



Annual Report 2008 - 09



Annual Report
Year 2008 - 09

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BOARD OF DIRECTORS

Dr S P VASIREDDI
Chairman & Managing Director

V HARRIMAN
Director Technical

V V PRASAD
Executive Director

HARITA VASIREDDI
Director Quality

T S AJAI
Director

Dr SUBBA RAO PAVULURI
Director

Prof. D BALASUBRAMANIAN
Director

Prof. K RAMCHANDRAN
Director

COMPANY SECRETARY & VP - CORPORATE AFFAIRS

A VENKATA RAMANA

VP - FINANCE & CFO

P SANKARAI AH

BANKERS

State Bank of India
Overseas Branch, 5-9-300, Abids
Hyderabad - 500 001.

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

AUDITORS

Sarathy & Balu
Chartered Accountants
12, Master Sai Apartments,
Somajiguda, Hyderabad - 500 082.

LISTED WITH

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

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

SHARE TRANSFER AGENTS

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

Directors' Report

To
The Members of
VIMTA LABS LIMITED

Your Directors have pleasure in presenting the 19th Annual Report and audited accounts of your Company for the year ended March 31, 2009.

FINANCIAL RESULTS

Financial Results for the year under review are as follows :

	(Rs. in lakhs)	
	For the Year 2008-2009	For the Year 2007-2008
Profit before Interest, Depreciation & Taxes	2401.46	2771.80
Less : Finance Charges & Interest	262.60	281.30
Depreciation	<u>1483.28</u>	<u>1461.185</u>
Profit before Amortization, Prior year adjustments & Taxes	655.58	1028.65
Less : Amortization of Preliminary Expenses	40.18	40.18
Less/(Add) : Prior year adjustments	<u>(12.53)</u>	<u>(2.26)</u>
Profit before tax	627.93	990.73
Less : a) Provision for Tax (regular)	225.00	354.00
b) Fringe Benefit Tax	15.00	15.00
c) Deferred Tax Liability/(Asset)	<u>(16.50)</u>	<u>(2.84)</u>
Profit after Tax	404.43	624.57
Add : Surplus brought forward from previous years	<u>4137.84</u>	<u>3785.19</u>
Amount available for appropriations	<u>4542.27</u>	<u>4409.76</u>
APPROPRIATIONS		
Transfer to General Reserve	42.00	65.00
Proposed dividend	176.86	176.86
Provision for tax on proposed dividend	30.06	30.06
Surplus carried to Balance sheet	<u>4293.35</u>	<u>4137.84</u>
	<u>4542.27</u>	<u>4409.76</u>

OPERATIONS

Earnings before interest, taxes, depreciation and amortization (EBIDTA) for the year are Rs. 2401.46 lakhs as compared to the previous year earnings of Rs.2771.80 lakhs. Profit after tax (including deferred tax) stood at Rs.404.43 lakhs as against Rs.624.57 lakhs of previous year.

FUTURE OUTLOOK

Having been successful in adjusting to the global recession during the last fiscal, your Company's prospects seem to be better in the next couple of years due to the following:

- ➔ Increasing intent from Pharma MNCs on outsourcing and India as a favorable destination.
- ➔ The two partnerships that commenced in 2007-08 and 2008-09 with Pharma MNCs have been satisfactory and expected to go stronger.
- ➔ In-house R&D activities launched recently by your Company are expected to provide new assays and cost effective tests for the clinical laboratory services.
- ➔ The integrated food law being implemented by the Govt. of India is likely to drive the food safety testing business for your Company, subject to adequate regulatory push.

- ➔ The pre-clinical services being launched at the Life Sciences Facility are receiving good attention of Pharma & Biotech companies. These are expected to make a niche for your Company in supporting early stage drug development activities.
- ➔ New team established to focus on clinical trials Phase II-IV and Pharmacovigilance activities.

DIVIDEND

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 2008-09.

Transfer to Reserves

Your Directors propose to transfer Rs.42 lakhs to General Reserves. An amount of Rs.4293.35 lakhs is proposed to be retained in Profit & Loss Account.

UTILISATION OF FUNDS RAISED THROUGH PREFERENTIAL ISSUE

During the year the Company has utilized an amount of Rs.150 lakhs left over out of the capital raised through preferential allotment. The balance at the end of the financial year is Rs.Nil

Directors' Report

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 read with the Articles of Association of the Company, Dr Subba Rao Pavuluri and Prof K Ramachandran, Directors of the Company would retire by rotation at the ensuing Annual General Meeting, and are eligible for re-appointment. Dr Subba Rao Pavuluri and Prof K Ramachandran have opted themselves for re-appointment.

Your Directors recommend the re-appointment of Dr Subba Rao Pavuluri and Prof K Ramachandran, as Directors subject to retirement by rotation.

AUDITORS

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

PARTICULARS OF EMPLOYEES

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 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. Your Company is seeking green building certification for the new pre-clinical building at Life Sciences campus.

DIRECTORS RESPONSIBILITY STATEMENT

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

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

MANAGEMENT DISCUSSION & ANALYSIS

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

Industry Overview

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

- i) Clinical Research
- ii) Pre-Clinical Research
- iii) Clinical Reference Laboratory Services
- iv) Analytical testing of Food & Drugs
- v) Advanced Molecular Biology Services
- vi) Environmental Monitoring and Impact Assessments
- vii) In-house R&D

As seen above your Company's focus is majorly on Pharma and health care.

Scope and Potential

Globally drug development costs have been on rise and pharma companies are under pressure to reduce costs. Outsourcing to India seems to be a good value proposition that's leading to functional and strategic collaborations with Contract Research Organizations (CROs). It is a great opportunity for your Company and the success lies only in long term partnerships with the customers. It is also a matter of successful delivery at proof of concepts and trial orders.

Your Company is well positioned and right in time to respond to the opportunities cited above. The Pre-Clinical Research resuming in 2009 has good potential to support early stage drug development activities of Pharma & Biotech Companies. The capabilities developed and being developed by your Company through in-house R&D, Advanced Molecular Biology and Clinical lab would also support Bio-Similars and large molecule development programs for customers.

Existing partnerships with Pharma majors are already helping your Company to fine tune the systems and acquire new capabilities.

More than half of your Company's business in future is going to come from a few big customers. Successful partnerships are the only key to sustainability. The proportion of overseas business is likely to increase and your Company has to adjust to global competition & challenges.

Strengths

Your Company's business has been very resilient owing to its integrated and multi-disciplinary nature. It entered the Silver Jubilee year reflecting the successful path and has traveled from a single bench laboratory to a World Class Organisation. Your Company is financially stable. It has not leveraged its balance sheet.

Threats

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

Outlook

Considering the market potential and increasing intent from Pharma MNCs on outsourcing to Indian CROs, the Company is confident of maintaining higher growth rates in the years to come.

Risks and Concerns

The increasing demand for Vimta's services 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 impart on job training to cope-up with the increasing work loads. Further, steep increase in the input costs due to high inflation is a major concern. Vimta is making all its efforts to reduce the expenditure to off set the effect of inflation to maintain the profitability levels.

Safety, Health and Environment

As a part of Vimta's commitment towards the principles of sustainable development; safety, health and environment continue to be priority areas by the Company. Some of the major activities in these areas have been recycling of waste water working towards green building recognition and safety training of staff at all levels. The Life Sciences facility has been created with required standards to ensure the safety and health of the personnel.

Foreign exchange fluctuations

Foreign currency transactions pertaining to the invoices raised on customers are accounted at the exchange rates prevailing on dates of the respective transactions. The outstanding receivables as on balance sheet date are translated at year end rates. The exchange differences arising on actual date of receipts from the customers settled during the year resulted a gain of Rs 253.31 lakhs.

Monetary liabilities denominated in foreign currency pertaining to term loan as at balance sheet date is translated at year end exchange rate. The resultant exchange loss during the year is Rs 327.95 lakhs.

The net loss during the year on account of the above transactions amounting to Rs 74.64 lakhs has been charged to Profit & Loss Account.

Segment-wise or Product-wise Performance

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

Internal Control Systems

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

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 2008-09 is Rs.8173.07 lakhs as compared to the previous year of Rs. 7889.50 lakhs. The Export income increased by 4.76% in the year to reach Rs.3037.74 lakhs, as compared to the previous year of Rs. 2899.82 lakhs. The Net Profit stood at Rs.404.43 lakhs as compared to the previous year net profit of Rs. 624.57 lakhs.

Human Resources

Human Resources are very vital to your Company, as the Quality and Knowledge are two prime drivers for the business. During the last two years, the Company's main campuses have turned more people centric.

The Company is creating a more conducive environment for promoting learning & research. The memorandum of understanding with Deakin University, Australia, to promote Ph.D programs is an example. More such collaborations are in the offing.

Senior management has made the disclosure to the Board and confirmed that they had no material financial and commercial transactions that could have a potential conflict with the interest of the Company at large.

CORPORATE GOVERNANCE

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

DISCLOSURES AS PER THE LISTING AGREEMENT & SEBI REGULATIONS

Cash Flow 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.

Stock Exchanges

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

- i) Bombay Stock Exchange Limited
Phiroje Jeejeebhoy Towers, Dalal Street, Mumbai - 400001
- ii) National Stock Exchange of India Limited
"Exchange Plaza", Bandra, Kurla Complex, Bandra (E)
Mumbai - 400 051

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.

Code of Conduct

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

FIXED DEPOSITS

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

ACKNOWLEDGMENTS

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

For and on behalf of the Board

Place : Hyderabad
Date : 23.07.2009

DR S P VASIREDDI
CHAIRMAN & MANAGING DIRECTOR

Directors' Report

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, 2009)

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. 37 years.	60	Managing Director	01.04.2005	5376000	i) Mineral Exploration Corp. Ltd., Nagpur ii) Vimta Labs
V V Prasad	B.Com 32 years.	58	Executive Director	01.04.2005	4332000	Vimta Labs
V Harriman	D. Tech in Elect., Toronto, Canada 32 years.	58	Director - Technical	01.04.2005	4332000	i) GB Electronics, Bangalore ii) Vimta Labs
Harita Vasireddi	B.Pharm, MBA 11 years.	34	Director - Quality	01.04.2005	3610000	Vimta Rostest Pvt. Ltd.
Dr N V Rama Rao	M.Sc. Ph.D 39 years.	62	President-Life Sciences	11.10.2006	2887800	Indian Medicines Pharmaceuticals Corp. Ltd.
Dr Mahanand-swara Gattu	M.Sc. Ph.D 16 years.	41	Vice President - R&D	30.05.2008	2277096	i) Schering Plough Research Institute ii) Glaxo SmithKline, USA
Dr Jyothi Ganti	M.Sc. M.Tech. Ph.D 19 years.	46	Vice President Analytical	10.11.2008	1028125	i) Matrix Laboratories Ltd ii) Mayne Pharma, Australia

NOTES :

1. Nature of employment of Managing Director and other Wholtime Directors are 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

Place : Hyderabad
Date : 23.07.2009

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, 2009.)

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 substances. Testing is performed using different instruments. It may be that a particular substance 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 required in most areas in the lab.
- iii) Occupancy sensors are installed at the Life Sciences Facility to control artificial lighting.

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

An integrated building management system from SIEMENS is also installed at the Pre-Clinical facility to help conservation 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 :

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 those of DCGI, USFDA, ICH etc.

Latest technologies absorbed include : Micro-Arrays, DNA Sequencers, Maldi TOF-TOF Proteomics analyzer and Dioxin Analyzer based on high resolution GCMS.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the financial year, the Company has earned foreign exchange of Rs.3037.74 lakhs (previous year Rs. 2899.93 lakhs). The Company's foreign exchange outgo was of Rs.833.30 lakhs (previous year Rs. 1064.85 lakhs) on import of capital goods, software, chemicals, consumables & reference standards, and travel expenditure, professional charges etc.

For and on behalf of the Board

Place : Hyderabad
Date : 23.07.2009

DR S P VASIREDDI
CHAIRMAN & MANAGING DIRECTOR

Declaration by Managing Director

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

Place : Hyderabad
Date : 23.07.2009

DR S P VASIREDDI
CHAIRMAN & MANAGING DIRECTOR

Report on Corporate Governance

1. INTRODUCTION

Company Philosophy on Corporate Governance

Vimta Labs Limited ("Vimta" or "The Company") believes that 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. 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 during the year ended March 31, 2009 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. in Chemistry with over 37 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 32 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 32 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 graduate in Pharmaceutical Sciences and an MBA (USA) in Service Operations Management with 11 years of experience. She worked with Vimta Rostest (P) Ltd. as Manager Operations for four years. Currently she is Director-Quality.
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 Subba Rao Pavuluri Non-Executive & Independent Director	He is a technologist and an entrepreneur having extensive knowledge and experience in Indian Space Program. He has more than 17 years of business experience in design, develop and fabrication of systems and subsystems for Indian space Programme (ISRO) and Defence Program (DRDO). He is a member of more than 15 professional societies and visiting Scientist, domestic and international. He has received national award for "Entrepreneur ship for the year 2000" by Government of India apart from several other awards from various government departments and institutions. Inducted to the Board in 2003.
Prof D Balasubramanian Non-Executive & Independent Director	He is a Ph.D. in Chemistry from Columbia 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 Chevalier de l' Ordre National de Merite" by President of France in 2002.
Prof K Ramachandran Non-Executive & Independent Director	He is the Thomas Schmidheiny Chair Professor of Family Business and Wealth Management at the Indian School of Business. He has done extensive research on family business, entrepreneurship and strategy and has published extensively in reputed Indian and overseas journals. He has over 33 years of experience as an academic. Prior to that he was a professor at the Indian Institute of Management Ahmedabad for fifteen years. He has written several management cases, and has conducted training programmes on strategic management and entrepreneurship for entrepreneurs and senior and top managers. He has been on various advisory committees of the Government of India, World Bank, Securities and Exchange Board of India on entrepreneurship and strategy.

Report on Corporate Governance

2.2 Meetings and Attendance Record of each Director

The attendance record of the Directors at the Board Meetings during the year 2008-2009 and the Annual General Meeting held on September 04, 2008, is as under :-

Name of the Directors	Attendance at	
	Board Meeting	A G M
Dr S P Vasireddi	4	Present
V Harriman	4	Present
V V Prasad	4	Present
Harita Vasireddi	4	Present
T S Ajai	3	Absent
Dr Subba Rao Pavuluri	2	Present
Prof D Balasubramanian	2	Present
Prof K Ramachandran	2	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	1
V Harriman	1
V V Prasad	1
Harita Vasireddi	-Nil-
T S Ajai	-Nil-
Dr Subba Rao Pavuluri	2
Prof D Balasubramanian	-Nil-
Prof K Ramachandran	1

2.4 Number of Board Meetings

During the year ended March 31, 2009 the Board of Directors met four times. These were held on April 21, 2008; July 30, 2008; October 30, 2008 & January 16, 2009.

2.5 Re-appointment of Directors

The Directors Dr Subba Rao Pavuluri and Prof K Ramachandran shall retire by rotation at the ensuing Annual General Meeting, and are eligible for re-appointment.

The brief particulars/resume and 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

3.1 Terms of Reference

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

The Chief Financial Officer 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.

3.2 Composition

T S Ajai : Chairman
Dr Subba Rao Pavuluri : Member
K Ramachandran : Member

The Company Secretary & VP- Corporate Affairs A Venkata Ramana acts as Secretary to the Committee.

3.3 Attendance

During the year the Audit Committee has met 4 times on April 21, 2008; July 30, 2008; October 30, 2008; and January 16, 2009.

Name of the Member	Attendance
T S Ajai	4
Dr Subba Rao Pavuluri	3
Prof. K Ramachandran	2

4. REMUNERATION COMMITTEE

4.1 Terms of Reference

The remuneration committee of the Company recommends the compensation package and other terms and conditions of Managing Director, Whole time Directors and other senior managers.

4.2 Composition

Prof K Ramachandran : Chairman
T S Ajai : Member
Dr Subba Rao Pavuluri : Member

The Company Secretary & VP- Corporate Affairs, A Venkata Ramana acts as Secretary to the Committee.

4.3 Attendance

During the year, the Remuneration Committee has met one time and T S Ajai and Dr Subba Rao Pavuluri have attended for the meeting.

4.4 Remuneration Policy

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

The Details of Remuneration paid to the Managerial Personnel During the Year

(In Rupees)

Name of the Directors	Salary	Perqui-sites	Commis-sion	Total
Dr S P Vasireddi	4800000	576000	---	5376000
V Harriman	3900000	432000	---	4332000
V V Prasad	3900000	432000	---	4332000
Harita Vasireddi	3250000	360000	---	3610000

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