

Wintac LIMITED

ANNUAL REPORT 2012-2013



Winning Technologies

BOARD OF DIRECTORS

Shri S.T.R. Mady
Shri S.Jayaprakash Mady
Dr. K.Paranjothy
Shri. Arun Eashwar
Shri. Ra.Thirumoorti
Dr. K.Nagarajan
Dr. C.Prakash
Shri B.P.Thyagaraj

Chairman
Managing Director
Director (from 06-12-2012)
Director (from 31-01-2013)
Director (from 11-07-2013)
Director (upto 31-01-2013)
Director (upto 31-01-2013)
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 2012-13)

REGISTERED OFFICE

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

MANUFACTURING UNIT

54/1, Boodihal Village, Nelamangala Taluk,
Bangalore District, Karnataka - 562 123

NOTICE

Notice is hereby given that the Twenty-Third 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 Wednesday, 21st August 2013 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, 2013 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 Sri.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 a Special 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 are necessary, consent of the Company be and is hereby accorded to the re-appointment of Shri S.Jayaprakash Mady as the Managing Director of the Company with effect from 1st February, 2013 for a period of three years on the following terms and conditions:

Salary - ₹ 1,70,000 per month.

Perquisites - The Managing Director shall be entitled to the following perquisites as classified into two categories ‘A’ and ‘B’.

CATEGORY ‘A’

- i. Housing: The Managing Director will be provided with furnished company leased accommodation at a maximum amount of ₹ 30,000 per month.
- ii. Personal Accident Insurance: As per the policy of the Company.

CATEGORY ‘B’

Provision of Cars 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, he would be entitled to the remuneration and perquisites subject to limits prescribed under Schedule XIII of the Companies Act, 1956”.

5. To consider and, if thought fit, to pass with or without modification, if any, the following resolution as an Ordinary Resolution:

“RESOLVED THAT Dr.K.Paranjothy, who was appointed by the Board of Directors as an Additional Director of the Company on 6th December 2012 and who holds office upto the date of this Annual General Meeting of the Company in terms 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 from a Member under Section 257 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed a Director of the Company.”

6. To consider and, if thought fit, to pass with or without modification, if any, the following resolution as an Ordinary Resolution:

“RESOLVED THAT Mr.Arun Eashwar, who was appointed by the Board of Directors as an Additional Director of the Company on 31st January 2013 and who holds office upto the date of this Annual General Meeting of the Company in terms 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 from a Member under Section 257 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed a Director of the Company.”

7. To consider and, if thought fit, to pass with or without modification, if any, the following resolution as an Ordinary Resolution:

“RESOLVED THAT Mr.Ra Thirumoorti, who was appointed by the Board of Directors as an Additional Director of the Company on 11th July 2013 and who holds office upto the date of this Annual General Meeting of the Company in terms 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 from a Member under Section 257 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed a Director of the Company.”

8. To consider and if thought fit, to pass with or without modification, if any, the following Resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 146 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof) for the time being in force, the Registered Office of the Company be shifted from No. 16/2, O.V.H.Road Basavanagudi, Bangalore- 560004 to No.54/1, Boodihal Village, Nelamangala, Bangalore-562123, Karnataka with effect from such date as may be decided by the Board of Directors”.

“RESOLVED FURTHER THAT, the Board of Directors be and is hereby authorized to take all necessary steps to give effect to this resolution.”

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 upto 2004-05 have been transferred to the Fund.
3. The Register of Members and the Transfer Books of the Company will remain closed from 14th August 2013 to 21st August 2013.
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, No.218, J.P.Royale, 1st Floor, 2nd Main, Sampige Road (Near 14th Cross), Malleswaram, Bangalore-560 003.
6. The Ministry of Corporate Affairs, Government of India ("MCA") (vide circular nos.17/2011 and 18/2011 dated 21st April 2011 and 29th April 2011 respectively) has undertaken a 'Green initiative' in the Corporate Governance' and allowed companies to share documents with its shareholders through an electronic mode. A recent amendment to the Listing Agreement with the Stock Exchanges permits companies to send soft copies of the Annual Report to all those shareholders who have registered their email address for the said purpose. Members are requested to support this Green initiative by registering/updating their e-mail address for receiving electronic communications.
7. The explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of Item Nos. 4 to 8 of the Notice is annexed.
8. 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.S.T.R.Mady	10.12.1936	04.02.1993	B'Pharma	BPRL Pvt.Ltd., Shastha Pharma Lab.P.Ltd.	4,07,750
Dr.K.Paranjothy	14.09.1947	06.12.2012	M'Pharma, Phd.	Yashaha Lab P. Ltd.	Nil
Mr.Arun Eashwar	07.06.1983	31.01.2013	M.Com	Q3 India Software P.Ltd. Baluspong Mills P.Ltd.	Nil
Mr.Ra Thirumoorti	20.04.1973	11.07.2013	BBM	Add Clothings India P. Ltd.	Nil
Mr.S.Jayaprakash Mady	05.09.1963	04.02.1993	B'Pharma	Shastha Pharma Lab.P.Ltd.	9,10,965

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

Date : 11th July 2013
 Place : Bangalore.

By Order of the Board of Directors
 For Wintac Limited

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

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

Item No.4

The Board of Directors at their Meeting held on 31st January 2013, on the recommendation of the Remuneration Committee, re-appointed Sri.S.Jayaprakash Mady as the Managing Director of the Company for a period of three (3) years with effect from 01.02.2013.

The Managing Director shall be entitled to the salary and perquisites as outlined in the Resolution placed before the members subject to the limits laid down in Section 198, 309 and Schedule XIII to the Companies Act, 1956 ("the Act").

Nature of Duties: The Managing Director is authorized 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 a Graduate in Pharmacy with distinction and an industrialist and has more than 17 years of industrial experience.

The agreement entered into between the Company and Sri S.Jayaprakash Mady is open for inspection by the members at the Registered Office of the Company on any working day during the business hours of the Company till 20.08.2013.

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.

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 the General Meeting.

The Board recommends the resolution to the members for their approval.

Item No.5

Dr.K.Paranjothy was appointed as an Additional Director by the Board of Directors of the Company with effect from 6th December 2012. In accordance with the provisions of Section 260 of the Act, Dr.Paranjothy will hold office as a Director upto the date of the ensuing Annual General Meeting. The Company has received a Notice under Section 257 of the Act from a member proposing his candidature for the office of Director of the Company.

Dr.Paranjothy is a Post Graduate in Pharmacy and a Doctorate in Pharmaceutics. He has a vast experience of more than 40 years in the Pharma Industry and Product Development activity.

Yours Directors are of the view that the Company would be immensely benefited by the wide experience of Dr.Paranjothy and therefore, recommend for approval the Resolution contained in Item No.5 of the Notice convening the Annual General Meeting.

None of the Directors, except Dr.Paranjothy, is concerned or interested in the Resolution.

Item No.6

Mr. Arun Eashwar was appointed as an Additional Director by the Board of Directors of the Company with effect from 31st January 2013. In accordance with the provisions of Section 260 of the Act, Mr.Arun Eashwar will hold office as a Director upto the date of the ensuing Annual General Meeting. The Company has received a Notice under Section 257 of the Act from a member proposing his candidature for the office of Director of the Company.

Mr. Arun Eashwar is a Masters in Economics and has experience of over 16 years as an entrepreneur.

Yours Directors are of the view that the Company would be immensely benefited by the wide experience of Mr. Arun Eashwar and therefore, recommend for approval the Resolution contained in Item No.6 of the Notice convening the Annual General Meeting.

None of the Directors, except Mr. Arun Eashwar, is concerned or interested in the Resolution.

Item No.7

Mr. Ra Thirumoorti was appointed as an Additional Director by the Board of Directors of the Company with effect from 11th July 2013. In accordance with the provisions of Section 260 of the Act, Mr. Ra Thirumoorti will hold office as a Director upto the date of the ensuing Annual General Meeting. The Company has received a Notice under Section 257 of the Act from a member proposing his candidature for the office of Director of the Company.

Mr. Ra Thirumoorti is a Graduate in Business Management and is an entrepreneur. He has a vast experience of more than 16 years in the Management of business entities.

Yours Directors are of the view that the Company would be immensely benefited by the wide experience of Mr.Ra Thirumoorti and therefore, recommend for approval the Resolution contained in Item No.7 of the Notice convening the Annual General Meeting.

None of the Directors, except Mr. Ra Thirumoorti, is concerned or interested in the Resolution.

Item No.8

Currently the Registered Office of the Company is situated at No.16/2, OVH Road, Basavanagudi, Bangalore and Factory at No.54/1, Boodihal Village, Nelamangala, Bangalore. Registered Office houses only the Accounts & Finance Departments and your Directors are of the view that the finance and accounts departments should also be functioning at factory to ensure better co-ordination and to improve efficiencies. Therefore it is proposed to shift the registered office to the factory premises.

In terms of provisions of Section 146 of the Companies Act 1956, shifting of Registered Office to a place outside the local limits of the city where Registered Office is situated, requires the approval of shareholders by means of Special Resolution.

The Board recommends the resolution to the members for their approval.

None of the Directors is concerned or interested in the Resolution.

By Order of the Board of Directors
For Wintac Limited

Date : 11th July, 2013
Place : Bangalore.

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

DIRECTORS' REPORT

To the Shareholders

The Directors have pleasure in presenting the Twenty-third Annual Report together with the Audited Accounts for the year ended 31st March, 2013.

Financial Performance

₹ Lakhs

	For the year ended 31st March 2012	For the year ended 31st March 2013
Gross Sales	2593.41	2268.64
Excise Duty	166.53	180.16
Net Sales	2426.88	2088.48
Other Income	16.34	35.11
Total Revenue	2443.22	2123.59
Total Expenditure	2453.70	2393.38
Operating Profit/(Loss)	(10.48)	(269.79)
Interest	299.91	282.10
Profit/(Loss) before Depreciation (PBDT)	(310.39)	(551.89)
Depreciation	196.12	194.11
Loss before exceptional expenditure	(506.51)	(746.00)
Exceptional/Extraordinary expenditure	1.19	1032.38
Profit/(Loss) before Tax	(507.70)	(1778.38)
Deferred tax	30.64	(58.23)
Net Profit/(Loss) after Tax	(538.34)	(1720.15)

Operations

The operating results of the Company during the year was not satisfactory due to stoppage of sales to US Market and higher operating expenses. The net sales were lower by about 14% at ₹ 2088.48 lakhs as compared to ₹ 2426.88 lakhs during the previous year. The net loss during the year under review was also higher at ₹ 1720.15 lakhs as compared to a net loss of ₹ 538.34 lakhs during the previous year.

In view of certain Regulatory issues with US Regulatory Authorities (USFDA), the commercial supplies to US Market were suspended and USFDA had issued a Warning Letter. The Company has filed necessary compliance reports and the same has been accepted by the USFDA and inspection is expected to be conducted shortly.

Your Company undertook a major restructuring exercise during the year in view of the higher borrowings, suspension of export supplies due to regulatory issues and consequential higher operating losses. Your Company entered into a strategic alliance with GAVIS Pharma LLC, USA. GAVIS Pharma is a US based Pharmaceutical Company promoted by Dr.Veerappan Subramanian, a person of Indian Origin and based in United States.

Dr.Veerappan Subramanian, promoter of GAVIS Pharma, is a seasoned pharmaceutical scientist and entrepreneur with a track record of starting, developing, managing and turning around pharmaceutical companies in USA. He has over forty years of experience in the generic pharmaceutical industry. GAVIS Group of Companies lead by their executive team have excellent end-to-end expertise in all aspects of pharmaceutical business in the US and all regulated markets. Novel Laboratories, GAVIS's development and manufacturing arm, has expertise in product identification, formulation development, ANDA Filing, Manufacturing, Quality Control, Compliance and Regulatory affairs. Novel Laboratories has successfully developed and filed more than 50 ANDAs. GAVIS Pharmaceuticals, the marketing arm of GAVIS group markets and distributes products to all channels of trade including chain drug stores, hospitals, long term care facilities, etc practically covering the entire US Market.

GAVIS Pharma's association would tremendously benefit the Company in the areas of Regulatory Compliances, Product Development and front-end marketing activities apart from infusion of funds as equity capital into the Company. The Company, pursuant to the Shareholders Approval at the EGM held on 20th December 2012 and other Regulatory Approvals allotted 40,00,000 Equity Shares of ₹ 10 each at a price of ₹ 100 per share aggregating to ₹ 40 crores. The equity funds were utilized for the intended purposes i.e., for repayment of debts, redemption of preference shares, capital expenditure and working capital purposes.

Directors

Dr.C.Prakash and Dr.K.Nagarajan resigned as Directors on 31st January 2013. Dr.K.Paranjothy, Mr.Arun Eashwar and Mr.Ra Thirumoorti joined the Board on 6th December 2012, 31st January 2013 and 11th July 2013 respectively. Mr.K.P.Murali joined the Board as Additional Director and resigned on 11th July 2013. The resolutions for the appointment of Dr.K.Paranjothy, Mr.Arun Eashwar and Mr.Ra Thirumoorthi as Directors of the Company have been proposed for approval of the Members.

Mr.S.T.R.Mady, Chairman retires by rotation and being eligible offer himself for re-appointment.

Mr.S.Jayaprakash Mady, Managing Director was re-appointed as the Managing Director of the Company for a further period of three years effective from 1st February 2013.

Corporate Governance

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, 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.

Preferential Issue of Equity Shares

The Company, pursuant to the Shareholders Special Resolution passed at the extra ordinary general meeting held on 20th December 2012 and FIPB approval, allotted 40,00,000 Equity Shares of ₹10 each at a price of ₹100 each aggregating to ₹ 40.00 crores to GAVIS Pharma LLC, USA on 31st January 2013. The issue proceeds were utilized for the intended use i.e., (i) Repayment of all bank borrowings, (ii) Redemption of preference Shares, (iii) Procurement of capital assets and (iv) for meeting working capital requirements.

The allotment of 40,00,000 equity shares constitutes 39.90% of the post issue paid-up equity share capital of the Company and thus requiring the allottees, i.e., GAVIS Pharma LLC, USA to make open offer to the public shareholders to acquire 26% of equity shares held by public shareholders under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. Accordingly GAVIS Pharma made an open offer to the public shareholders and acquired a further 15,12,098 Equity Shares. Post public offer the GAVIS Pharma LLC, USA holds 55,12,098 equity shares representing 54.99% of the equity share capital. As stated in the offer document, post public offer GAVIS Pharma LLC, USA would assume the status of Promoters and the existing promoters (prior to public offer by GAVIS) would cease to be the Promoters of the Company and thus changes the Management control of the Company.

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 2012-13, 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 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 M/s Rao & Swami, Chartered Accountants retire at the forthcoming Annual General Meeting and being eligible offer for reappointment.