Wintac
LIMITED

ANNUAL REPORT
2013-2014

Winning Technologies

Wintac LIMITED

BOARD OF DIRECTORS

Shri S.T.R. Mady	Chairman
Shri S.Jayaprakash Mady	Managing Director
Dr. K.Paranjothy	Director
Shri. Arun Eashwar	Director
Shri. R.A.Thirumoorti	Director
Shri B.P. Thyagaraj	A.V.P. (Finance) & Secretary

BANKERS	State Bank of India, Nelamangala Branch, 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. Phone No. : 080-23469661 / 9662
SHARES LISTED AT	Bangalore Stock Exchange Limited Bombay Stock Exchange Limited (Listing fee paid for the year 2013-14)
REGISTERED OFFICE & MANUFACTURING UNIT	54/1, Boodihal Village, Nelamangala Taluk, Bangalore District, Karnataka - 562 123
CORPORATE IDENTITY NUMBER (CIN)	L85110KA1990PLC011166

Wintac LIMITED

NOTICE

Notice is hereby given that the Twenty-Fourth Annual General Meeting of the Members of Wintac Limited (CIN-L85110KA1990PLC011166) will be held at the Registered Office of the Company at No.54/1, Boodihal Village, Nelamangala, Bangalore-562 123 on 29th September 2014 at 10.00 am to transact the following business:

ORIDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2014 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 of Mr.S.T.Raghavendra Mady (DIN No.00065918) 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 and to pass the following resolution.

   "RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under, as amended from time to time, Rao & Swami, Chartered Accountants (FRN 003105S), be and are hereby appointed as Statutory Auditors of the Company, for a term of one year to hold office from the conclusion of this Annual General Meeting till the conclusion of 25th Annual General Meeting on such remuneration, as may be recommended by the Audit Committee and fixed by the Board of Directors of the Company"

SPECIAL BUSINESS

4. To appoint Mr.B.R.Arun Eashwar as an Independent Director

   To consider and if thought fit, to pass with or without modification[s], the following resolution as a Special Resolution:

   "RESOLVED THAT pursuant to provisions of sections 149, 152 and other applicable provisions, if any of the Companies Act, 2013 ("Act") read with Schedule IV of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and clause 49 of the Listing Agreement Mr.B.R.Arun Eashwar [DIN 01914872], a Director of the Company, in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act 2013 signifying his intention to propose as a candidate for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years until the conclusion of the 29th Annual General Meeting to be held in the calendar year 2019, not liable to retire by rotation."

5. To appoint Mr.R.A.Thirumoorti as an Independent Director

   To consider and if thought fit, to pass with or without modification[s], the following resolution as a Special Resolution:

   "RESOLVED THAT pursuant to provisions of sections 149, 152 and other applicable provisions, if any of the Companies Act, 2013 ("Act") read with Schedule IV of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and as amended from time to time and clause 49 of the Listing Agreement Mr.R.A.Thirumoorti [DIN 02157286], a Director of the Company, in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act signifying his intention to propose as a candidate for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years until the conclusion of 29th Annual General Meeting to be held in the calendar year 2019, not liable to retire by rotation."

6. Payment of Remuneration to the Cost Auditors for the Financial Year ending 31st March 2015.

   To consider and if thought fit, to pass with or without modification[s], the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to provisions of section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies [Audit and Auditors] Rules, 2014 [including any statutory modification(s) or re-enactment thereof for the time being in force], the consent of the members be and is hereby accorded to ratify the remuneration decided by the Board of Directors, based on the recommendation of the Audit Committee, of

₹40,000 to M/s.KSS, VKG & Associates, Cost Accountants appointed by the Board to conduct the audit of cost records pertaining to Pharmaceutical products manufactured by the Company for the financial year ending on March 31, 2015.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts and take such actions as may be necessary, expedient and proper to give effect to this resolution."

7. Approval for the material Related Party Contracts/arrangements/ transactions with Gavis Pharma LLC, USA

To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of revised Clause 49-VII of the Listing Agreement (effective from 1 October 2014), the approval of the Company be and is hereby accorded to the Company to enter into contracts/ arrangements/transactions by the Company with GAVIS Pharma LLC, USA (GAVIS), a 'related party' as defined under Section 2(76) of the Companies Act, 2013 and Clause 49-VII(B)(2) of the Listing Agreement, relating to Development of Products, submission of dossiers and other services in terms of the Master Development Agreement dated April 3, 2013 for a maximum estimated amount of up to US$ 3 million (i.e.₹180 million approx.) every financial year on such terms and conditions as specified in the Product Development Agreement and other agreements that may be entered into hereafter for the commercial supply of products on arms length basis.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby also authorized to do all such acts, matters, deeds and things as may be necessary to give effect to the above resolution."

NOTES:

1. The statement pursuant to Section 102 (1) of the Companies Act, 2013 in respect of the special business under item nos.4 to 7 set out above is annexed hereto.

2. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.**

3. The instrument appointing Proxy in the format annexed here to should be lodged at the Registered Office of the Company not less than FORTY-EIGHT HOURS before the time for holding the Meeting. Proxies submitted on behalf of limited companies, societies, partnership firms, etc. must be supported by appropriate resolution/authority, as applicable, issued by the member entity.

   A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or a member.

4. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.

5. The Register of Members and Share Transfer Books of the Company will remain closed from 20.09.2014 to 29.09.2014 (both days inclusive).

6. The Register of directors and key managerial personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.

7. The Register of contracts or arrangements maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM.

8. Members who hold shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company. Members desirous of making a nomination are requested to send their requests in Form No. SH.13, pursuant to the Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014 (which will be made available on request) to the Registrar and Share Transfer Agent of the Company.

9. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to the Company's Registrars and Transfer Agents, for consolidation into a single folio.

10. In compliance with the provisions of Clause 35B of Listing Agreement read with Section 108 of the Companies Act

2013 and the Rules made there under, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by NSDL, on all the resolutions set forth in this Notice. The e-voting period commences on 23.09.2014 (9:00 a.m. IST) and ends on 25.09.2014 (5:00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialised form, as on 22.08.2014, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by a Member, he shall not be allowed to change it subsequently. The instructions for e-voting are given as a separate attachment to this notice.

11. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.wintaclimited.com within two days of passing of the resolutions at the twenty fourth AGM of the Company on 29.09.2014 and communicated to the BSE Limited, where the shares of the Company are listed.

12. In respect of Members whose e-mail ids are registered with the Company/the Depositories, the Annual Report is sent in electronic mode. The Members who have not registered their e-mail ID are requested to register the same with Company's Registrars and Transfer Agents/Depositories. The Members who are desirous of receiving the full Annual Report may write to the Company's Registrar for a copy of the same.

13. SEBI has mandated the submission of Permanent Account Number (PAN) for participating in the securities market, deletion of name of deceased holder, transmission/transposition of shares. Members are requested to submit the PAN details to their Depository Participant in case of holdings in dematerialized form and to the Company's Registrars and Transfer Agents, mentioning your correct reference folio number in case of holdings in physical form.

14. Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, additional information including brief profile of each of the Independent Directors has been given in the section on Corporate Governance.

15. In case any member is desirous to receive communication from the Company in electronic form, they may register their email address on canbankrta@ccsl.co.in or with their depository participant along with their folio no. and valid email address for registration.

16. Members are requested to kindly bring their copy of the Annual Report with them at the Annual General Meeting, as no extra copy of Annual Report would be made available at the Annual General Meeting. Members/proxies should also bring the attached Attendance Slip, duly filled and hand it over at the entrance to the venue.

17. Members are requested to intimate immediately, any change in their address or bank mandates to their depository participants with whom they are maintaining their demat accounts or to the Company's Registrar & Share Transfer Agent, M/s.Canbank Computer Services Ltd., Bangalore if the shares are held by them in certificate form.

18. Additional Information on 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.S.T.R.Mady	10.12.1936	04.02.1993	B'Pharma	SPRL Pvt.Ltd. Shastha Pharma Lab P.Ltd.	4,07,750
Mr.B.R.Arun Eashwar	07.06.1983	01.02.2013	M.Com	Q3 India Software P.Ltd Salu Spng Mills Pvt.Ltd.	Nil
Mr.R.A.Thirumoorti	20.04.1973	11.07.2013	BBM	Add Clothings India P.Ltd	Nil

Regd. Office:
No. 54/1, Boodihal Village,
Nelamangala,
Bangalore - 562 123.

Date : 14th August, 2014
Place : Bengaluru.

By Order of the Board of Directors
For Wintac Limited

B.P.THYAGARAJ
ASST.V.P.(FINANCE) & SECRETARY

STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013

Item No.4

Mr.Arun Eashwar is a non-executive independent director of the Company appointed in compliance of Clause 49 of Listing Agreement entered into with the Stock Exchanges by the Company. Mr.Arun Eashwar retires by rotation at the ensuing AGM under the erstwhile applicable provisions of Companies Act, 1956. In terms of Section 149 read with Schedule IV and other applicable provisions of the Companies Act, 2013, Mr.Arun Eashwar being eligible, is proposed to be appointed as an Independent Director for a term of 5 years.

The resolution seeks the approval of the shareholders for appointment of Mr.Arun Eashwar as an Independent Director of the Company for a term of five years pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013, read with Schedule IV and the Rules made there under. He will not be liable to retire by rotation.

The Company has received a notice in writing pursuant to Section 160 of the Companies Act, 2013 from a member along with a requisite amount of deposit proposing the candidature of Mr.Arun Eashwar for the office of Independent Director, to be appointed as such under the provisions of Section 149, 152 read with Schedule IV of the Companies Act, 2013.

The Company has received from Mr.Arun Eashwar (i) consent in writing to act as director in form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013, confirming his eligibility for such appointment, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

In the opinion of the Board, Mr.Arun Eashwar fulfils the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as an Independent Director of the Company and is independent of the management. A copy of the draft letter of appointment of Mr.Arun Eashwar as an Independent Director setting out the terms and conditions will be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and accordingly the Board recommends the resolution for appointment of Mr.Arun Eashwar as an Independent Director, for the approval by the shareholders of the Company. This resolution is proposed as a Special Resolution by way of abundant caution.

No director, key managerial personnel or their relatives except Mr.Arun Eashwar to whom the resolution relates, is interested or concerned in the resolution.

Item No.5

Mr.R.A.Thirumoorti is a non-executive independent director of the Company appointed in compliance of Clause 49 of Listing Agreement entered into with the Stock Exchanges by the Company. In terms of Section 149 read with Schedule IV and other applicable provisions of the Companies Act, 2013, Mr.R.A.Thirumoorti being eligible, is proposed to be appointed as an Independent Director for a term of 5 years.

The resolution seeks the approval of the shareholders for appointment of Mr.R.A.Thirumoorti as an Independent Director of the Company for a term of five years pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013, read with Schedule IV and the Rules made there under. He will not be liable to retire by rotation.

The Company has received a notice in writing pursuant to Section 160 of the Companies Act, 2013 from a member along with a requisite amount of deposit proposing the candidature of Mr.R.A.Thirumoorti for the office of Independent Director, to be appointed as such under the provisions of Section 149, 152 read with Schedule IV of the Companies Act, 2013.

The Company has received from Mr.R.A.Thirumoorti (i) consent in writing to act as director in form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013, confirming his eligibility for such appointment, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

In the opinion of the Board, Mr.R.A.Thirumoorti fulfils the conditions specified in the Companies Act, 2013 and rules

made there under for his appointment as an Independent Director of the Company and is independent of the management. A copy of the draft letter of appointment of Mr.R.A.Thirumoorti as an Independent Director setting out the terms and conditions will be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and accordingly the Board recommends the resolution for appointment of Mr.R.A.Thirumoorti as an Independent Director, for the approval by the shareholders of the Company. This resolution is proposed as a Special Resolution by way of abundant caution.

No director, key managerial personnel or their relatives except Mr.R.A.Thirumoorti to whom the resolution relates, is interested or concerned in the resolution.

Item No.6

The Board had on May 9, 2014 on the recommendation of the Audit Committee, approved the appointment and remuneration of Mr.K.S.Sathyanarayana, Partner KSS, VKG and Associates, the Cost Auditors to Conduct the audit of the Cost records maintained by the Company for the Financial Year ending March 31, 2015 and remuneration of ₹40,000 plus service tax and out-of-pocket expenses have been fixed for this purpose. In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, ratification for the remuneration payable to the Cost Auditors for the Financial Year 2014-15 by way of an Ordinary Resolution is being sought from the members as set out at Item No.6 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No.4 of the Notice for approval by the Members.

None of the Directors or Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, in the resolution set out at Item No.6 of the Notice.

Item No.7

GAVIS Pharma LLC, USA being a principal shareholder of the Company is a 'Related Party' within the meaning of Section 2(76) of the Companies Act, 2013 and Clause 49-VII(B)(2) of the Listing Agreement (effective October 1, 2014). In terms of proviso to Clause 49-VII(C) of the Listing Agreement, the contracts/ arrangements/transactions relating to transfer or receipt of products, goods, materials or services with GAVIS Pharma LLC are material in nature as these transactions are likely to exceed 20% of the Net worth of the Company as per the last audited financial statements of the Company. Therefore, in terms of Clause 49-VII (E), the contracts/arrangements/ transactions with GAVIS Pharma LLC requires the approval of unrelated shareholders of the Company by a special resolution.

The particulars of the contracts/arrangements/transactions are as under:

1. Name of related party: GAVIS Pharma LLC, USA
2. Name of director or key managerial personnel who is related: None
3. Nature of relationship: GAVIS Pharma LLC holds controlling equity shares (54.99%) in Wintac Limited.
4. Material terms of the contracts/arrangements/transactions: Development of Pharmaceutical Products (Formulations) and providing Dossiers in Injectables and Ophthalmic segment for overseas Regulated Market on arm's length basis.
5. Monetary value: Estimated maximum amount of up to US$ 3 million every financial year.
6. Any other information relevant or important for the members to make a decision on the proposed transaction: None

The contracts/arrangements/transactions with GAVIS Pharma have been approved by the Audit Committee at its meeting held on 9th May 2014 and considered by the Board of Directors at their meeting held on 9th May 2014 for recommending the same to the unrelated shareholders of the Company for their approval.

None of the Directors/Key Managerial Personnel of the Company/their relatives is, in any way, concerned or interested, financially or otherwise, in this resolution.

The Board recommends the resolution set forth in Item No.7 of the Notice for approval of the unrelated shareholders of the Company.

By Order of the Board of Directors
For Wintac Limited

Date : 14th August, 2014
Place : Bengaluru.

B.P.THYAGARAJ
ASST.V.P.(FINANCE) & SECRETARY

Wintac LIMITED

Attendance Slip

Folio No./Client Id :

No of Shares :

Name and address of First/Sole Share holder :

I, hereby record my presence at the 24th Annual General Meeting of the Company to be held on Monday, 29 September 2014 at 10.00 am at 54/1, Boodihal Village, Nelamangala, Bangalore-562 123.

Name of the Member/Proxy
(Block letters)

Signature of the Member/Proxy

Wintac LIMITED

PROXY FORM

Name of the Shareholder(s) :
Registered Address :

Email ID: Folio No./Client ID: DP ID :

I/We, being member(s) of Wintac Limited, holding shares of the Company, hereby appoint:

A. Name :
Address :
E-mail ID :
Or failing him:

Signature

B. Name :
Address :
E-mail ID :
Or failing him

Signature

C. Name :
Address :
E-mail ID :

Signature

As my/our proxy to attend and vote (on poll) for me/us, on my/our behalf at the 24th Annual General Meeting of the Company to be held on 29.09.2014 at No.54/1, Boodihal Village, Nelamangala, Bangalore-562123 and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolution No	Resolutions	Vote (Please mention No. of shares)		
		For	Against	Abstain
1	Approval of Balance sheet as at 31.03.2014 and Profit & Loss account for the period ended on that date and the Reports of the Directors and Auditors thereon.			
2	Appoint a Director in place of Mr.S.T.Raghavendra Mady who retires by rotation and being eligible offers himself for re-appointment.			
3	Appoint the retiring Auditors Rao & Swamy, Chartered Accounts as Statutory Auditors and fix remuneration.			
4	To appoint Mr.B.R.Arun Eashwar as Independent Director			
5	To appoint Mr.R.A.Thirumoorti as an Independent Director			
6	Approval of remuneration payable to Cost Auditors			
7	Approval of material Related Party Contracts/Transactions with GAVIS Pharma LLC, USA.			

Signed this day of 2014.

Affix
₹ 1
Revenue Stamp

Signature of the Shareholder

Signature of the Proxyholder(s)

Wintac LIMITED

DIRECTORS' REPORT

To the Shareholders

The Directors have pleasure in presenting the Twenty-fourth Annual Report together with the Audited Accounts for the year ended 31st March, 2014.

Financial Performance ₹ Lakhs

	For the year ended 31st March 2013	For the year ended 31st March 2014
Gross Sales	2268.63	3269.95
Excise Duty	180.16	222.19
Net Sales	2088.47	3047.76
Other Income	35.11	58.45
Total Revenue	2123.58	3106.21
Total Expenditure	2393.38	3183.51
Operating Profit/(Loss)	(269.79)	(77.30)
Interest	282.10	32.59
Profit/(Loss)before Depreciation (PBDT)	(551.89)	(109.89)
Depreciation	194.11	187.97
Loss before exceptional expenditure	(746.00)	(297.86)
Exceptional expenditure	1032.38	349.16
Profit/(Loss) before Tax	(1778.38)	(647.02)
Deferred tax	(58.23)	52.42
Net Profit/(Loss) after Tax	(1720.15)	(699.44)

Operations

The operating results of the Company improved during the year albeit a net operating loss of ₹ 77.30 lakhs. The Net Sales of the Company increased by 46% to ₹ 3047.76 lakhs as compared to ₹ 2088.47 lakhs during the previous year. The Net Loss during the year was ₹ 699 lakhs as compared to ₹ 1720 lakhs during the previous year. Your Directors are confident of turning around the operations during the current financial year.

We are happy to report that the USFDA Authorities re-inspected the manufacturing facility during August 2013 and have reinstated the GMP Status and also vacated the warning letter issued during February 2012. Necessary steps are being initiated to commence the export sales to USA.

As reported during the previous year, Your Company undertook a major restructuring exercise during the previous year and infused equity funds to retire all high cost borrowings and support the working capital. Post restructuring, your Company is pursuing the Product Development Activity very aggressively and has entered into a Product Development Agreement with GAVIS Pharma. As per the contract, Wintac Limited develops the product and provides dossiers to GAVIS Pharma for filing the ANDA and the commercial supplies can commence after the approval of the dossiers. We are happy to report that during the last one year your Company has provided dossiers for 20 products and has plans to continue the development work at the same pace over the next few years.

We are confident of achieving a substantial growth once the products are approved and commercial supplies commence.

Directors

Shri.S.T.Raghavendra Mady retires by rotation and is being eligible offers himself for re-appointment.

Shri Arun Eashwar and Mr.R.A.Thirumoorti non-executive Directors of the Company are proposed for appointment as Independent Directors of the Company pursuant to the provisions of Companies Act 2013.

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 annexed to 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 2013-14, 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 judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit 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.

Personnel

There was no employee employed during the year or part of the year drawing remuneration 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

M/s Rao & Swami, Chartered Accountants and the Auditors of the Company retire at the forthcoming Annual General Meeting and being eligible, are recommended for reappointment for a period of one year to hold office up to the conclusion of 25th Annual General Meeting pursuant to Section 139 of Companies Act 2013.

Cost Auditor

As per the directions of the Central Government pursuant to Section 233B of the Companies Act, 1956 the Company is required to have its cost records audited by a qualified cost accountant. Subject to the approval of the Central Government, the Company has appointed M/S KSS, VKG & Associates to audit the cost accounts of the Company for the financial year 2013-14. The Cost Audit report for the financial year 2012-13 which was due to be filed with the Ministry of Corporate Affairs on or before September 30, 2013 has been filed on September 30, 2013.

Auditors' Remarks

With regard to observations of the Auditors in their Report to the Shareholders for the financial year ended on March 31, 2014 your Directors wish to clarify as follows:

(i) Acquisition of trademarks from Medispec Pharmaceuticals Pvt. Ltd.

The Management is of the opinion that the documentation which has not been obtained would not adversely affect the company. However the Company has initiated steps to obtain the necessary documentation called for by the auditors.

(ii) Non-disclosure of information as required under AS-15 (Employee Benefits) –The necessary information was required to be furnished by Life Insurance Corporation of India (LIC) with whom the company has taken the insurance policy for providing Gratuity Provisions for the employees. In view of certain statutory changes in the