

Wintac LIMITED

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REPORT
2002-2003



Winning Technologies

**BOARD OF DIRECTORS**

Shri S.T.R. Mady	Chairman
Shri S. Jayaprakash Mady	Managing Director
Shri H.R. Kedlaya	Director
DR. K. Nagarajan	Director
Dr. C. Prakash	Director

COMPANY SECRETARY

Shri B.P. Thyagaraj

BANKERS

Karnataka Bank Ltd., Basavanagudi, Bangalore

AUDITORS

M/s. Rao & Swami
Chartered Accountants,
2/1, Connaught Road,
Bangalore-560 052.

SHARE TRANSFER AGENT

Canbank Computer Services Ltd.
R & T Centre, Hotel Broadway Complex,
No.19, K.G.Road, Bangalore 560 009.

SHARES LISTED AT

Bangalore Stock Exchange Limited
Stock Exchange - Mumbai
(Listing fee paid for the year 2003-04)

REGISTERED OFFICE

16/2, OVH Road, Basavanagudi,
Bangalore - 560 004.

CORPORATE OFFICE

163, Reservoir Street, Basavanagudi,
Bangalore-560 004.
Phones : 080-6612792/6677027
Fax : 080-6522566

MANUFACTURING UNIT

54/1, NH4, Near 39th Mile Stone,
Boodihal Village, Nelamangala Taluk,
Bangalore District, Karnataka.

N O T I C E

Notice is hereby given that the Thirteenth Annual General Meeting of the members of Wintac Limited will be held at Pai Vijay Hall, 530/58, 33rd Cross 11th Main, 4th Block, Jayanagar, Bangalore-560 011 on Thursday, the 4th December 2003 at 10 a.m. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 30th June, 2003 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Shri. S.T.R.Mady who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint auditors to hold office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS

4. To consider and, if thought fit, to pass, with or without modification(s) the following as an Ordinary Resolution

"RESOLVED THAT" subject to the provisions of Sections 198, 269, 309, 310, 311 Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") and subject to the limits prescribed under the Act and also subject to such approvals as may be necessary, consent of the Company be and is hereby accorded to the re-appointment of Shri S. Jayaprakash Mady as Managing Director of the Company for a period of five years with effect from 1st February, 2003 on the following terms and conditions

- Salary - Rs. 50,000 per month in the first year with an yearly increment of Rs.10,000 per month for the subsequent period.
- Perquisites - The Managing Director shall be entitled to the following perquisites as classified into three categories 'A', 'B' and 'C'.

CATEGORY 'A'

- i. **Housing** : The Managing Director will be provided with furnished company leased accommodation at a maximum amount of Rs.15,000 p.m.
- ii. **Medical Reimbursement** : Expenses incurred for the Managing Director and the family subject to a ceiling of one month's salary per year or three month's salary over a period of three years.
- iii. **Club Fee** : Fee of clubs subject to a maximum of two clubs. This will not include admission and life membership fee.
- iv. **Personal Accident Insurance** : Premium not be exceed Rs.1000 per annum.
- v. Leave Travel allowance as per the rules of the Company.

For the purpose of Category 'A', "Family" means the spouse and the dependent children of the Managing Director.

CATAGORY 'B'

- i. Contribution to Provident Fund or annuity fund will not be included in the computation of the ceiling on remuneration to the extent these, either singly or put together, are not taxable under the Income Tax Act.
- ii. Gratuity payable will not exceed half a month's salary for each completed year of service.
- iii. Encashment of leave at the end of the tenure.

CATEGORY 'C'

Provision of Car with driver for official use and also provision of telephone at residence will not be considered as perquisites. However, personal long distance calls will be billed by the Company.



In the event of inadequacy or absence of profits in any financial year, the Managing Director shall be entitled to the remuneration and perquisites subject to limits prescribed under Schedule XIII of the Companies Act, 1956".

Regd. Office :
No.16/2, OVH Road,
Basavangudi,
Bangalore-560 004

By Order of the Board of Directors
For **Wintac Limited**

B.P. Thyagaraj
DGM (Finance) & Secretary

Date : 22-10-2003
Place : Bangalore

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.**
2. Pursuant to the provisions of Section 205A of the Companies Act, 1956, dividend for the financial year ended 31st March, 1996 and thereafter, which remains unpaid or unclaimed for a period of seven years will be transferred to the Investor Education and Protection Fund of the Central Government. Members who have not encashed the dividend warrant(s) for the financial year ended 31st March 1996 and onwards are requested to immediately forward the same to the Company for revalidation.
3. Members who have multiple folios in identical names are requested to send all their share certificates to the Company's Share Transfer Agent for consolidating all such holdings into one account to facilitate better service.
4. Members holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 109A of the Companies Act, 1956 are requested to submit nomination in Form 2B to the Share Transfer Agents of the Company.
5. Members are requested to notify the change in their address to the Company's Share Transfer Agents-Canbank Computer Services Limited, R&T Centre, Hotel Broadway Complex, No. 19, K.G. Road, Bangalore-560 009.
6. The explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of Item No.4 annexed.
7. Brief Resume, Expertise, Board Memberships in other companies and Committee positions thereof of Directors seeking appointment/re-appointment pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges.

Shri S.T.R.Mady

Shri S.T.R.Mady is 67 years old and is on the Board since 1993. He is a Graduate in Pharmacy and well-known industrialist having over 35 years of industrial experience and is one of the promoters of the Company. He is currently the Technical Director of Bangalore Pharmaceuticals & Research Laboratory Pvt. Ltd. Shri S.T.R. Mady has wide experience in the field of manufacture of Pharmaceutical Formulations particularly in Tablet Manufacturing and Alcohol based liquid orals.

Shri S.T.R. Mady is also on the Board of Bangalore Pharmaceuticals & Research Laboratory Pvt. Ltd and Shastra Pharma Laboratories Pvt. Ltd. He does not hold any Committee Membership in any other company. He retires by rotation and is eligible for reappointment. The Board recommends his re-appointment.

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By Order of the Board of Directors
For **Wintac Limited**

B.P. Thyagaraj
DGM (Finance) & Secretary

Date : 22-10-2003
Place : Bangalore

EXPLANATORY STATEMENT IN RESPECT OF ITEM NO. 4 OF THE NOTICE PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

The Board of Directors at their Meeting held on 29th January, 2003, on the recommendation of the Remuneration Committee, re-appointed Sri. S. Jayaprakash Mady as the Managing Director of the company for a period of five (5) years with effect from 01.02.2003.

The Managing Director shall be entitled to the salary and prerequisites as outlined in the Resolution at item No. 4 of the accompanying notice subject to the limits laid down in Section 198, 309 and Schedule XIII to the Companies Act, 1956.

Nature of Duties : The Managing Director is authorised to exercise substantial powers of management and shall be responsible for the day-to-day management, subject to the superintendence, direction and control of the Board of Directors of the Company.

The Managing Director shall have the general control of the business of the company with powers to enter into contracts on behalf of the Company in the ordinary course of business and to do and perform all other acts and things which in the ordinary course of business he may consider necessary or proper in the interest of the Company and carry out such duties as may be entrusted and/or delegated to him by the Board from time to time.

Shri S. Jayaprakash Mady is 40 years old and a Graduate in Pharmacy with distinction. He is an industrialist and one of the promoters of the company and has more than 12 years of industrial experience. He has worked first hand on the development of Time Release formulations of Nifedipine, Zinc, Iron, Diclofenac Sodium and Indomethacin. He was instrumental in setting up a state-of-the-art Research & Development Centre as well as Manufacturing Plant matching with International Standards. He is also on the Board of Shastha Pharma Laboratories Pvt. Ltd., and Mady Constructions Ltd. He does not hold any Committee Memberships in any other company.

Except Mr. S.T.R.Mady, being a relative of the Managing Director, and Mr. S. Jayaprakash Mady, no other director is interested or concerned in the said resolution.

The agreement entered into between the company and Sri S. Jayaprakash Mady is open for inspection by the Membes at the registered office of the company on any working day during business hours of the company till 4.12.2003.

In terms of the provisions of Section 109, 269 & 309 read with Schedule XIII of the Companies Act, 1956, the appointment of Mr. S. Jayaprakash Mady as Managing Director of the Company and payment of remuneration to him are subject to the approval of the members in General Meeting. The Board recommends the resolution to the members for their approval.

By Order of the Board of Directors
For **Wintac Limited**

Date : 22-10-2003
Place : Bangalore

B.P. Thyagaraj
DGM (Finance) & Secretary



DIRECTORS' REPORT

To the Shareholders

The Directors have pleasure in presenting the Thirteenth Annual Report together with the Audited Accounts for the year ended 30th June, 2003.

FINANCIAL PERFORMANCE

	For the year ended 30th June, 2003 (Rs.in Lakhs)	For the year ended 30th June, 2002 (Rs.in Lakhs)
Income from operations	1172.12	1374.10
Other Income	79.58	88.81
Total Revenue	1251.70	1463.77
Total Expenditure	1018.21	1150.34
Operating Profit (PBDT)	233.49	313.43
Interest	93.90	107.21
Profit before Depreciation (PBDT)	139.59	206.22
Depreciation	92.47	84.97
Profit before Provisions/Prior period expenses	47.12	121.25
Provisions/Prior period expenses	371.28	-
Provisions for Taxation	-	9.10
Profit/(Loss) after Tax	(324.16)	112.15
Balance brought down from previous year	0.78	0.63
Excess provision for dividend reversed	0.11	-
Appropriations:		
Proposed final dividend	-	40.00
Transfer to General Reserve	-	72.00
Balance carried forward	(323.26)	0.78

OPERATIONS

The year under review has been a roller-coaster one for your Company. Both the turnover and the profitability were under pressure due to the depressed growth of the pharma industry. The turnover and the operating profit was Rs.1101.17 lakhs and Rs.47.12 lakhs respectively. This was mainly because of the poor off take from our major customers due to sluggish market conditions. In manufacturing activity growth largely depends on the business from the other marketing companies. However, there are signs of recovery in the market conditions and the order bank position is improving. We have also started the manufacture of few additional products for existing customers and also for a couple of new customers. Further, during the year the bankers invoked the Corporate Guarantee provided by the Company in favour of its erstwhile subsidiary company, Recon Agrotech Limited. Company negotiated with the bankers for

one time settlement of dues at Rs.262 lakhs and paid the same. As a matter of prudence a provision of Rs. 283 lakhs is made in the accounts for the year under review.

Your Company revived the Marketing operations during the year in the Oncology division by acquiring certain brands/trade marks. The results of the marketing operations are satisfactory and we plan to expand this in the coming years by introducing new products. Currently, some of the major products marketed are Paclitaxel, Carboplatin, Cisplatin, Bleomycin, Decarbazine, etc. Major customers include Defence Hospitals, Government Hospitals and most of the cancer hospitals in the country. The company has set up a marketing team and a distribution network commensurating with the size of the marketing operations of the Company.

DIRECTORS

Shri S.T.R.Mady retires by rotation and being eligible offers himself for reappointment.

The Board of Directors has re-appointed Shri S.Jayaprakash Mady as the Managing Director of the Company for a period of five years with effect from 1st February, 2003. A proposal is being placed before the Members for approval at the ensuing Annual General Meeting.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, a Management Discussion and Analysis, Corporate Governance Report and Auditors' Certificate regarding compliance of conditions of Corporate Governance are made a part of the Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors confirm that

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- they have prepared the annual accounts on a going concern basis.

AUDITOR'S OBSERVATION

Notes Nos. 5, 6(c), 6(d), 8(a), 8(b), 8(c), 9 and 15 are self explanatory.

PERSONNEL

There were no employees drawing remuneration during the year in excess of the limits specified under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.



CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUTGO

In pursuance of the provisions of Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo are annexed to the Report.

AUDITORS

The Auditors Messers Rao & Swami, Chartered Accountants retire at the forthcoming Annual General Meeting and being eligible offer for reappointment.

ACKNOWLEDGEMENT

The Board places on record its appreciation for the continued cooperation and support received from the Medical Profession, various Government Agencies, Shareholders, Business Associates, Employees, Depositors and Bankers.

For and on behalf of the Board of Directors

Date : 22.10.2003

Place: Bangalore

S.T.R. MADY
CHAIRMAN

ANNEXURE TO THE DIRECTORS' REPORT

Information under 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 and forming part of the Directors' Report for the year ended June 30, 2003.

I. CONSERVATION OF ENERGY

The Company continues to explore measures which will help in conservation and saving of energy.

FORM - A

A. Power and Fuel Consumption		2002-2003	2001-2002	
1. Electricity				
a. Purchased units	KWH	13,07,640	11,57,910	
Total Amount	Rs. Lakhs	59.38	50.53	
Rate/Unit	Rupees	4.54	4.36	
b. Own Generation Through Diesel Generators:				
Units	KWH	1,33,145	2,47,292	
Cost/unit	Rupees	5.83	5.17	
2. Coal	Tonnes	Nil	Nil	
3. Furnace Oil				
Quantity	Kilolitre	Nil	Nil	
Total Amount	Rs.Lakhs	-	-	
Average Rate	Rs./KL	-	-	
4. Other/Internal Generator (Diesel - Ltrs)		39160	72,047	
B. Consumption per unit of Production				
	Capsules (Nos.)		Sterile Products	
	2002-2003	2001-2002	2002-2003	2001-2002
	790	814	2.28 lakh	2.79 lakh
	lakh	lakh	Ltrs	Ltrs

FORM – B**II RESEARCH AND DEVELOPMENT (R&D)**

- | | | |
|--|---|---|
| i. Specific areas in which R&D carried out by the Company | : | 1. Formulations development on Contract basis.
2. Analytical methods development.
3. Stability studies as per ICH Guidelines to meet international Standards
4. Process improvements to improve quality of formulations and reduce cost. |
| ii. Benefits derived as a result of the above R&D | : | 1. Nasal drops containing Oxymetazoline was developed and commercialised.
2. Development work of a Capsule containing a fibrous material is completed. |
| iii. Future plan of action | : | The above R&D activity will be continued. |
| iv. Expenditure on R&D | | |
| a. Capital | : | Rs. 1.94 lakhs |
| b. Recurring | : | Rs.33.33 lakhs |
| c. Total | : | Rs.35.27 lakhs |
| d. Total R&D expenditure as a percentage of total turnover | : | 4.63% |

Technology absorption, adaptation and innovation

- | | | |
|---|---|---|
| i. Efforts, in brief, made towards technology absorption, adaptation and innovation | : | Technology associated with the manufacture of two ophthalmic preparations was absorbed from a multinational company and commercialised. Innovative approach was successfully made to encapsulate a natural fibrous material without affecting its natural properties for a multinational Company. |
| ii. Benefits derived as a result of the above efforts | : | Developed personnel with high technical abilities in the above areas. Sustainability of our business as a manufacturing company is realised as the R&D efforts leads to commercialisation. |
| iii. In case of imported technology (imported during The last 5 years reckoned from the beginning of The financial year), following information may be given: | | |
| Technology imported | : | Nil |
| Year of import | : | N.A. |
| Has technology been fully absorbed ? | : | N.A. |
| If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action | : | N.A. |

III FOREIGN EXCHANGE EARNINGS AND OUTGO

- | | | |
|-------------------------|---|-----------------|
| Foreign Exchange earned | : | Rs. 1.15 lakhs |
| Foreign Exchange used | : | Rs. 22.78 lakhs |