid Stock Exchanges for the financial year 2006-2007.

Vimta Labs Limited

Registered Office: Plot No. 141/2 & 142, IDA Phase II, Cherllapally, Hyderabad - 500 051

ADMISSION SLIP

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

I hereby record my attendance at the 16th annual General Meeting of the company held on 9th of June 2006 at 11.00 am at Plot No. 5, Genome Valley, S.P. Biotech Park, Turkapally Village, Shameerpet Manadal, R.R.Dist. - 500 078.

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. 141/2 & 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 / member of Vimta Labs Limited here by 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 16th annual General Meeting of the company held on 9th of June 2006 at 11.00 am or at any adjournment there of.

As Witness my hand / our hands this__________day of________________2005

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

Signed by the said

Affix
1 Rupee
Revenue
Stamp

ELECTRONIC CLEARING SERVICES (EVS) MANDATE FORMAT

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

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

For Shareds 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	
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 issue by your bank for verification of the above particulars.

Account type (Please tick)	→	Savings	10		Current	11		Credit Card	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 informatin 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 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
Determining Quality

Registered Office:

Vimta Labs Limited
Plot Nos.: 141/2 & 142
IDA Phase II Cherlapally
R.R. District
Hyderabad - 500 051 India
Phone: +91 40 27264141
Fax: +91 40 27263657
E-mail: vimtahq@vimta.com

Life Sciences Facility:

Vimta Labs Limited
Plot No. 5 S.P. Biotech Park
Genome Valley Turkapalli Village
Shameerpet Mandal
R.R. District - 500 078 India
Phone: +91 40 39848484
E-mail: vimtahq@vimta.com