

# Wintac LIMITED

Report **ANNUAL** on.com  
REPORT  
2008-2009



*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

**G.M. (FINANCE) & SECRETARY**

Shri B.P. Thyagaraj

**BANKERS**

UCO Bank, K.G. Road, Bangalore.

**AUDITORS**

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

**SHARE TRANSFER AGENT**

Canbank Computer Services Ltd.  
No.218, J.P. Royale, I Floor, II main,  
Sampige Road, (Near 14th Cross),  
Malleshwaram, Bangalore-560003

**SHARES LISTED AT**

Bangalore Stock Exchange Limited  
Bombay Stock Exchange Limited  
(Listing fee paid for the year 2008-09)

**REGISTERED OFFICE**

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

**CORPORATE OFFICE**

163, Reservoir Street, Basavanagudi,  
Bangalore-560 004.  
Phones : 080-26612792/26677027  
Fax : 080-26622566

**MANUFACTURING UNIT**

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

## NOTICE

Notice is hereby given that the Nineteenth Annual General Meeting of the Members of Wintac Limited will be held at Pai Vijay Hall, 530/58, 33<sup>rd</sup> Cross, 11<sup>th</sup> Main, 4<sup>th</sup> Block, Jayanagar, Bangalore-560 011 on Tuesday, the 29<sup>th</sup> September 2009 at 10.00 am to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2009 and the Profit and Loss Account for the period ended on that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place Shri H.R.Kedlaya 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.

### 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 and Section 205C of the Companies Act, 1956, the amount of dividend remaining unclaimed or unpaid for a period of seven years from the date of transfer to the Unpaid Dividend Account of the Company shall be transferred to the Investor Education and Protection Fund (the Fund) set up by the Government of India and no payments shall be made in respect of any such claims by the Fund. Accordingly, the dividend which had remained unpaid/unclaimed for the financial years from 1995-96 to 2000-2001 have been transferred to the Fund. Members who have not encashed dividend warrant(s) for the financial year ended 30<sup>th</sup> June, 2002 and thereafter, are requested to make their claims to the Company accordingly without any delay.
3. The Register of Members and the Transfer Books of the Company will remain closed from 21<sup>st</sup> September 2009 to 29<sup>th</sup> September 2009.
4. 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 share holdings into one account to facilitate better service.
5. 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.

6. Members are requested to notify the change in their address to the Company's Share Transfer Agents – Canbank Computer Services Limited, R&T Centre, No.218, J.P.Royale, 1<sup>st</sup> Floor, 2<sup>nd</sup> Main, Sampige Road (Near 14<sup>th</sup> Cross), Malleswaram, Bangalore-560 003.
7. Details of the Directors seeking appointment/re-appointment in forthcoming Annual General Meeting (in pursuance of Clause 49 of the Listing Agreement).

Name	Date of Birth	Date of Appointment	Qualifications	Directorships/ Committee Memberships	No.of Shares held
Mr. H.R.Kedlaya	15-10-1936	01-09-1995	Intermediate	Nil	Nil

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

By Order of the Board of Directors  
 For Wintac Limited

Date : 31.08.2009  
 Place : Bangalore.

B.P.THYAGARAJ  
 G.M. (FINANCE) & SECRETARY

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# Wintac LIMITED

## DIRECTORS' REPORT

### To the Shareholders

The Directors have pleasure in presenting the Nineteenth Annual Report together with the Audited Accounts for the year ended 31<sup>st</sup> March, 2009.

### Financial Performance

	Rs. Lakhs	
	For the year ended 31 <sup>st</sup> March, 2008	For the year ended 31 <sup>st</sup> March, 2009
Gross Sales	1777.87	1645.28
Excise Duty	275.22	136.27
Net Sales	1502.65	1509.01
Other Income	20.07	36.99
Total Revenue	1522.72	1546.00
Total Expenditure	1399.28	1489.37
Operating Profit/(Loss)	123.44	56.63
Interest	129.60	125.91
Profit/(Loss) before Depreciation (PBDT)	(6.16)	(69.28)
Depreciation	123.87	127.29
Profit before Provisions/Prior period expenses	(130.03)	(196.57)
Provisions/Prior period expenses	9.54	6.36
Provision for Taxation (FBT)	1.00	1.50
Profit/(Loss) after Tax	(140.57)	(204.43)
<u>Appropriations:</u>		
Balance brought down from previous year	(143.06)	(283.63)
Balance carried forward	(283.63)	(488.06)

### Operations

The net sales during the year under review was Rs.1509 lakhs which was almost same as that of previous year Rs.1503 lakhs. The losses during the year was at Rs.204.00 lakhs as against Rs.140 lakhs during the previous year. The higher losses during the year was due to slow-down of operations for up gradation of the manufacturing plant for the purpose of USFDA Inspection. The steep increase in all the input costs also contributed to the losses incurred during the year. However, the Company has taken various steps to turn-around the operations. These include:

- (i) Revision in the conversion charges from the existing customers,
- (ii) New customers for additional business and
- (iii) Improving the efficiency/ productivity through automation and containing costs.

These measures have started yielding results and the Company was able to turn around the operations during the first quarter of financial year 2009-10. The current order bank position is encouraging and we are confident of improved performance during the current financial year.

### **Exports**

The previous financial year has been a remarkable year for the Company. We are extremely happy to inform you that the Company has completed the USFDA Inspection. There were no major issues with the inspection but for a few minor observations which have been rectified/clarified subsequently.

The inspection was covered for two ANDA's (Ondansetron 20ml and Ondansetron 2ml injections) which were filed during November 2007 and September 2008 respectively. After the receipt of formal approval for the ANDA's, the Commercial production of these products can commence. The other product development work is progressing as per schedule. Our Customer has filed one more ANDA in the month of March '09 and we expect to file ANDA for all the existing products by June 2010. The commercial production for all these products is expected to commence in the financial year 2011-12. We are confident of a substantial growth in sales and profitability with the commencement of commercial supplies for all the products now under development for the US Market.

### **Directors**

Sri.H.R.Kedlaya, Director retires by rotation and being eligible offers him-self for re-appointment.

### **Corporate Governance**

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

### **Directors' Responsibility Statement**

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

- in the preparation of the annual accounts for the year 2008-09, 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.

### **Auditors observation**

Auditors have drawn attention to Notes No.6, 7(a), 7(b), 9(a), 9(b), 10(a) & 10(b) of Schedule-R forming part of the accounts and expressed their reservation on the recoverability of the said loans & advances. The said notes to accounts are self explanatory.

**Personnel**

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is as under:

Name & Designation	Qualifications & Experience	Age	Commencement of employment	Remuneration	Last Employment
Dr. Shiv D Kamath Executive Vice President	Msc, Phd.Org. Chemistry 30 years	59 years	1st July, 2007	Rs.23,61,000	Strides Acrolab Ltd., Vice President One year.

Dr.Shiv D Kamath is not related to any Director of the Company.

**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 M/s 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 : 31.08.2009  
 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 31<sup>st</sup> March, 2009.

**I. CONSERVATION OF ENERGY**

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

**FORM - A**
2007-2008
2008-2009
**A. Power and Fuel Consumption**
**1. Electricity**

a. Purchased units	KWH	13,05,125	12,97,700
Total Amount	Rs. Lakhs	64.60	60.99
Rate/Unit	Rupees	4.95	4.70

**b. Own Generation**

Through Diesel Generators:

Units	KWH	2,09,218	2,26,297
Cost/unit	Rupees	11.08	14.30

**2. Coal**

Tonnes	Nil	Nil
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**3. Furnace Oil**

Quantity	Kilolitre	272.77	47.01
Total Amount	Rs. Lakhs	61.37	16.86
Average Rate	Rs./KL	22,500	35,858

**4. Other/Internal Generator (Diesel - Ltrs)**

79,760	98,582
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**B. Consumption per unit of Production**

Total Production

Capsules (Nos.)		Sterile Products (Ltrs)		Tablets (Nos)	
2007-08	2008-09	2007-08	2008-09	2007-08	2008-09
368 Lakhs	114 Lakhs	3.09 Lakhs	3.51 Lakhs	42 Lakhs	Nil



## FORM - B

## II RESEARCH AND DEVELOPMENT (R&amp;D)

1. Specific areas in which R&D carried out :
- i. Formulation development for Exports to US, North American and European Market.
  - ii. Analytical method development.
  - iii. Process improvement to increase productivity.
2. Benefits derived as a result of the above R&D :
- i. ANDA'S filed for two Injectable and one Ophthalmic Product with US-FDA.
  - ii. Access to US Market for commercial supplies after the approval of ANDA's.
3. Future plan of action :
- i. The above R&D activity will be continued.
  - ii. ANDA's for three more injectable products and three more ophthalmic products will be filed during the next financial year.
  - iii. Six more products will be registered in North American countries during 2009.
  - iv. Upgradation of R&D facility.
4. Expenditure on R&D
- |  |                 |
|--|-----------------|
| a. Capital   | Rs. 12.19 Lakhs |
| b. Recurring   | Rs. 41.00 Lakhs |
| c. Total   | Rs. 53.19 Lakhs |
| d. Total R&D expenditure as a percentage of total turnover | 3.54 %          |

**Technology absorption, adaptation and innovation**

- |      |  |   |  |
|------|--|---|--|
| i.   | Efforts, in brief, made towards technology absorption, adaptation and innovation   | : | Technology associated with the Manufacture of Ophthalmic formulations from US Customer were absorbed and commercialized for domestic market.   |
| 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 ?<br>If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action         | : | N.A.   |
| III  | <b>FOREIGN EXCHANGE EARNINGS AND OUTGO</b>   |   |  |
|      | Foreign Exchange earned  | : | Rs. 250.92 Lakhs   |
|      | Foreign Exchange used  | : | Rs. 13.68 Lakhs  |