

Wintac LIMITED

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ANNUAL
REPORT
2005-2006



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
Shri. Tobby Simon	Director (w.e.f. 15.06.2006)

G.M. (FINANCE) & SECRETARY

Shri B.P. Thyagaraj

BANKERS

UTI Bank Limited, M.G.Road, Bangalore.

AUDITORS

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

SHARE TRANSFER AGENT

Canbank Computer Services Ltd.
4th Floor, Naveen Complex, 14,
M.G. Road, Bangalore - 560 001.

SHARES LISTED AT

Bangalore Stock Exchange Limited
Stock Exchange - Mumbai
(Listing fee paid for the year 2005-06)

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.



N O T I C E

Notice is hereby given that the Sixteenth 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-560011 on Thursday, the 28th September, 2006 at 10.00 am to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2006 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 Mr.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.

SPECIAL BUSINESS

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

"RESOLVED THAT Mr.Tobby Simon, who was appointed as an Additional Director by the Board of Directors of the Company on 15th June, 2006 and who holds office upto the date of this Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act, 1956 ("the Act") but who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 257 of the Act from a shareholder of the Company proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

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. The explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of the business under item No.4 of the notice is annexed hereto.
3. 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 1997-98 have been transferred to the Fund. Members who have not encashed dividend warrant(s) for the financial year ended 31st March, 1999 and thereafter, are requested to make their claims to the Company without any delay.

4. The Register of Members and the Transfer Books of the Company will remain closed on 27th September & 28th September, 2006.
5. 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.
6. 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.
7. Members are requested to notify the change in their address to the Company's Share Transfer Agents – Canbank Computer Services Limited, R&T Centre, Naveen Complex, 4th Floor, No.14, M.G.Road, Bangalore-560001.
8. Brief Resume, Expertise, Board Memberships in other companies and Committee positions thereof of Directors seeking re-appointment/appointment pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges.

Mr.H.R.Kedlaya

Mr.H.R.Kedlaya is 69 years and is on the Board since the year 1993. He has more than 40 years experience in pharmaceutical marketing activities. He was actively involved in the growth of companies like Ranbaxy, Astra-Zeneca, Johnson & Johnson. He was responsible for setting up of the marketing base for Wintac Limited and a very widely known personality among the medical practitioners' community. He does not hold any Directorship/Committee membership in any other company. He retires by rotation and is eligible for reappointment. The Board recommends his re-appointment. He holds 20,000 Shares in the Company.

Mr.Tobby Simon

Mr.Tobby Simon (41 years) is a graduate MBA and a alumnus of the Harvard Business School. He is also a Research Associate with Massachusetts Institute of Technology (MIT), a International Council Member of the Kennedy School of Government - Harvard University and a Deans International Council Member of the Harris School of Public Policy at the University of Chicago. He is an entrepreneur and the CEO of Synergia Consultants Pvt. Ltd. He has over two decades of experience in Global Life Sciences and New Technologies. He



is a member of WITSA (The World Information Technology Services Alliance), the apex global body of all information and communication related to business. He has strong global ties and has been consultant to International Committee of the Red Cross (ICRC) Medecines Sans Frontiere (MSF), the EU, The WHO etc., He is a Director of Synergia consultants Pvt. Ltd., and does not hold any committee membership in any other company. He holds 15,775 shares in the Company and Synergia Consultants Pvt. Ltd., in which Mr. Tobby Simon is a Director, holds 5,24,000 shares in the Company.

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

Date : 23.08.2006
Place: Bangalore.

By Order of the Board of Directors
For Wintac Limited

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

EXPLANATORY STATEMENT

Explanatory Statement in respect of Item No.4 of the notice pursuant to Section 173(2) of the Companies Act, 1956.

Mr.Tobby Simon was appointed as Additional Director by the Board of Directors of the Company on 15.06.2006. Pursuant to the provisions of Section 260 of the Companies Act, 1956 ("the Act"), Mr.Tobby Simon holds office of Director upto the date of this Annual General Meeting. The Company has received notice from a member in pursuance of Section 257 of the Act signifying his intention to propose the appointment of Mr.Tobby Simon as Director of the Company alongwith a deposit of Rs.500 which will be refunded if Mr.Tobby Simon is elected as Director.

Mr.Tobby Simon is an entrepreneur by profession and has vast experience in international marketing activities. The Directors recommend his appointment for your approval.

None of the Directors of the Company other than Mr.Tobby Simon is concerned or interested in this resolution.

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

Date : 23.08.2006
Place: Bangalore.

By Order of the Board of Directors
For Wintac Limited

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

DIRECTORS' REPORT

To the Shareholders

The Directors have pleasure in presenting the Sixteenth Annual Report together with the Audited Accounts for the period ended 31st March, 2006.

Financial Performance

	Rs. Lakhs
	For the period ended 31 st March, 2005 (9 Months)
	For the period ended 31 st March, 2006 (12 Months)
Income from operations	902.54
Other Income	31.27
Total Revenue	933.81
Total Expenditure	951.46
Operating Profit/(Loss)	(17.65)
Interest	58.06
Profit/(Loss) before Depreciation (PBDT)	(75.71)
Depreciation	76.78
Profit/(Loss) before Provisions/Prior period expenses	(152.49)
Provisions/Prior period expenses	12.55
Provision for Taxation (FBT)	-
Profit/(Loss) after Tax	(165.04)
Balance brought down from previous year	0.84
	(164.20)
Appropriations:	
Proposed final dividend	-
Transfer from General Reserve	-
Balance carried forward	(164.20)
	(154.13)

OPERATIONS

The performance of the Company during the year under review, although not satisfactory, was turned around as compared to the losses incurred during the previous year due to IR issues. As the previous year figures were for nine months period, the financials are not comparable with the current year financials. The sales turnover during the year under review was Rs.1543 lakhs (increase by 28% over previous year sales on pro-rata basis). The profit after tax for the year was Rs.10.07 lakhs as compared to a loss of Rs.165.04 lakhs during the previous year. The relationship with the workmen during the year was very cordial.

As reported in the previous year report, your Company has successfully undergone the French Regulatory Inspection (AFSSAPS) for the manufacture of terminally sterilised injectable products to European Union Countries. The formal approval was received during the year. However, Sanofi Aventis Pharma, USA, through whom we received a prestigious export order under WHO contract for the supply of Ornidyl injection, have deferred the supplies by one year. As per the original understanding the first order was



to be executed during the first quarter of 2006 and the second order during the year 2007. Now as per the revised delivery schedule the first order is expected to be executed towards December 2006. This deferralment has also affected the profitability of the company for the year under review.

India has become a leading destination for outsourcing of products by MNC's. The upgradation of production facilities by leading Indian Companies including your Company to USFDA Standards has led to many MNC's utilising India as a primary source for manufacturing their products. Your Company is well positioned to avale this emerging opportunities to cater to the US Market.

We are happy to inform you that your Company has signed an exclusive multi-product supply agreement with a US based mid size generic pharmaceutical company, Lannett & Co. Inc. Under the terms of the agreement, Lannett & Co. Inc, a Philadelphia generic-drug manufacturer, will market ophthalmic and parenteral products manufactured by Wintac in United States. Lannett will be responsible for assembling and submitting ANDA's to the USFDA for the products developed and manufactured by Wintac. The agreement currently covers four products and provides to add more products later on. Lannett Co., would pay us technical know-how fee for the development of the products and submission of data for the ANDA filing.

We are also negotiating with a couple of other customers in US for similar tie-ups and expect to sign the agreements shortly. With these tie-ups and after the USFDA approval for our manufacturing set-up, your Company is poised for a substantial growth both in terms of top line as well as bottom line in the coming years.

Directors

Sri H.R.Kedlaya, Director retires by rotation and being eligible offers himself for reappointment. Shri Tobby Simon was inducted into Board as Additional Director. He has a rich experience in the Industry and would be a valuable addition to the Board.

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 2005-06, 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.5, 6(b), 6(c), 8(a), 8(b), 8(c)(i) and 9 forming part of the accounts and expressed their reservation. The said notes to accounts are self explanatory. Further the Board is of the opinion that no further provisions would be required towards Sales Tax, Customs Duty and Excise Duty, upon completion of assessments/settlement proceedings/writ petitions.

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 : 23.08.2006

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 period ended 31st March, 2006

I. CONSERVATION OF ENERGY

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

FORM - A

		2004-2005 (9 Months)	2005-2006 (12 Months)
A. Power and Fuel Consumption			
1. Electricity			
a. Purchased units	KWH	8,08,850	10,48,785
Total Amount	Rs. Lakhs	39.09	51.23
Rate/Unit	Rupees	4.83	4.88
b. Own Generation			
Through Diesel Generators:			
Units	KWH	99,315	2,68,063
Cost/unit	Rupees	9.06	9.68
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)		36,121	90,128
B. Consumption per unit of Production			
Total Production			
Capsules (Nos.)		Sterile Products (Ltrs)	
2005-06	2004-05	2005-06	2004-05
551 Lakhs	487 Lakhs	3.33 Lakhs	1.92 Lakhs
		Tablets (Nos)	
		2005-06	2004-05
		287 Lakhs	Nil

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 | : | Development of Oxytetracycline Injection 10% (for veterinary use) carried out and the stability studies as per ICH guidelines are in progress. Validation batches for Eflornithine Hydrochloride injection were manufactured and they are under stability studies. |
| iii. Future plan of action | : | The above R&D activity will be continued. |
| iv. Expenditure on R&D | | |
| a. Capital | | Rs.Nil |
| b. Recurring | | Rs.27.87 Lakhs |
| c. Total | | Rs.27.87 Lakhs |
| d. Total R&D expenditure as a percentage of total turnover | | 1.8 % |

Technology absorption, adaptation and innovation

- | | | |
|---|---|--|
| i. Efforts, in brief, made towards technology absorption, adaptation and innovation | : | Technology associated with the manufacture of Tobramycin and Fluromethalone Ophtha suspension, Brimonidine Tartarate Ophtha solution and Prostaglandin Injection were absorbed and commercialised. |
| 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. |
| iv. FOREIGN EXCHANGE EARNINGS AND OUTGO | | |
| Foreign Exchange earned | : | Rs. 104.25 lakhs |
| Foreign Exchange used | : | Rs. 28.12 lakhs |