

THE LABORATORY WITH QUALITY SYSTEMS
CERTIFIED TO INTERNATIONAL STANDARDS

6TH ANNUAL REPORT
1 9 9 5 - 9 6



VIMTA LABS LTD.



BOARD OF DIRECTORS

DR S P VASIREDDI
CHAIRMAN & MANAGING DIRECTOR

SHRI V HARRIMAN
DIRECTOR-TECHNICAL

SHRI V V PRASAD
EXECUTIVE DIRECTOR

SHRI RAGHU CIDAMBI
DIRECTOR

SHRI G PURNACHANDRA RAO
DIRECTOR

SHRI S SUBRAHMANYAN
DIRECTOR

SHRI A D SINHA
DIRECTOR

Company Secretary & Finance Manager

SHRI A VENKATA RAMANA

BANKERS

CANARA BANK
M G ROAD
NEAR PARK LANE
SECUNDERABAD : 500 003.

AUDITORS

J VENKATESWARLU & CO.
CHARTERED ACCOUNTANTS
12, MASTER SAI APTS
SOMAJIGUDA
HYDERABAD : 500 482.

REGISTERED OFFICE & CENTRAL LABORATORY

PLOT NOS.141/2 & 142, IDA, PHASE II, CHERLAPALLY,
R R DISTRICT, HYDERABAD 500 051.

DIRECTORS' REPORT

To
The Members of
VIMTA LABS LIMITED

Your Directors have pleasure in presenting the Sixth Annual Report and Audited Accounts for the Financial Year ended 31st March, 1996.

FINANCIAL RESULTS :

Financial Results for the year under review are as follows :

	Current Year (Rs. in lakhs)	Previous Year (Rs. in lakhs)
1) Profit before interest, Depreciation & Taxes	194.49	208.21
Less :		
2) Finance Charges	121.47	114.00
3) Depreciation	39.80	40.29
	161.27	154.29
4) Profit before Amortization and Tax	33.22	53.92
5) Amortization of preliminary expenses	7.49	4.38
6) Profit before Tax	25.73	49.54
7) Provision for Taxation	—	—
8) Profit for the year	25.73	49.54
9) Prior year Adjustments	—	0.77
10) Profit after tax	25.73	50.31

Add : Surplus brought forward from previous years	121.73	71.42
Balance carried to Balance Sheet	147.46	121.73

Comparison with projections made during the Company's Public Issue with the actual performance as required under Clause 43 of the listing agreement.

Particulars	Actuals for the year ended 31/03/96	Projections for the year ended 31/03/96
Total Income	401.19	544.00
Gross Profit	194.48	398.18
Depreciation	39.80	37.89
P A T	25.73	193.06
Equity	360.70	360.80
Reserves & Surplus	243.04	475.75
EPS (Rs.)	1.00	5.35
Book Value (Rs.)	14.50	23.18

NOTES :

- i) Projected turn-over could not be achieved as the ISO Certification was accomplished only by August, 1995 as against mid 1994 as shown in the Prospectus. Consequently the anticipated 25% export business could not be achieved.
- ii) The delay in implementation of the project has resulted in the increase in financial cost compared to projections.

REVIEW OF OPERATIONS

Your Directors are pleased to report that your Company has achieved a turnover of Rs.401.19 lakhs during the year under review resulting in a gross profit of Rs.194.49 before interest and depreciation. Your Company could do three foreign assignments aggregating to Rs. 5.60 lakhs.

BUSINESS OUT LOOK :

The ISO certification has certainly given more confidence on your company's services to its clientele and also started attracting more and more potential clientele to its fold.

Your Company has taken up the challenging task of developing Good Laboratory Practices (GLP) compliances to meet the European and American standards. The advantage of becoming a GLP Laboratory will be a multi-fold increase in the business from both national and international markets.

With the ISO certification and GLP in place, your Company has the advantage to tap the markets across the Globe especially in the fields of Bio-Sciences and Drugs testing.

There are no short cuts for achieving Quality/ Excellence in analytical services. The long lead-time involved in developing the market for Vimta would in all probability start showing tangible gains by 1997-98.

DIRECTORS :

During the year under review Shri Vijaykumar Angadi ceased to be a Director of your Company w.e.f. 30.04.1996 as Technology Development and Information Company of India Ltd (TDIC) has withdrawn its nomination. Your Board of Directors wish to place on record its sincere appreciation for the guidance and assistance provided by Shri Vijaykumar Angadi during his tenure.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Two Directors namely Shri G Purnachandra Rao and Shri S Subrahmanyam will retire by rotation and are eligible for reappointment.

AUDITORS :

M/S J Venkateswarlu & Co. Chartered Accountants, Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting. They have given their

consent for reappointment and further stated that if appointed, their appointment will be within the limits specified under Section 224 (1-B) of the Companies Act, 1956.

PARTICULARS OF EMPLOYEES :

Disclosure of information as required under the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is enclosed hereto as Annexure -I and forms part of this report.

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.

ACKNOWLEDGMENTS:

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

Your Directors deeply acknowledge the continued trust and confidence that our customers and shareholders have placed in this Company. The Directors also wish to place on record their deep appreciation for the services rendered by all the employees of the Company, for their dedication and loyalty.

For and on behalf of the Board

DR S P VASIREDDI
CHAIRMAN & MANAGING DIRECTOR

Hyderabad

Date : 25-06-1996


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 31st March, 1996.)

Name	Qualification and 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. 21 Years	46	Managing Director	07.06.1991 renewed w.e.f 01.01.1996	792335	i) Mineral Exploration Corporation Limited, Nagpur, ii) Vimta Labs.
Shri V Harriman	D.Tech in Electronics Toronto, Canada 19 years	45	Director Technical	03.09.1992	683600	i) GB Electronics Bangalore ii) Vimta Labs.
Shri V V Prasad	B.Com 19 Years	44	Executive Director	07.06.1991 renewed w.e.f. 07.06.1996	710513	Vimta Labs.

NOTES

1. Nature of employment of Dr S P Vasireddi, Shri V Harriman and Shri V V Prasad are contractual.
2. Remuneration includes salary, house rent allowance or perquisite for accommodation, commission, Company's contribution to Provident Fund, motor car perquisites/allowance, reimbursement of medical expenses, and leave travel facility as applicable.

For and on behalf of the Board

DR S P VASIREDDI
CHAIRMAN & MANAGING DIRECTOR

Hyderabad
Date : 25-06-1996

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, 1996.)

A. Conservation of Energy :

The Company is a service oriented one carrying on the business of Testing and Analysis of various materials and Environmental Impact Assessment studies of industrial and other projects. Testing is undertaken for a variety of 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 Equipment. 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 equipment are micro-processor based and draw only requisite power.

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

a) Energy Conservation Measures Taken :

- i) Designed and installed the power distribution system perfectly which will utilise the power at optimum level of requirement.
 - ii) The Laboratory Building is designed in such a way that during day time, no artificial lights are necessary for majority of the rooms, which is being conserved for utilisation of equipment and A C Plant.
- b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy :
- At present no additional investments and proposals are required to be implemented for reduction of consumption of energy.
- c) Impact of the measures at (a) and (b) above for the reduction of energy consumption and consequent impact on the cost of production

of goods :

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

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

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

B. Technology Absorption :

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

C. Foreign Exchange Earnings And Outgo:

During the financial year, the company has earned foreign exchange of Rs. 5.60 lakhs. Further the Company has incurred an aggregate amount of Rs.4.97 lakhs towards the import of Chemicals and Consumables, reference standard and travel expenditure.

For and on behalf of the Board

DR S P VASIREDDI
CHAIRMAN & MANAGING DIRECTOR

Hyderabad

Date : 25-06-1996

AUDITORS' REPORT

To
The Members of
VIMTA LABS LIMITED

We have audited the attached Balance Sheet of VIMTA LABS LTD as at 31st March, 1996 and the relative Profit & Loss account for the year ended on that date, both of which we have signed under reference to this report and report that:

1. As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 & 5 of the said order to the extent they are applicable to the Company.
2. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for our audit, in our opinion, proper books of account have been kept as required by law so far as appears from our examination of the books and the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the Books of Account of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and Profit & Loss Account together with the notes thereon and attached thereto, give in the prescribed manner the information required by the Companies Act, 1956 and also give respectively, a true and fair view of the state of the Company's affairs as at 31st March, 1996 and its Profit for the year ended on that date.

for **J VENKATESWARLU & CO**
CHARTERED ACCOUNTANTS

(J VENKATESWARLU)
PROPRIETOR

Hyderabad
Date : 25-06-1996

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 1 of our report of even date

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



- 9 Interest free loans or advances in the nature of loans have been given to employees only who are repaying the principal amounts as stipulated.
- 10 In our opinion, there is an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of stores and spares, raw materials, including components, plant and machinery, equipment and other assets, and for the sale of goods and services.
- 11 In our opinion and according to the information and explanations given to us, the transactions of purchase of goods and materials and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the Register maintained under section 301 of the Companies Act, 1956 and aggregating to Rs.50000/- or more during the year in respect of each party, have been made at prices which are reasonable having regard to the prevailing market prices for such goods, materials or services or the prices at which transactions for similar goods, materials or services have been made with other parties.
- 12 The company has a regular procedure for determining unserviceable or damaged stores, raw materials, or finished goods, on the basis of technical evaluation and on such basis, in our opinion adequate amounts have been written off of such stocks in the accounts.
- 13 The Company has not accepted any deposits from public.
- 14 In our opinion, reasonable records have been maintained by the Company for the sale and disposal of scrap where applicable and significant. The company has no by-products.
- 15 In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- 16 In respect of this company, maintenance of cost records has not been prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956.
- 17 According to the records of the company and as explained to us, there are no delays in

depositing the Employees' State Insurance dues with the appropriate authorities. The Company is not regular in depositing the Provident Fund dues with the appropriate authority and the extent of arrears as at 31.03.1996 is Rs.478745/- and the same was deposited on 19.04.1996.

- 18 There were no undisputed amounts payable in respect of income-tax, wealth-tax, sales tax, customs duty and excise duty outstanding as at the last day of the accounting period for a period of more than six months from the date they become payable.
 - 19 During the course of our examination of the books of accounts carried out in accordance with the generally accepted auditing practices we have not come across any personal expenses which have been charged to profit and loss account, nor we have been informed of any such case by the management.
 - 20 The Company is not a sick company within the meaning of Clause (o) of sub section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
 - 21 In our opinion, the Company has a reasonable system of recording receipts, issues and consumption of material and stores and allocating materials consumed to the relative jobs, commensurate with its size and nature of its business.
 - 22 In our opinion, the Company has a reasonable system of allocating man-hours utilised to the relative jobs, commensurate with its size and nature of its business.
 - 23 In our opinion, there is a reasonable system of authorisation at proper levels, and an adequate system of internal control commensurate with its size and nature of its business, on issue of stores and allocation of stores and labour to jobs.
- for J VENKATESWARLU & CO**
CHARTERED ACCOUNTANTS
- (J VENKATESWARLU)
PROPRIETOR
- Hyderabad
Date : 25-06-1996



BALANCE SHEET AS AT 31ST MARCH, 1996

Schedule	As on	As on
No.	31.03.1996	31.03.1995
	Rs. Ps.	Rs. Ps.

I SOURCES OF FUNDS			
(1) Shareholder's Funds			
Share capital	36,070,240.00		36,069,740.00
Reserves & Surplus	24,304,907.82		21,731,517.37
(2) Loan Funds			
Secured Loans	67,305,524.64		58,815,246.66
Unsecured Loans	350,468.00		1,029,386.00
TOTAL	128,031,140.46		117,645,890.03
II. APPLICATION OF FUNDS			
(1) Fixed Assets			
(a) Gross Block	94,432,462.55		91,827,302.45
(b) Less: Depreciation	11,765,694.77		7,907,456.15
(c) Net Block	82,666,767.78		83,919,846.30
(d) Capital Work -in-Progress (incl. Capital advances & pre-operative expenses)	2,401,176.84		1,683,028.39
SUB TOTAL	85,067,944.62		85,602,874.69
(2) Current Assets Loans & Advances			
(a) Inventories	15,495,139.25		12,028,120.00
(b) Sundry Debtors	18,872,582.94		13,547,103.65
(c) Cash & Bank Balances	753,121.35		433,092.73
(d) Other Current Assets	607,462.21		315,573.71
(e) Loans & Advances	3,830,828.41		2,758,279.51
SUB TOTAL	39,559,134.16		29,082,169.60
Less : Current Liabilities & Provisions	4,690,749.82		4,257,956.30
Current Liabilities	34,868,384.34		24,824,213.30
Net Current Assets	8,094,811.50		7,218,802.04
(3) Miscellaneous Expenditure (to the extent not written off or adjusted)			
TOTAL	128,031,140.46		117,645,890.03
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 **J. VENKATESWARLU & CO**
Chartered Accountants

For and on behalf of the Board

(J. Venkateswarlu)
Proprietor

Dr S P Vasireddi
Shri V V Prasad
Shri V Harriman
Shri Raghu Cidambi
Shri G Purnachandra Rao
Shri S Subrahmanyan
Shri A D Sinha
Shri A Venkata Ramana

Managing Director
Executive Director
Director
Director
Director
Director
Company Secretary &
Finance Manager

Hyderabad
Date : 25.06.1996

Hyderabad
Date : 25.06.1996

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1996

	Schedule No.	Year Ended		Year Ended	
		Rs.	Ps.	Rs.	Ps.
INCOME					
Income from operations	10	37,143,667.90		34,035,751.50	
Increase/(Decrease) in work-in-progress	11	2,903,169.00		5,881,158.00	
Other Income	12	72,586.53		103,004.85	
TOTAL		40,119,423.43		40,019,914.35	
EXPENDITURE					
Chemicals & Consumables consumed and testing expenditure	13	4,914,627.66		4,868,623.78	
Payments and Benefits to Employees	14	6,490,186.47		5,120,655.92	
Administrative Selling & General Expenses	15	9,265,049.28		9,209,835.32	
Finance Charges and Interest	16	12,146,893.76		11,399,529.65	
Depreciation	5	3,980,287.62		4,029,226.79	
TOTAL		36,797,044.79		34,627,871.46	
Profit before amortisation & prior period adjustments		3,322,378.64		5,392,042.89	
Amortisation of Preliminary expenses		749,238.19		438,325.00	
Add/(Less): Prior year adjustments		2,573,140.45		4,953,717.89	
		0.00		77,484.00	
PROFIT BEFORE TAX		2,573,140.45		5,031,201.89	
Less : Provision for Taxation		0.00		0.00	
PROFIT AFTER TAX		2,573,140.45		5,031,201.89	
Add : Balance brought forward from previous year		12,173,097.37		7,141,895.48	
BALANCE CARRIED TO BALANCE SHEET		14,746,237.82		12,173,097.37	

BALANCE CARRIED TO BALANCE SHEET
SIGNIFICANT ACCOUNTING POLICIES AND
NOTES FORMING PART OF ACCOUNTS

17

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

for **J. VENKATESWARLU & CO**
Chartered Accountants

(J. Venkateswarlu)
Proprietor

Hyderabad
Date : 25.06.1996

For and on behalf of the Board
Dr S P Vasireddi

Shri V V Prasad

Shri V Harriman

Shri Raghu Gidambi

Shri G Purnachandra Rao

Shri S Subrahmanyam

Shri A D Sinha

Shri A Venkata Ramana

Hyderabad

Date : 25.06.1996

Managing Director
Executive Director
Director Technical
Director
Director
Director
Director
Company Secretary &
Finance Manager

SCHEDULES FORMING PART OF THE ACCOUNTS

	As on 31.03.96 Rs. Ps.	As on 31.03.95 Rs. Ps.
1. SHARE CAPITAL		
Authorised : 7000000 Equity Shares of Rs.10/- each (Previous year 7000000 Equity Shares of Rs.10/- each) Issued, Subscribed and Paid up 3608624 equity shares of Rs. 10/- each fully paid up (Previous year 3608624) shares of Rs.10/- each fully paid up) Less : Allotment money due in respect of 3200 shares.@ Rs.5/- each (Previous year - 3300 shares @ Rs.5/- each)	<u>70,000,000.00</u>	<u>70,000,000.00</u>
	<u>36,086,240.00</u>	<u>36,086,240.00</u>
	16,000.00	16,500.00
TOTAL	<u>36,070,240.00</u>	<u>36,069,740.00</u>
2. RESERVES AND SURPLUS		
(i) Share Premium Account	9,558,670.00	9,558,420.00
(ii) Surplus in profit & Loss Account	14,746,237.82	12,173,097.37
TOTAL	<u>24,304,907.82</u>	<u>21,731,517.37</u>
3. SECURED LOANS		
A) Loans & Advances from Banks		
a) Open Cash Credit from Canara Bank	2,286,850.46	2,002,592.98
b) Hire Purchase Loan from The Karur Vysya Bank Ltd	12,246.75	150,000.00
B Other Loans & Advances		
1. Term Loans from IDBI		
- Rupee Term Loan (RTL)	20,000,000.00	20,000,000.00
- Foreign Currency Loan under IBRD Line of Credit (FCL)	17,153,745.00	17,153,745.00
2. Interest accrued & due on Term Loans to IDBI	22,308,313.00	13,000,000.00
3. Hire Purchase Loans	3,511,492.43	3,478,110.98
4. Due to Canbank Factors Ltd in respect of Bills Factored	0.00	3,030,797.70
5. Venture Capital type of loan assistance from Centre for Technology Development.	2,032,877.00	0.00
TOTAL	<u>67,305,524.64</u>	<u>58,815,246.66</u>
4. UNSECURED LOANS		
(i) Other Loans & Advances from other than Banks		
a) From Directors	210,000.00	210,000.00
b) From Others	140,468.00	819,386.00
(Including interest accrued and due thereon)		
TOTAL	<u>350,468.00</u>	<u>1,029,386.00</u>

SCHEDULES FORMING PART OF THE ACCOUNTS - CONTD.

5 . FIXED ASSETS

DESCRIPTION	SL NO.	AS ON ADDITIONS			SALES/ ADJUSTMENTS			TOTAL			UPTO YEAR ADJUSTMENTS	FOR THE ON SALES/ TOTAL			AS ON	AS ON
		Rs.	Ps.	Rs. Ps.	Rs.	Ps.	Rs. Ps.	Rs.	Ps.	Rs. Ps.		Rs.	Ps.	Rs. Ps.		
1 Freehold Land & Site Development		955,656.00		0.00	0.00	0.00	955,656.00	0.00	0.00	0.00	0.00	0.00	0.00	955,656.00		
2 Buildings - Lab Buildings - Staff quarters		16,831,979.53	0.00	0.00	0.00	0.00	16,831,979.53	593,613.53	274,361.00	32,064.00	15,391.00	47,455.00	867,974.53	15,964,005.00	16,238,366.00	912,200.00
3 Plant & Machinery		62,021,806.21	3,068,292.30	181,875.00	64,908,223.51	6,063,835.21	2,994,877.21	43,136.00	9,015,576.42	55,892,647.09	55,957,971.00					
4 Electrical Installation		3,975,340.24	22,000.00	0.00	3,997,340.24	383,427.24	188,987.00	0.00	572,414.24	3,424,926.00	3,591,913.00					
5 Office Equipment		1,124,245.16	77,273.00	0.00	1,201,518.16	227,899.16	55,743.16	0.00	283,642.32	917,875.84	896,346.00					
6 Furniture & Fixtures		2,948,283.25	11,159.80	302,017.00	2,657,426.05	180,407.95	169,873.25	48,834.00	301,447.20	2,355,978.85	2,767,875.30					
7 Vehicles		3,025,728.06	0.00	89,673.00	2,936,055.06	426,209.06	281,055.00	30,079.00	677,185.06	2,258,870.00	2,599,519.00					
TOTAL		91,827,302.45	3,178,725.10	573,565.00	94,432,462.55	7,907,456.15	3,980,287.62	122,049.00	11,765,694.77	82,666,767.78	83,919,846.30					
PREVIOUS YEAR		87,603,760.91	5,002,724.09	779,182.55	91,827,302.45	4,047,229.91	4,029,226.79	169,000.55	7,907,456.15	83,919,846.30	83,556,531.00					



SCHEDULES FORMING PART OF THE ACCOUNTS - CONTD.

	As on	As on
	31.03.96	31.03.95
	Rs. Ps.	Rs. Ps.

**6. CAPITAL WORK-IN-PROGRESS INCLUDING
ADVANCES AND EXPENDITURE PENDING
ALLOCATION - LABORATORY COMPLEX
UNDER EXECUTION.**

Civil Works
Advances for Capital Works

	1,441,201.94	1,253,420.89
	959,974.90	429,607.50
TOTAL	2,401,176.84	1,683,028.39

7. CURRENT ASSETS, LOANS & ADVANCES

(a) Inventories
Chemicals & Consumables (At cost)
Components, Stores & Spares (At cost)
Environmental Job
Works-in-progress(At Cost)

	13,367,720.00	10,464,551.00
TOTAL	15,495,139.25	12,028,120.00

(b) Sundry Debtors
(Debts Considered Good, Unsecured)
(i) Debts Outstanding For a Period
Exceeding Six months
(ii) Other Debts

	3,034,948.24	1,231,311.65
	15,837,634.70	12,315,792.00
TOTAL	18,872,582.94	13,547,103.65

(c) Cash & Bank Balances
(i) Cash Balance on hand
(ii) Balances with Scheduled Banks
(a) in Current Accounts
(b) in Deposit Accounts
(iii) Cheques on hand

	62,210.05	67,127.29
	301,791.30	127,855.44
	262,120.00	238,110.00
	127,000.00	0.00
TOTAL	753,121.35	433,092.73

(d) Other Current Assets
(i) Income-tax Deducted at
source by Customers
(ii) Interest accrued on Deposits
with Banks
(iii) Interest accrued & due on
Income-Tax Refund

	580,996.76	296,469.26
	26,465.45	8,410.45
	0.00	10,694.00
TOTAL	607,462.21	315,573.71



SCHEDULES FORMING PART OF THE ACCOUNTS - CONTD.

	As on	As on
	Rs. Ps.	Rs. Ps.
(e) Loans and Advances (Unsecured, considered good-Advances recoverable in cash or in kind or for value to be received)		
(i) Deposits and balances with Public Sector Bodies & Others	887,862.50	995,069.50
(ii) Prepaid Expenses	202,153.25	208,895.30
(iii) Advance for Services & Supplies	1,249,948.97	957,876.09
(iv) Other Advances	1,490,863.69	596,438.62
TOTAL	3,830,828.41	2,758,279.51
8. CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
(i) Sundry Creditors		
(a) for Capital Expenditure	24,547.00	78,709.00
(b) for Services & Supplies	2,779,114.64	1,740,918.53
(ii) Advances from Customers	357,409.00	154,087.00
(iii) Remuneration & fees payable to Directors	82,608.87	352,461.82
(iv) Other Liabilities	1,447,070.31	1,931,779.95
TOTAL	4,690,749.82	4,257,956.30
9. MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
(i) Preliminary Expenses	145,739.50	189,571.50
Less : Written off during the year	43,832.00	43,832.00
TOTAL	101,907.50	145,739.50
(ii) Public Issue Expenditure	3,330,864.24	3,755,357.24
Less :		
a) Written off during the year	394,493.00	394,493.00
b) Excess Liability written in	0.00	30,000.00
TOTAL	2,936,371.24	3,330,864.24
(iii) ISO Quality System Expenses	2,702,682.44	2,702,682.44
Add : Additions during the year	406,451.75	0.00
Less : Written off during the year	310,913.19	0.00
TOTAL	2,798,221.00	2,702,682.44
(iv) GLP Expenses	1,418,345.15	0.00
TOTAL	1,418,345.15	0.00
(v) Interest not accrued & due on Hire Purchase Loans	1,039,515.86	157,593.80
Add : Additions during the year	293,750.00	1,156,489.06
Less: Written off during the year	493,299.25	274,567.00
TOTAL	839,966.61	1,039,515.86
GRAND TOTAL (i) to (v)	8,094,811.51	7,218,802.04

SCHEDULES FORMING PART OF THE ACCOUNTS - CONTD.

Year ended	Year ended
31.03.96	31.03.95
Rs. Ps.	Rs. Ps.

10 INCOME FROM OPERATIONS

(i) Income from		
Testing & Analysis Services		
- Domestic	36,583,007.90	33,403,429.50
- Exports	560,660.00	632,322.00
TOTAL	37,143,667.90	34,035,751.50

11 INCREASE/DECREASE) IN WORK-IN-PROGRESS

Closing Work-in-progress of Env. Jobs	13,367,720.00	10,464,551.00
Less : Opening Work-in-progress	10,464,551.00	4,583,393.00
Increase	2,903,169.00	5,881,158.00

12 OTHER INCOME

i) Interest earned on Deposits	18,055.00	102,864.20
(Tax deducted at source - Nil)		
(Previous year Rs. - Nil)		
ii) Interest earned on IT Refund	18,490.00	0.00
iii) Interest received from others	769.28	0.00
iv) Miscellaneous Receipts	35,272.25	140.65
TOTAL	72,586.53	103,004.85

13 CHEMICALS, CONSUMABLES, SPARES AND COMPONENTS CONSUMED AND TESTING EXPENDITURE

Chemicals & Consumables Consumed	1,516,248.18	1,718,407.90
Spares & Components consumed	209,693.83	88,230.03
Sample preparation, Data Generation and Testing Expenses	1,943,365.70	1,825,538.70
Water, Power & Fuel Charges	1,245,319.95	1,236,447.15
TOTAL	4,914,627.66	4,868,623.78

14 PAYMENTS & BENEFITS TO EMPLOYEES

Salaries & wages	5,179,346.08	4,066,561.67
Bonus	174,686.00	115,914.00
Contribution to Provident Fund	519,234.38	452,579.00
ESI Contribution	72,952.06	77,304.40
Staff Welfare Expenses	351,356.20	386,343.85
Gratuity	13,772.75	0.00
Other Benefits	178,839.00	21,953.00
TOTAL	6,490,186.47	5,120,655.92

SCHEDULES FORMING PART OF THE ACCOUNTS - CONTD.

	Year ended		Year ended	
	31.03.96	Rs. Ps.	31.03.95	Rs. Ps.
15 ADMINISTRATION, SELLING & GENERAL EXPENSES				
Managerial Remuneration	1,977,331.00		1,312,594.00	
Sitting fees to Directors	6,000.00		9,500.00	
Rent	190,153.00		237,147.00	
Rates & Taxes	102,857.00		167,942.66	
Insurance Charges	228,611.55		192,499.70	
Travelling & Conveyance	2,133,468.50		2,205,876.87	
Advertisement, Publicity & Sales Promotion Expenses	156,359.70		462,799.75	
Postage, Telegrams, Telephone & Telex	1,290,976.47		825,758.80	
Printing & Stationary Charges	567,258.60		474,213.39	
Repairs & Maintenance to :				
Plant & Machinery	578,797.64		561,986.81	
Buildings	362,916.40		528,155.45	
Others	35,503.40		14,801.30	
Payments to Auditors	20,000.00		20,000.00	
(a) Audit Fees				
(b) Advisory Services :				
(i) Certification & Co. Law Matters	12,500.00		12,500.00	
(ii) Taxation Matters	12,500.00		12,500.00	
(c) Out of pocket expenses	0.00		775.00	
Books & Periodicals	86,153.95		219,090.15	
Vehicle Maintenance	703,982.15		953,601.67	
Professional Charges	147,437.00		373,812.00	
Entertainment Expenses	130,380.79		136,806.61	
Loss on sale of Assets	176,516.00		219,254.00	
Trade discount	6,892.00		12,721.50	
Membership & Subscriptions	82,925.00		93,908.50	
Security Charges	139,780.50		118,424.10	
Seminars & Conferences	51,575.50		0.00	
Miscellaneous Expenses	64,173.13		43,166.06	
TOTAL	9,265,049.28		9,209,835.32	
16 FINANCE CHARGES AND INTEREST				
(i) Interest				
(a) on fixed loans				
- to I D B I	10,408,313.00		8,763,603.00	
(b) on other loans				
- to Canara Bank	206,970.00		64,997.00	
- to Others	733,336.00		223,696.20	
(ii) Factoring Charges of Bills	429,454.30		658,751.25	
(iii) Bank Charges	94,259.56		23,094.00	
(iv) Equipment Lease Charges	274,560.90		1,665,388.20	
TOTAL	12,146,893.76		11,399,529.65	

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

I. SIGNIFICANT ACCOUNTING POLICIES:

- i) **Method of Accounting** : The accounts are prepared in accordance with the Accounting Principles generally accepted in India. The Company follows accrual method of Accounting.
- ii) **Income** : The Company's Income consists of income from testing & analysis and for various types of other services rendered.
- iii) **Fixed Assets** : Fixed Assets are shown at cost less depreciation. Interest on borrowings for fixed assets acquisition and revenue expenses incurred at project site for the period upto the commencement of using the asset for commercial use are capitalised as part of the asset cost.
- iv) **Depreciation** : Depreciation on fixed assets has been charged under straight line method for single shift at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.
Depreciation on additions/deductions is calculated prorata from/to the month of additions/deductions.
- v) **Foreign Currency Loan** : As the repayment of foreign currency loan of IDBI was fixed in Indian rupees, no provision for fluctuations in foreign currency is required to be provided.
- vi) **Inventories** : Inventories are valued as under after providing for the obsolescence.
 - a) Chemicals and consumables, components, stores and spares at cost.
 - b) Work in progress of environmental jobs at cost.
- vii) **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."

viii) **Gratuity** : As per the practice consistently followed by the Company, the liability on account of gratuity to employees is accounted for in the year of settlement of claims and also as the amounts are not material, no provision for Gratuity is made in the Accounts. The necessary provision is being made in the year of actual payment of gratuity.

ix) **Miscellaneous Expenditure** :

(a) Preliminary expenses and Public Issue expenditure aggregating to Rs.4383254/- incurred in the financial year 1993-94 is being written off over a period of 10 years.

(b) The Company follows the policy of treating some expenditure as deferred revenue expenditure, the benefits of which will accrue to the Company over an extended period and wish to amortize such expenditure over such period during which the company expects the benefits to accrue.

x) **General** : Accounting Policies not specifically referred to are inconsistent with the Generally accepted Accounting Practices.

II NOTES FORMING PART OF ACCOUNTS :

1. CONTINGENT LIABILITIES :

- i) Estimated amounts of contracts to be executed on capital account and not provided for is Rs.9.00 lakhs (net of advance payments) (Previous year Rs.22 lakhs).
- ii) Bank Guarantees issued by the Bank on behalf of the Company and not

provided for is Rs.9.46 lakhs (Previous Year Rs.11.12 lakhs). These guarantees are secured by way of lien on the Deposits of Rs.2.62 lakhs with the Bank (Previous year 2.37 lakhs).

2. SECURED LOANS :

- i) The term loans from Industrial Development Bank of India are secured by hypothecation of all tangible, movable properties of the Company such as plant and machinery, testing equipment and capital works in progress, furniture and fittings, book debts, etc. and by equitable mortgage of immovable property of the Company i.e. land and buildings by deposit of title deeds.
- ii) The loans from Canara Bank on open Cash Credit Account are secured by hypothecation of present and future stocks of Chemicals, Consumables and spares of the Company, and guaranteed by three of the Directors of the Company in their personal capacities.
- iii) The venture capital type of loan assistance from Centre for Technology Development, Bangalore is secured by hypothecation of all tangible, movable properties of the Company such as Plant & Machinery and testing equipment acquired/to be acquired with this loan amount.
- iv) Hire purchase loans are secured by lien on the respective assets acquired with the loan amounts.

3. SHARE PREMIUM :

An amount of Rs.8,000/- [@ Rs.2.50 per share on 3200 equity shares (previous year Rs.8250/- @ Rs.2.50 on 3300 shares)] is to be received under Share Premium A/C from the shareholders from whom allotment money is due.

4. DEFERRED REVENUE EXPENDITURE:

- i) In addition to the amount of Rs.2702682.44 (being the amount spent on ISO Certification in 1994-95), a further amount of Rs.406451.75 was spent by the Company in the current year on ISO Certification. This full amount was treated as a deferred revenue expenditure and the management decided to write off this amount over a period of 10 years equally. Accordingly, an amount of Rs.310913.19 is charged to the current year's Profit & Loss Account.
- ii) During the year under review an amount of Rs.14.18 lacs was spent in connection with the Company's implementation of Quality Systems for Good Laboratory Practices (GLP). As the Certification is under process and also the benefits from the certification will accrue to the company over a period of time, it is the intention of the Management to treat this expenditure also as a deferred revenue expenditure in the current year and charge it to the Profit & Loss Account over a period of time in future.

5. MANAGERIAL REMUNERATION :

- A) Details of payments and provisions made towards remuneration to the Managing Director, Executive Director and Director - Technical are as follows :

	Managing Director		Executive Director		Director Technical		Total	
	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.
a) Salary	4,42,400.00		3,56,400.00		3,83,600.00		11,82,400.00	
	(3,48,300.00)		(3,15,900.00)		(3,15,900.00)		(9,80,100.00)	
b) Commission	Nil		Nil		Nil		Nil	
	(Nil)		(Nil)		(Nil)		(Nil)	
c) Value of Perquisites	3,49,935.00		3,54,113.00		3,00,000.00		10,04,048.00	
	(3,59,550.00)		(3,12,976.00)		(3,04,200.00)		(9,76,726.00)	
Total	7,92,335.00		7,10,513.00		6,83,600.00		21,86,448.00	
	(7,07,850.00)		(6,28,876.00)		(6,20,100.00)		(19,56,826.00)	

Note :

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

(ii) Part of the above remuneration has been transferred to deferred revenue expenditure considering the time spent by the whole-time Directors on the implementation of Good Laboratory Practices (GLP).

(iii) The above Managerial Remuneration is paid/provided as per the terms and conditions approved by the Share holders/Board in line with the revised limits specified in schedule XIII of the Companies Act, 1956.

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

	1995 - 96	1994 - 95
	Rs. Ps.	Rs. Ps.
Net Profit as per Profit & Loss A/C	25,73,140.45	50,31,201.89
Add : Loss on sale of Assets	1,76,516.00	2,19,254.00
	<u>27,49,656.45</u>	<u>52,50,455.89</u>
Add :		
i) Directors Remuneration charged to P & L A/C	19,77,331.00	13,12,594.00
ii) Commission to Directors	—	—
iii) Depreciation	39,80,287.62	40,29,226.79
	<u>87,07,275.07</u>	<u>1,05,92,276.68</u>
Less :		
Depreciation as per the provisions of Sec.350 of the Companies Act, 1956	95,01,606.15	1,09,15,474.76
Net Profit/(Loss) Commission to the whole-time Directors @ 1%	<u>(7,94,331.08)</u>	<u>(3,23,198.08)</u>
Managing Director	Nil	Nil
Executive Director	Nil	Nil
Director - Technical	Nil	Nil

6. Additional information pursuant to the provisions of paragraphs 3 and 4D of Part II of Schedule VI of the Companies Act, 1956 is as follows :

	1995 - 96	1994 - 95
	Rs. in lakhs	Rs. in lakhs
a) Value of Imports calculated on CIF basis in respect of :		
— raw material	Nil	Nil
— Capital goods	1.39	Nil
— Components & Spare parts	Nil	Nil
— Reference Standards	0.19	0.13
— Books	Nil	Nil
b) Expenditure in foreign currency on account of royalty, know-how, professional and consultation fees, interest and other matters :		
i) Foreign travel :	3.39	1.13
c) Amount remitted in foreign currency on account of dividends	Nil	Nil
d) Earnings in Foreign Exchange : Income from environmental jobs.	5.60	6.32
e) 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 and it requires only a variety of chemicals and consumables for its testing activities and does not require any raw material or components as no manufacturing activity is involved. Further, it is not practicable to furnish the Quantitative details of these chemicals & consumables as number of chemicals in small quantities are used in the process of testing. Hence the aggregate value of chemicals and consumables and

6th Annual Report 1995-96



VIMTA LABS LTD.

the spares and stores consumed during the year are furnished below :

Chemicals & Consumables :	1995 - 96		1994 - 95	
	Rs in Lakhs	% of total consumption	Rs in Lakhs	% of total consumption
Indigenous	12.59	83.04	14.61	85.05
Imported	2.57	16.96	2.57	14.95
TOTAL	15.16	100.00	17.18	100.00

Spares and Components :

Indigenous	2.00	100.00	0.88	100.00
Imported	Nil	Nil	Nil	Nil
TOTAL	2.00	100.00	0.88	100.00

7. The provisions of paragraph 4-C of Part II of Schedule VI of the Companies Act, 1956 are not applicable to this Company.

8. **INCOME - TAX** : No provision for income-tax was considered in view of there being no taxable income after considering depreciation on fixed assets as per the provisions of Income-tax Act, 1961.

9. Previous years figures have been regrouped wherever necessary to conform with the layout of the accounts of the current financial year.

10. Additional Information pursuant to part IV of Schedule VI of the Companies Act, 1956.

I. Registration Details
Registration No.

111977

State Code

011

Balance Sheet Date

31/03

Month

9/6

Year

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

Public Issue

Nil

Right Issue

Nil

Bonus Issue

Nil

Private placement

Nil

(J. Venkateswarlu)
Proprietor

Hyderabad

Date : 25.06.1996

III. Position of Mobilisation and Deployment of Funds

(Amount in Rs. Thousands)

Total Liabilities 128031
Total Assets 128031

Sources of Funds

Paid-Up Capital 36070
Reserves & Surplus 24304

Secured Loans 67305
Unsecured Loans 350

Application of Funds

Net Fixed Assets 85067
Investments Nil

Net Current Assets 34868
Misc. Expenditure 8094

Accumulated Losses Nil

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

Turnover * 40120
Total Expenditure 36797

* Inclusive of increase in work-in-progress

+ - Profit/Loss Before Tax + 2573
+ - Profit/Loss After Tax + 2573

Earning Per Share in Rs. 1.00
Dividend rate % 0.0

V. Item Code No : Not applicable.

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

The above schedule 1 to 17 form an integral part of the Balance sheet and Profit and Loss account.

for J. VENKATESWARLU & CO
Chartered Accountants,

For and on behalf of the Board

Dr S P Vasireddi

Shri V V Prasad

Shri V Harriman

Shri Raghunadha Rao

Shri G Purnachandra Rao

Shri S Subrahmanyam

Shri A D Singh

Shri A Venkata Ramana

Hyderabad

Date : 25.06.1996

Managing Director

Executive Director

Director Technical

Director

Director

Director

Company Secretary &

Finance Manager


CASH FLOW STATEMENT

	Year ended 31.03.96 Rs. Ps.	Year ended 31.03.95 Rs. Ps.
	(Rs. in lakhs)	(Rs. in lakhs)
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before Tax and Extraordinary items	25.73	50.31
Adjustments for:		
Depreciation	39.80	40.29
Interest	121.47	114.00
Amortisation	7.49	4.38
Loss on sale of assets	1.77	2.19
Less : Interest earned	170.53	160.86
Prior period adjustments	0.36	1.03
	Nil	0.77
	<u>170.17</u>	<u>159.06</u>
Operating profit before working capital changes	195.90	209.37
Adjustments for:		
Trade and other receivables	(66.89)	(94.35)
Inventories	(34.67)	(69.44)
Trade payables	1.59	(25.88)
	<u>(99.97)</u>	<u>(189.67)</u>
Cash generated from operations	95.93	19.70
Interest paid	25.31	32.28
Cash flow before extra-ordinary items	70.62	(12.58)
Extra-ordinary Items :		
Expenditure incurred for implementation of Quality Systems (treated as deferred revenue expenditure)	16.26	35.12
	<u>54.36</u>	<u>(47.70)</u>
NET CASH FLOW FROM OPERATING ACTIVITIES		
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed assets	38.97	60.07
Interest Received	0.36	1.03
Sale of fixed assets	2.75	3.91
Prior period adjustments	Nil	0.77
	<u>35.86</u>	<u>54.36</u>
NET CASH USED IN INVESTING ACTIVITIES		

CASH FLOW STATEMENT CONTD.

	Year ended	Year ended
	31.03.96	31.03.95
	Rs. Ps.	Rs. Ps.

(Rs. in lakhs) (Rs. in lakhs)

C. CASH FLOW FROM FINANCING ACTIVITIES

Proceeds from issue of share capital Nil 12.98
 Proceeds from long term borrowings 20.33 63.39
 Repayment of finance lease liabilities 38.47 Nil

NET CASH FLOW FROM FINANCING ACTIVITIES (18.14) 76.37

NET INCREASE IN CASH AND CASH EQUIVALENTS
Cash and Cash equivalents opening balance :

Cash and bank balances 4.33 9.99
 Cash credit accounts (20.03) Nil

Cash and Cash equivalents closing balance : (15.70) 9.99

Cash and Cash equivalents closing balance :

Cash and bank balances 7.52 4.33
 Cash credit accounts (22.86) (20.03)

(15.34) (15.70)

For and on behalf of the Board

Dr S P Vasireddi Managing Director
 Shri V V Prasad Executive Director
 Shri V Harriman Director Technical
 Shri Raghu Cidambi Director
 Shri G Purnachandra Rao Director
 Shri S Subrahmanyam Director
 Shri A D Sinha Director
 Shri A Venkata Ramana Company Secretary &
 Finance Manager

Hyderabad

Date : 25.06.1996

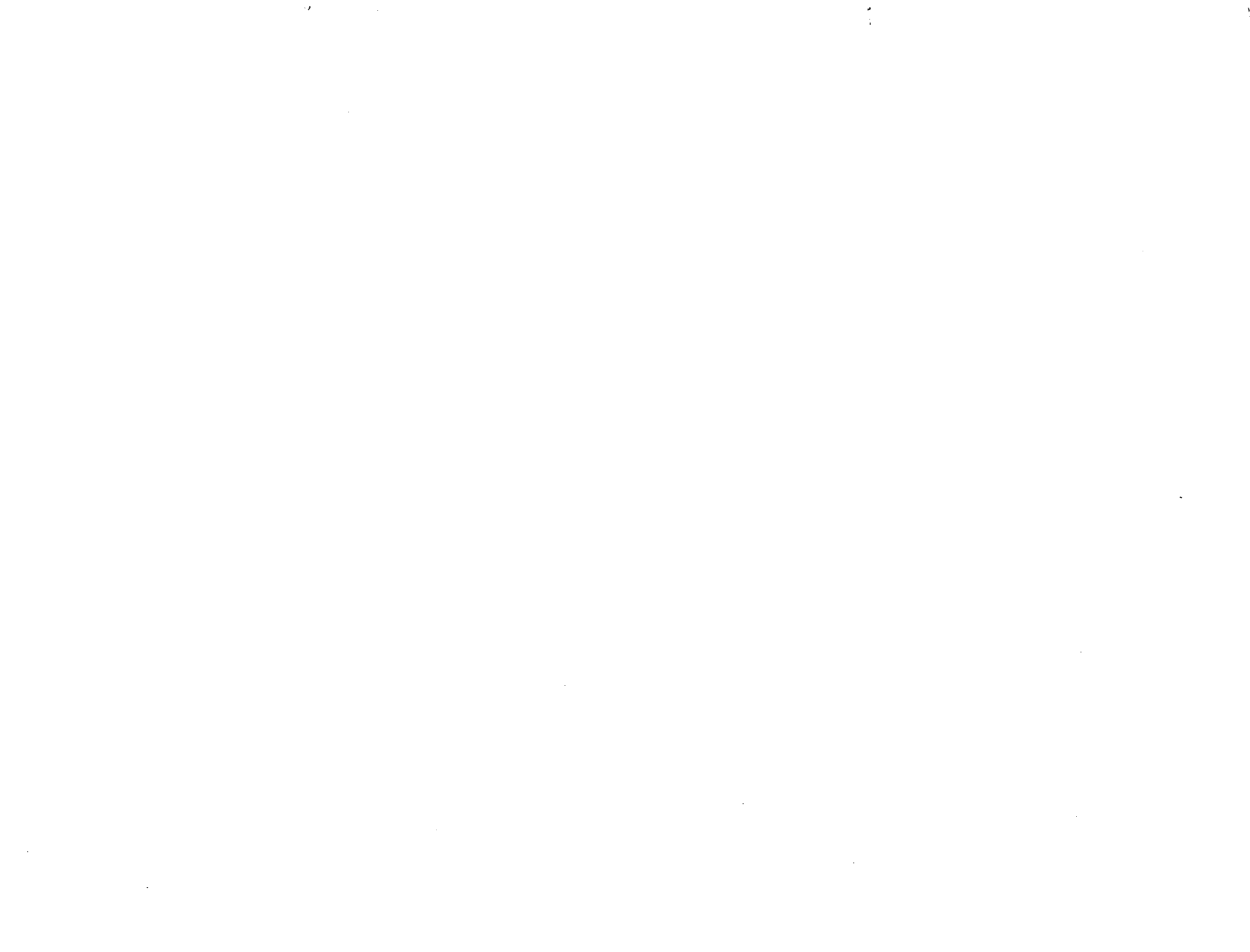
AUDITORS' CERTIFICATE

We have examined the above Cash Flow Statement of **VIMTA LABS LIMITED** for the year ended 31st March, 1996. The statement has been prepared by the Company in accordance with the requirements of Clause 32 of the listing agreement entered into with the Stock Exchanges and is based on and in agreement with the corresponding Profit & Loss Account and the Balance Sheet of the Company covered by our Report of 25th June, 1996.

for **J. VENKATESWARLU & CO**
 Chartered Accountants

Hyderabad
 Date : 25.06.1996

(J. Venkateswarlu)
 Proprietor



BOOK POST
PRINTED MATTER

To

If undelivered, please return to :



VIMTA LABS LTD.

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