

FORM - A

Format of covering letter of the annual audit report to be filed with the stock exchanges

1	Name of the Company	Wintac Limited
2	Annual financial statements for the year ended	31 st March 2014
3.	Type of Audit observation	<p>Matter of emphasis</p> <ul style="list-style-type: none"> i. Attention is drawn to Note 19.1 on Claims against the Company not acknowledged as debts. ii. Note 20.1 regarding method followed for recognition of revenue from Formulation Development fee. iii. Note No.28.10(a) regarding change in method of valuing issues and closing stock of inventory. iv. Note No.28.10(b) regarding change in method of recognizing revenue from Contract Manufacture from percentage of completion method to completed contract method. v. Note No.28.11(b) on the classification of assets and liabilities as long term and short term and reconciliation thereon.
4	Frequency of observation	<p>Observation No. i, ii & v above are Appearing for more than three years.</p> <p>Observation No. iii & iv are appearing for first time.</p>
5	To be signed by	
	Managing Director	<p><i>S. Jaya Prakash Madu</i> S.JAYAPRAKASH MADY (Managing Director)</p>
	CFO	<p><i>[Signature]</i> B.P.THYAGARAJ (Ast.V.P.(Finance) & Secretary)</p>
	Auditor of the Company	<p><i>[Signature]</i> FOI RAO & Srinivas H Anil Kumar (Auditor) Partner 6/9/2014</p>
	Audit Committee Chairman	<p><i>[Signature]</i> Dr.K.Paranjothy (Audit Committee Chairman)</p>

FORM - B

Format of covering letter of the annual audit report to be filed with the stock exchanges

1	Name of the Company	Wintac Limited
2	Annual financial statements for the year ended	31 st March 2014
3.	Type of Audit Qualification	<p>Audit Qualification:</p> <ul style="list-style-type: none"> i. Additional Documentation in support of acquisition of Trademarks from the JV Company referred to in Note 9.2 b), on the Accounts. ii. Non-furnishing of information required for disclosures as required by AS-15 (Employee Benefits) for the current year in Note 25.1 c), for the reasons stated in Explanatory Note 3 therein. iii. Valuation of certain inventory on standard cost basis as referred to in Note 28.10 a) which is not in accordance with AS-2 (Valuation of Inventories). iv. Internal Control system and accounting require to be documented. v. The Internal Audit system needs to be strengthened through proper follow up.
4	Frequency of observation	<ul style="list-style-type: none"> i. Appearing for the first time ii. Appearing for the first time iii. Appearing for the first time iv. Appearing for more than three years v. Appearing for more than three years
5	Draw attention of relevant notes in the annual financial statements and management response to the qualification in the Directors' report.	<ul style="list-style-type: none"> i. Qualifications has drawn attention to certain Notes to accounts as above. ii. The Directors in the Directors Report to the Members have stated that the: <ul style="list-style-type: none"> (i) Trade Marks - 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) AS-15 Disclosure - The necessary information was required to be furnished by LIC with whom the Company has taken the Gratuity insurance policy for providing Gratuity Provisions for the employees. In view of certain statutory changes in the said policy, LIC had not provided the required information as required under AS-15 and expressed their inability to provide the same before the closure of our books for the current year. However, necessary provision as advised by LIC has been made in the accounts. (iii) Valuation of inventory – Consequent to changeover to new ERP System, the finished goods was valued at Standard Cost method. The valuation method has since been changed to Actual cost of goods or Net realizable value (whichever is lower) method as required under AS-2. However, the difference between the two valuation methods is not material. (iv) & (v) Internal Control & internal audit system – The Management has taken necessary steps to further strengthen the internal control and audit system.
5	To be signed by	
	Managing Director	<i>S. Jayaprakash Madhy</i> S.JAYAPRAKASH MADY (Managing Director)
	CFO	<i>B.P. Thyagaraj</i> B.P. THYAGARAJ (Ast.V.P.(Finance) & Secretary)
	Auditor of the Company	<i>H. Anil Kumar</i> H. Anil Kumar (Auditor) 6/9/2014
	Audit Committee Chairman	<i>Dr. K. Paranjothy</i> Dr.K.Paranjothy (Audit Committee Chairman)

Wintac LIMITED

ANNUAL
REPORT
2013-2014



Winning Technologies

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),
Mallashwaram, 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

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:

ORDINARY 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 28.09.2014 (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	BPRL 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. Sahu Spng Mills Pvt.Ltd.	Nil
Mr.R.A.Thirumoorti	20.04.1973	11.07.2013	BBM	Adt 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

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

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:

- | | | |
|---|------------------|--|
| <p>A. Name : _____
Address : _____
E-mail ID : _____
Or falling him :</p> | <p>Signature</p> | |
| <p>B. Name : _____
Address : _____
E-mail ID : _____
Or falling him :</p> | <p>Signature</p> | |
| <p>C. Name : _____
Address : _____
E-mail ID : _____</p> | <p>Signature</p> | |

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.Thirumoori 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.

Signature of the Shareholder

Signature of the Proxyholder(s)

Affix
₹ 1
Revenue Stamp

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 31 st March 2013	For the year ended 31 st 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	(1778.36)	(647.02)
Deferred tax	(58.23)	52.42
Net Profit/(Loss) after Tax	(1720.15)	(899.44)

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.Thirumorti 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

said policy, LIC had not provided the required information as required under AS-15 and expressed their inability to provide the same before the closure of our books for the current year. However, necessary provision as advised by LIC has been made in the books of accounts.

(i) Valuation of Inventories –

Consequent to changeover to new ERP System, the finished goods was valued at Standard Cost method. The inventory valuation method has since been changed to Actual cost of Goods or Net Realisable value (whichever is lower) method as required under AS-2. However, the difference in the valuation of Finished Goods between the two valuation methods is not material.

(ii) Internal Control and Internal audit system –

Management has taken necessary steps to further strengthen the Internal Control and Audit system.

Acknowledgement

The Board places on record its appreciation of the continued cooperation and support received from the various government authorities, shareholders, business associates, medical profession, employees, depositors and bankers.

For and on behalf of the Board of Directors:

Date : 14th August, 2014
Place : Bengaluru.

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, 2014.

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

			2012-13	2013-14
1.	Electricity			
a.	Purchased units	KWH	19,16,096	22,88,662
	Total Amount	₹ Lakhs	119.93	143.06
	Rate/Unit	₹	6.25	6.25
b.	Own Generation			
	Through Diesel Generators:			
	Units	KWH	4,89,685	4,79,232
	Units/per Litre of Diesel		2.50	2.55
	Cost/unit	₹	20.80	22.09
2.	Coal	Tonnes	Nil	Nil
3.	Furnace Oil	Quantity Kiloitre	Nil	Nil
4.	Other/Internal Generator (Brickets)	Kgs	21,74,960	19,60,750
	Rate/Kg	₹	4.65	5.25
	Total Amount	₹ Lakhs	105.55	99.95

B. Consumption per unit of Production

Total Production: Sterile Products (Litrs in lakhs)	4.10	3.43
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FORM – B
II RESEARCH AND DEVELOPMENT (R&D)

- i. Specific Areas in which R&D carried out :
1. Formulation development activity for the Domestic Market as well as for Export Markets i.e., USA, Canada, Australia, Europe and North American Markets.
 2. Development and transfer of the manufacturing technology.
 3. Process Improvement and technology up - gradation to improve production efficiency.
- ii. Benefits derived as a result of the above. :
- No. of products under development increased during the year and more number of ANDA's would be filed in the coming years thus ensuring a steady growth in exports business.
- iii. Future Plan of Action :
1. To Develop Products using NDDS Technology like Liposomes, Microspheres & Nano Particles.
 2. New drug applications for US Markets.
- iv. Expenditure on R&D
- | | |
|--|----------------|
| a. Capital | ₹ 84.47 lakhs |
| b. Recurring | ₹ 372.81 lakhs |
| c. Total | ₹ 457.28 lakhs |
| d. Total R&D expenditure as a percentage of total turnover | 15% |

Technology absorption, adaptation and innovation

- i. Efforts in brief, made towards technology absorption, adaptation and innovation. :
- Development of additional products in Generic Space for the Regulated and semi-regulated markets.
- ii. Benefits derived as a result of the above. :
- Technical capability of the personnel strengthened to handle more projects and also to facilitate registration of the products in Highly regulated market.
- 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	₹ 941.70 Lakhs
Foreign Exchange used	₹ 373.09 Lakhs

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENTS, OPPORTUNITIES, THREATS AND OUTLOOK

The global economy appears to be on the path of revival with major economies showing signs of recovery after years of low growth and/or recession. This recovery in high-income economies is expected to be a major contributor to be projected acceleration in the global growth. The growth registered by the developing countries in 2013 was almost the same as that of in the year 2012. The structural shift from the developed world towards the emerging world continued but at a slightly slower pace than before.

India's GDP growth continues to remain weak at 4.7% in FY 2013-14 (advance estimates) after growing at 4.5% in FY 2012-13. Industrial sector continues to remain weak and Index of Industrial Production (IIP) was negative 0.1% during FY 2013-14. Overall inflationary pressure on the economy eased during the year. The average Wholesale Price Index (WPI) inflation rate for the year 2013-14 was 5.9% as against 7.35% during the year 2012-13. The financial year 2013-14 also saw a deep depreciation of Indian Rupee against the global currencies. The exchange rate between the Indian Rupee and the US Dollar, which was at around Rs. 54 in the beginning of the financial year started an upward movement and was in the range of Rs. 62 towards end of the financial year.

The global pharmaceutical industry is estimated to have grown by approximately 3% in 2013 and reached a size of over US\$ 975 bn. The growth in 2013 was lower compared to the growth of over 5% registered during the period 2007 to 2012. Healthcare spending in the US, the world's largest pharmaceutical market, as well as in Europe, declined marginally during 2013. On the other hand, developing markets of Asia, Africa, Australia and Latin America, which are termed as 'emerging' markets continued to grow by 10-14% in 2013, driving the overall growth of the global pharmaceutical industry. Generic drugs continued to increase their share in the overall prescription for pharmaceutical drugs dispensed across the globe, though the growth in 2013 was impacted by relatively lower value of innovator drugs losing their patent protection compared to that in 2012. In the US, generic drugs now account for over 83% of the total prescriptions.

The year 2013-14 was not encouraging for the Indian pharmaceutical market and grew by a mere 6.1% during the year as compared to the growth rate in excess of 10% during the previous few years. The Government of India notified the new Drug Price Control Order (DPCO) 2013 whereby it expanded the scope of the National List of Essential Medicines (NLEM), covering a larger number of medicines under the list and notified revised prices, mostly downward, for the same. This adversely impacted a large number of companies in the Indian pharmaceutical market as they realised lower prices as notified by the new DPCO 2013 on an increased number of products. The new DPCO, 2013 also adversely affected the volume growth during the year for the products covered under NLEM.

The year 2013-14 was a year of consolidation for Wintac Limited. The Company successfully completed the re-inspection of the USFDA Audit and vacated the warning letter issued by USFDA. This paves the way for resuming the export sales to US Market and the company is initiating steps to resume supplies to US market. The Product development activity was put on very aggressive path and within short span of 12 months, Company provided ANDA dossiers for more than 20 products. The company expects to continue this development activity in the coming years as well and this is aimed at a steady and substantial growth in the export sales for the Company in the coming years.

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 Rs. 699 lakhs as compared to Rs. 1720 lakhs during the previous year. The operating expenses are higher in view of the international quality standards at the manufacturing plant and the domestic contract manufacturing business would not be able to absorb the same fully. Your Directors are confident of turning around the operations during the current financial year.

RISKS AND CONCERNS

The Company is investing more in product development activity of Generic Products for the US Market. Number of players in this market is increasing over the years which can bring down the generic product prices in the market due to fierce competition. To mitigate this risk, the Company is exercising due care in selecting the special products in the Injectable and Ophthalmic segments.

INTERNAL CONTROL SYSTEMS

The Company has adequate Internal Control System commensurate with its size and nature of business. The Internal controls are regularly audited by an external firm of Chartered Accountants. The internal audit programme aims at reasonable reassurance of operating controls and continuously upgrading controls to meet requirements of the changing environment. The Audit Committee oversees the internal audit function and facilitates the management to take pre-emptive steps to minimize exceptions based on the materiality of transactions.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The Company reported a net loss of ₹ 699 lakhs during the year. The operating loss before interest and depreciation and exceptional items were ₹ 77 lakhs as compared to ₹ 269 lakhs during the previous year. The total interest cost for the year was lower at ₹ 32.59 lakhs as against ₹ 282.10 lakhs during the previous year due to repayment of all borrowings except fixed deposits. During the year the Company has repaid all the deposits matured amounting to ₹256.72 lakhs and the interest on deposits were paid on time.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

As on 31st March 2014, there were 240 employees on the rolls of the Company and the relationship with the employees has been very cordial.

CORPORATE GOVERNANCE

The Report on Corporate Governance pursuant to Clause 49 of the Listing Agreement entered into with the Stock Exchanges and forms a part of the report of the Board of Directors. The Company has complied with the applicable requirements of Clause 49 of the Listing Agreement.

1. Corporate Governance Philosophy

Wintac Limited is committed to high standards of Corporate Governance in all its activities and processes. The Company believes that good corporate governance practices enable the management to direct and control the affairs of the Company in an efficient manner and to achieve the Company's goal of maximising value for all its stakeholders.

2. Board of directors

The Board consists of Five Directors, one executive and four non executive directors. There are three Independent Directors on the Board. The Chairman of the Board is a non-executive Director.

Note of the Directors on the Board is a member in more than 10 Committees and Chairman of more than 5 Committees across all the companies in which they are Directors. The Directors have made the necessary disclosures regarding committee positions. The Company has not had any pecuniary relationship and transaction with any of the Non-Executive Directors during the year under review.

The names and categories of the Directors on the Board, their attendance at Board Meetings during the year and at the Last Annual General Meeting as also the number of Directorships and committee Memberships held by them in other companies are given below: -

Names	Category	No. of Board Meetings attended during 2013-14	Whether Attended AGM held on 21.8.2013	No. of Directorship in other Public Limited Companies		No. of Committee positions held in other Public Limited Companies	
				Chairman	Member	Chairman	Member
S.T.R.Mady	Non - Independent Non - Executive	5	Yes	-	-	-	-
S.Jayaprakash Mady	Non - Independent Executive	6	Yes	-	-	-	-
Dr.K.Paranjothy	Independent Non - Executive	6	Yes	-	-	-	-
Arun Eashwar	Independent Non - Executive	3	Yes	-	-	-	-
R.A. Thirumoorti	Independent Non - Executive	4	Yes	-	-	-	-
K.P.Murali (Upto 11.07.2013)	Independent Non - Executive	2	N.A.	-	-	-	-

Six Board meetings were held during the financial year 2013-14 and the gap between two meetings did not exceed four months. The dates on which the Board Meetings were held are as follows:

May 31 st 2013	July 11 th 2013,	August 5 th 2013,
August 21 st 2013,	November 12 th 2013,	February 6 th 2014.

3. Code of Conduct

The Company has adopted the code of conduct for all the Board Members and senior management of the Company and is posted on the Company's website. All the Board members and senior management of the Company have affirmed compliance with the Code of Conduct of the Company as at 31st March 2014. A declaration duly signed by the Managing Director is annexed hereto.

4. Audit Committee

The scope and the terms of reference of the Audit Committee is as set out in Clause 49 of the Listing Agreements with the Stock Exchanges which, inter alia, includes the following:

- i. Overseeing the Company's financial reporting process and the disclosure of its financial information.
- ii. Reviewing with the management the quarterly and annual financial statements before submission to the Board.
- iii. Reviewing with the management, external and internal auditors the adequacy of internal control systems, adequacy of internal audit function, etc.
- iv. Discussion with the external auditors on the nature and scope of audit, review the comments in their management letter, etc.

The composition of the Audit Committee and the details of meetings attended by the Directors are given below:-

Names of Members	Category	No. of Meetings attended during the year 2013-14
Dr.K.Paranjothy, Chairman	Independent, Non-Executive	5
Shri S.T.R. Mady	Non-Independent, Non-Executive	5
Shri B.R.Arun Eashwar	Independent, Non-Executive	4
Shri R.A.Thirumoorti	Independent, Non-Executive	3

Audit committee meetings are attended by the Managing Director and Head of Finance Department. Statutory Auditors attended the meeting held on May 31, 2013. The Company Secretary acts as the Secretary of the Audit Committee.

Five Audit Committee meetings were held during the year on the following dates:

May 31 st 2013,	August 5 th 2013,	August 21 st 2013,
November 12 th 2013 &	February 6 th 2014	

The necessary quorum was present at the meetings.

5. Remuneration Committee:

The company has constituted a Remuneration committee. The broad terms of reference of the remuneration committee are to recommend to the Board the salary, perquisites and commission paid to the Company's Managing/Whole time Directors.

The following Directors are the members of the Remuneration Committee

Names	Category	No. meetings attended during the year 2013-14
Shri R.A.Thirumoorti, Chairman	Independent, Non-Executive	1
Shri S.T.R.Mady	Non-independent, Non-Executive	1
Shri B.R.Arun Eashwar	Independent, Non-Executive	1

One remuneration committee meeting was held during the financial year on 06-02-2014.

Remuneration Policy:

The company while deciding the remuneration package of the Senior Management members takes into consideration (a) Employment Scenario (b) Remuneration package of the industry. The Company pays sitting fees of ₹ 2500 per Board Meeting to Non-Executive Directors.

The Company pays remuneration to the Managing Director by way of Salary and Perquisites within the limits recommended by the remuneration Committee and approved by the Board of Directors and Shareholders.

Remuneration paid during 2013-14:

Non-Executive Directors:

Name of the Director	Sitting Fees (₹)
Shri S.T.R.Mady	12,500
Dr.K.Paranjothy	15,000
Shri K.P.Murali	5,000
Shri B.R.Arun Eashwar	7,500
Shri R.A.Thirumoorti	10,000

Managing Director

Name	Salary	Perquisites	Stock Options
Shri S. Jayaprakash Mady	₹ 20,40,000	₹ 3,60,000	Nil

Perquisites include House rent allowance.

Period of Contract – 3 years from 01.02.2013. The contract may be terminated by either party giving the other party six months notice. Severance fee - Nil

Details of Equity Shares of the Company held by Non-Executive Directors as on March 31 2014 are as under:

Name of the Director	No. of Shares
Shri S.T.R.Mady	4,07,750

6. Shareholders committee:

The composition of the committee and the details of the meetings attended by the Directors are given below:

Names of Members	Category	No Meetings attended During the year 2013-14
Shri R.A. Thirunoori, Chairman	Independent, Non-Executive	2
Shri S.T.R.Mady	Non-Independent, Non-Executive	3
Dr.K.Paranjothy	Independent, Non-Executive	4
Shri B.R.Arjun Eashwar	Independent, Non-Executive	3

Four meetings of the Investors Grievance redressal committee were held during the year 2013-14 on the following dates -

May 31st 2013, August 5th 2013, November 12th 2013 & February 6th 2014.

No. of complaints from Shareholders from 01.04.2013 to 31.03.2014	-	1
Complaints not solved to the satisfaction of the shareholders as on 31.03.2014	-	Nil
No. of pending share transfers as on 31.03.2014	-	Nil

Name, designation and address of Compliance officer: Shri.B.P.Thyagaraj AVP(Finance) & Secretary 54/1, Boodihal Village Nelamangala, Bangalore-562123 Phone No.080-67086500 Fax No.080-6522566 Email : thyagaraj@wintaclimited.com

7. General body meetings:

Location and time where last three Annual General Meetings were held:-

Financial Year ended	Date & Time	Venue
31 st March, 2011	26.09.2011 at 10 am	Pai Vijay Hall,530/58, 30 th Cross, 11 th Main, Jayanagar Bangalore-560 011.
31 st March, 2012	27.09.2012 at 10 am	— do —
31 st March, 2013	21.08.2013 at 10 am	— do —

Whether Special Resolutions:

a. Passed in the previous three Annual General Meetings - Yes

b. Were put through postal ballot last year:

The Members of the Company passed 1 Ordinary resolution (for increasing authorized share capital and 2 Special Resolutions (for alteration of Authorised Capital clause in MOA and Further issue of equity shares on Rights Issue Basis) through Postal Ballot on 9th May 2014. All the resolutions were passed with requisite majority. Mr.Parameshwar G.Hegde, a Practicing Company Secretary acted as Scrutinizer for the Postal Ballot conducted.

c.Are proposed to be conducted through postal ballot - No

8. DISCLOSURES:

(a) Related Party Transactions: During the year under review, besides the transactions reported elsewhere in the Annual Report, there were no other material related party transactions of the Company with its promoters.

Directors or the management or their subsidiaries or relatives that may have potential conflict with the interest of company at large. Further there are no material individual transactions that are not in normal course of business or not on an arm's length basis.

- (b) The Company follows Accounting Standards issued by the Institute of Chartered Accountants of India and in the preparation of financial statements, the Company has not adopted a treatment different from that prescribed in any accounting standard.
- (c) The Company has complied with the requirements of the Stock Exchanges/SEBI and statutory authority on all matters related to capital markets during the last three years. SEBI has issued a Notice under Rule 4 of SEBI (Procedure for Holding Inquiry and imposing penalties by Adjudicating officer) Rules, 1995 on 10.12.2013 for the delay in filing Disclosures under Regulation 7(3) of the SAST Regulations on 3 occasions during 2003, 2005 & 2011. The Company has filed the necessary reply and is awaiting the outcome of the proceedings. Apart from this no other penalties or strictures imposed on the company by these authorities.
- (d) The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement with the Stock Exchanges relating to Corporate Governance.

9. MEANS OF COMMUNICATIONS:

The quarterly and half years results are published in Financial Express and Sanjevani Newspapers and are also displayed at Company's website. These are not sent individually to the Shareholders.

The management discussion and Analysis report forms part of this Annual report.

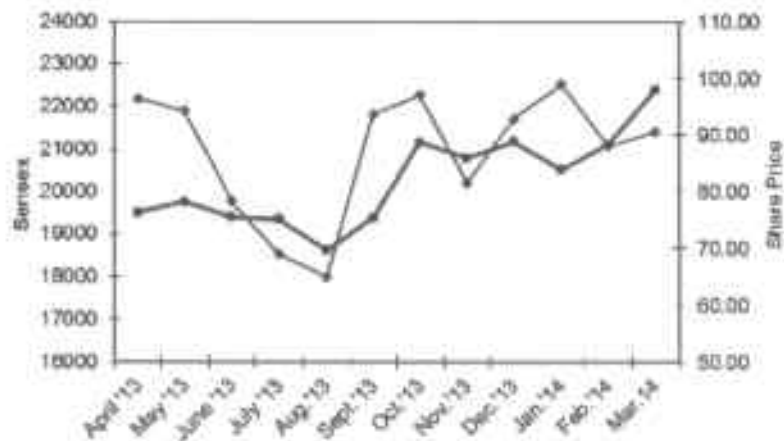
10. GENERAL SHAREHOLDERS INFORMATION

- AGM date, time and Venue - 29th September, 2014 at 10.00 am at the Registered Office of the Company at No.54/1, Boodihal Village, Nelamangala, Bangalore-561 123.
- Financial Year - April 2013 to March 2014
- Date of Book Closure - 20-09-2014 to 29-09-2014
- Dividend payment date - N.A.
- Listing on stock exchange - Bangalore Stock Exchange Ltd.,
JC Road, Bangalore-560 027,
The Stock Exchange, Mumbai
Gatal Street, Mumbai-400 001
Stock Code: 524758
The Company has paid the listing fee to stock exchanges. The Company has applied to Bangalore Stock Exchange for delisting of the shares under SEBI (Delisting of Equity Shares) Regulations, 2009.

Market price data:

High, Low of market price of the company's shares traded on the Stock Exchange, Mumbai during each month in last financial year (2013-14) and performance in comparison to BSE Sensex:-

Period		Company's Share Price	
		High	Low
April	2013	97.60	93.05
May	2013	105.00	94.25
June	2013	101.50	78.30
July	2013	89.20	66.55
August	2013	73.00	62.10
September	2013	93.50	63.10
October	2013	100.00	83.20
November	2013	100.50	81.50
December	2013	92.90	79.85
January	2014	99.00	93.50
February	2014	105.00	88.05
March	2014	104.00	90.30

Share Performance of the Company


Registrars and Share Transfer Agents:

Canbank Computer Services Ltd., No.218, J.P.Royale, 1st Floor, 2nd Main, Sampige Road (Near 14th Criss), Malleshwaram, Bangalore-560 003, Email: canbankita@ccsi.co.in

Share Transfer System:

Share Transfers in physical form can be lodged either with the Company at the Registered office or with the Registrar and Share Transfer Agents of the Company. The transfers are normally processed within 15 days from the date of receipt, if the documents are complete in all respects.

The distribution of Shareholding as on 31.03.2014 is as follows: -

Range of Holdings		No. of Holders	Amount (₹)
Upto	5000	5412	64,07,290
5001	10000	94	8,00,350
10001	50000	56	12,12,620
50001	100000	10	6,53,660
100001	and above	10	9,11,68,300
Total		5582	10,02,42,420

Dematerialisation of Shares and liquidity: 93,13,644 Shares (92.91% of paid up capital) has been dematerialised as on 31.03.2014

Outstanding GDR's/ADR's/Warrants or any convertible instruments - Nil

Plant location: - The Company's plant is located at 54/1, NH4 Near 39th Mile, Boodhial Village, Nelumangala Taluk, Bangalore Dist., Karnataka

Address of correspondence: Shareholders can correspond with the Registrar and Share Transfer Agents at the addressed mentioned above. The Shareholders may also contact Shri B.P.Thyagaraj, Asst.V.P.(Finance) & Secretary at the Registered office of the Company for any assistance.

DECLARATION

I, S.Jayaprakash Mady, Managing Director of Wintac Limited hereby declare that all the members of the Board of Directors and the Senior Management personnel have affirmed compliance with the Code of Conduct, for the year ended March 31, 2014

Date : 14th August, 2014
Place : Bengaluru.

For Wintac Limited
S.Jayaprakash Mady
Managing Director

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To :

The Members of Wintac Limited.

We have examined the compliance of conditions of Corporate Governance by Wintac Limited for the year ended March 31, 2014, as stipulated in clause 49 of the listing agreement of the said company with the Bangalore and Bombay Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof adopted by the company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said clause and the representations made by the Directors and the management. It is neither an audit nor an expression of the opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations give to us, we certify that the company has generally complied in the conditions of Corporate Governance as stipulated in clause 49 of the listing Agreement.

As required by the Guidance note issued by the ICAI, we have to state that in respect of investor grievances received during the year ended March 31, 2014, no investor grievances are pending against the Company as on March 31, 2014, as per the records maintained by the investors Grievance Readdressal committee and certificate of the registrars.

We further state that such compliance is neither an assurance as to the future viability of the company nor of the efficiency of effectiveness with which the management has conducted the affairs of the company.

Place : Bengaluru.
Date : 14th August, 2014

FOR RAO AND SWAMI
Chartered Accountants (FRN 0031055)
(H.Anil Kumar) Partner M. no : 022329

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WINTAC LIMITED**Report on the Financial Statements**

1. We have audited the accompanying financial statements of Wintac Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board's Responsibility for the Financial Statements

2. The Board of Directors of the company is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
 - (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

7. Your attention is drawn to the following Notes forming Part of the financial Statements for the year ended 31-03-2014:
 - a. Note 19.1 detailing claims against the company not acknowledged as debts (including demands of about ₹271.46 lakhs (excluding interest and penalty) upheld by the lower appellate authorities and contested by the company) in respect of which the management expects favourable orders.
 - b. Note 20.1 regarding method followed for recognition of revenue from Formulation Development Fee.
 - c. Note 28.10 a) regarding change in the method of valuing issues and closing stock of inventory consequent to changeover to new ERP System.
 - d. Note 28.10 b) regarding change in method of recognising revenue from contract manufacture from percentage of completion method to completed contract method.

- e. Note 25.11 b) that management's assessment of the impact from the ongoing reconciliations will not be significant.
Our opinion is not qualified in respect of the above matters.

Regulatory Requirements

8. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order in so far as applicable.
9. As required by section 227(3) of the Act, we report that:
- a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit, except certain documentation in support of acquisition of trademarks from the joint venture company, referred to in Note 9.2 b), such as report of independent valuer and consent of the stakeholders, which in our opinion is necessary;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
 - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 except with reference to not furnishing required disclosures as required by AS-15 (Employee Benefits) for the current year in Note 25.1 c), for the reasons stated in Explanatory Note 3 therein; and valuation of inventory on standard cost basis as referred to in Note 28.10 a) which is not in accordance with AS-2 (Valuation of Inventories);
 - e. We report that no director of the company is disqualified from being appointed as a director under Section 274(1)(g) of the Companies Act, 1956 by virtue of the directorship in this company. In respect of disqualification which could arise from directorships in other companies, representations have been received from the Directors and taken on record by the Board, that they are not subject to disqualification u/s. 274(1)(g) of the Companies Act, 1956 as on March 31st, 2014.
 - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For RAO & SWAMI
Chartered Accountants
(FRN 003105S)

(H.Anil Kumar)
M No: 022329
PARTNER

Date : 9th May, 2014
Place : Bengaluru.

**ANNEXURE REFERRED TO IN PARAGRAPH 8 OF OUR REPORT OF EVEN DATE
RE: WINTAC LIMITED**

- 1) **Fixed Assets:**
 - a) The company is maintaining proper records which show full particulars including quantitative details and location of the fixed assets.
 - b) Though there is no formal programme for periodic verification of fixed assets, the management had carried out the physical verification of fixed assets during the previous year and necessary entries had been passed in the books to reflect the factual position.
 - c) As substantial part of the fixed assets has not been disposed during the year, our reporting under Clause 4 (i) (c) of the order does not arise.
- 2) **Inventory**
 - a) According to the information and explanations furnished to us, physical verification has been conducted by the management during the year/as at the year end of inventory in its possession. The stock in the possession of third parties has been verified by the management with reference to certificates furnished by them and/or other relevant documents. Materials in transit have been taken as per records. In our opinion the frequency of verification is reasonable considering the size of the company and nature of its business.
 - b) In our opinion, the procedures of physical verification of stock are reasonable and adequate in relation to the size of the company and nature of its business.
 - c) The company has a system of maintaining proper records for inventory in respect of raw materials and finished goods. In respect of stores and consumables proper records are being maintained from 1-10-2013. As informed to us, the discrepancies noticed on physical verification as compared to the book records were not material and have been properly dealt with in the books of account.
- 3) **Loans from/to parties listed in the Register maintained under Section 301 of the Companies Act, 1956:**

According to the information and explanations furnished to us, no loans secured or unsecured, have been granted to or obtained during the year from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. In respect of balance of inter corporate deposit of Rs. 15.05 lakhs obtained during the previous year obtained from a company in which a director of the company is a director the same has been fully repaid during the year. No interest has been paid on the deposit and in terms of the information furnished to us the other terms and conditions were not prejudicial to the interests of the company
- 4) **Internal Control for the purchase of inventory and fixed assets and for the sale of goods and services:**

According to the information and explanations furnished to us, taking into consideration that some items are of special nature for which comparative alternative quotations cannot be obtained there are prima facie adequate internal control procedures commensurate with the size of the company and nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. *While no major failure to correct weaknesses in internal control in the above areas have been identified, the procedures and controls have not been documented and the accounting processes still require to be streamlined.*
- 5) **Transactions referred to under Section 301 of the Companies Act, 1956:**
 - a) Our audit has not disclosed any transaction exceeding the value of five lakh rupees during the financial year in respect of any party that needs to be entered in the register maintained under Section 301 and not having been so entered.
 - b) As explained to us, taking into consideration that some items are of special nature for which comparative alternative quotations cannot be obtained, the transactions have been made at prices which were reasonable having regard to the prevalent market prices at the relevant time.
- 6) **Fixed Deposits:**

The company has generally complied with the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules, 1975 with regard to deposits accepted from the public. No order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

- 7) **Internal Audit:**
An external firm of Chartered Accountants has done the internal audit for the year under review. *The internal audit system needs to be strengthened through proper follow up so as to be commensurate with the size of the company and nature of its business.*
- 8) **Cost Records:**
We have broadly reviewed the system for maintenance by the company of books of account pursuant to the order made by the Central Government for maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie the system provides for generation/maintenance of prescribed accounts and records. However we have not made a detailed examination to determine whether these records are accurate and complete.
- 9) **Statutory Dues:**
- The company is generally found to be depositing the undisputed statutory dues (as ascertained and provided in its books)in respect of Provident Fund, Investor Education & Protection Fund, Employees' State Insurance, Income tax, Sales Tax, Excise Duty, Customs Duty, Service Tax, etc. though there may be some delay. As per the books, there are no undisputed amounts in arrears outstanding for period of more than six months from the date they became payable, except ₹ 9.96 lakh in respect of Excise Duty.
 - Regarding disputed statutory dues, we are informed that Note 19.1 gives full particulars of dues not deposited on account of dispute/ settlement proceedings.
- 10) **Whether accumulated loss exceeds fifty percent of the Net Worth:**
As per the financial statements under report:
- The accumulated loss as at the end of the financial year does not exceed fifty percent of the Net Worth.
 - The company has incurred cash loss during the financial year covered by our audit and in the previous financial year.
- 11) **Guarantees given on behalf of others:**
According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions as at the end of the year.
- 12) **Funding of investments:**
The long term investments held by the company are backed by long term funds. The company is not holding any short term investments.
- 13) **Frauds:**
According to the information and explanations furnished to us no fraud on or by the company has been noticed or reported during the year.

(The matters required to be reported upon by us as per subclauses (xi),(xii), (xiii), (xiv), (xix) and (xx) of paragraph 4 of the Order are not found to be applicable to the Company for the year under report).

Date : 9th May, 2014
Place : Bengauru,

For RAO & SWAMI
Chartered Accountants
(FRN 0031055)

(H.Anil Kumar)
M No: 022329
PARTNER

BALANCE SHEET AS AT 31ST MARCH, 2014

Particulars	Note No	As at 31.03.2014 ₹	As at 31.03.2013 ₹
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
Share Capital	1	10,02,97,920	12,02,97,920
Reserves and Surplus	2	25,37,29,287	32,36,73,200
(2) Non-Current Liabilities			
Long-term borrowings	3	38,80,000	97,26,000
Other Long term liabilities	4	1,00,000	1,00,000
(3) Current Liabilities			
Short-term borrowings	5	-	1,24,75,148
Trade payables	6	7,90,98,652	6,50,85,623
Other current liabilities	7	7,62,23,708	7,38,75,274
Short-term provisions	8	37,93,409	18,79,249
Total		51,71,22,976	60,71,12,414
II. Assets			
(1) Non-current assets			
Fixed assets:			
(i) Tangible assets	9	28,03,96,913	21,36,53,973
(ii) Intangible assets		95,31,846	1,07,06,013
(iii) Capital work-in-progress		-	2,09,97,795
Non-current investments	10	-	-
Deferred tax assets (net)	11	2,58,03,894	3,10,45,795
Long term loans and advances	12	1,87,69,542	1,85,43,439
Other non-current assets	13	2,27,72,700	1,39,74,128
(2) Current assets			
Inventories	14	6,24,59,151	4,64,23,486
Trade receivables	15	5,74,94,965	3,88,49,863
Cash and cash equivalents	16	60,92,866	17,83,66,803
Short-term loans and advances	17	95,02,161	64,58,094
Other current assets	18	1,52,98,938	3,00,93,224
Total		51,71,22,976	60,71,12,414
Contingent Liabilities & Commitments 19			
Other Disclosures 28			
Significant Accounting Policies 29			

For and on behalf of the Board,

S JAYAPRAKASH MADY
Managing Director

DR. K. PARANJOTHY
DIRECTOR

Place : Bengaluru
Date : 09.05.2014

B.R. ARUN EASHWAR
DIRECTOR

B P THYAGARAJ
A V P (Finance) & Secretary

R.A. THIRUMOORTI
DIRECTOR

20

Refer our report of even date
For RAO & SWAMI
Chartered Accountants
F R N NO. 003105 S
H ANIL KUMAR
Partner
M. No. 022329

Place : Bengaluru
Date : 09.05.2014

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31ST MARCH, 2014

Particulars	Note No	Current Year 2013-14 ₹	Previous Year 2012-13 ₹
I. Revenue from operations	20	30,47,75,504	20,88,47,822
II. Other income	21	58,45,246	35,10,528
III. Total Revenue (I +II)		31,06,20,750	21,23,58,150
IV. Expenses:			
Cost of materials consumed	22	12,33,46,603	6,14,20,077
Purchase of Finished Goods	23	78,78,169	76,20,048
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	24	(1,33,56,201)	12,01,295
Employee Expenses & Benefits	25	9,59,49,541	7,94,93,986
Finance costs	26	32,59,022	2,82,09,741
Depreciation and amortization expense		1,87,97,444	1,94,10,692
Other expenses	27	10,45,32,376	8,06,02,120
Total Expenses		34,04,06,954	28,69,57,959
V. Profit before exceptional and extraordinary items and tax (III - IV)		(2,97,86,204)	(7,45,99,809)
VI. Exceptional Items :	28.9	3,49,15,809	10,32,38,314
VII. Profit before extraordinary items and tax (V - VI)		(6,47,02,013)	(17,78,38,123)
VIII. Extraordinary Items		-	-
IX. Profit before tax (VII - VIII)		(6,47,02,013)	(17,78,38,123)
X. Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		52,41,901	(58,23,102)
XI. Profit(Loss) from the period (VII - VIII- X)		(6,99,43,914)	(17,20,15,021)
XII. Earning per equity share:			
(1) Basic		(6.98)	(25.79)
(2) Diluted		(6.98)	(25.79)
XIII. Other Disclosures	28		
XIV. Significant Accounting Policies	29		

For and on behalf of the Board,

S JAYAPRAKASH MADY
Managing Director

DR. K.PARANJOTHY
DIRECTOR

Place : Bengaluru
Date : 09.05.2014

B.R. ARUN EASHWAR
DIRECTOR

B P THYAGARAJ
A V P (Finance) & Secretary

R.A. THIRUMOORTI
DIRECTOR

Refer our report of even date

For RAO & SWAMI
Chartered Accountants
F R N NO. 003105 S

H ANIL KUMAR
Partner

M. No. 022329

Place : Bengaluru
Date : 09.05.2014

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

PARTICULARS	CURRENT YEAR 2013-2014		PREVIOUS YEAR 2012-2013	
	₹	₹	₹	₹
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit/ (Loss) for the year before tax		(6,47,02,013)		(17,78,58,123)
Adjustments for				
- Depreciation - current year	1,87,97,444		1,04,10,692	
- prior year	-		(17,23,667)	
- Provisions/ Write offs under Exceptional Items	(27,10,729)		10,32,38,314	
- Loss on sale of Fixed Assets	72,810		-	
- Interest/dividend received	(48,56,579)		(26,98,679)	
- Interest paid	32,59,022	1,45,81,968	2,82,09,741	14,64,36,500
Operating profit before working capital changes		(5,01,40,045)		(3,14,01,823)
Adjustment for :				
- Trade & Other Receivables	(3,51,04,922)		(51,48,729)	
- Inventories	(1,80,35,665)		25,74,413	
- Trade & Other Payables	3,67,49,008	(1,43,91,579)	39,16,689	13,42,373
NET CASH FROM OPERATING ACTIVITIES (A)		(6,45,31,624)		(3,00,59,250)
B. CASH FLOW FROM INVESTMENT ACTIVITIES				
- Purchase of Fixed assets		(7,17,71,034)		(1,93,89,905)
- Sale of Fixed Assets		2,30,127		-
- Advance to Medilepec Pharmaceuticals Private Limited		(38,26,538)		(14,73,394)
- Other Loans		-		1,32,85,000
- Interest/Dividend Received		48,56,579		26,98,679
NET CASH FROM/(USED IN) INVESTING ACTIVITIES (B)		(7,05,10,866)		(48,79,619)
C. CASH FLOW FROM FINANCING ACTIVITIES				
- Proceeds from issue of shares		-		40,00,00,000
- Redemption of Preference Shares		-		(2,00,00,000)
- Proceeds from (Repayment of) borrowings		(3,39,51,259)		(15,15,84,180)
- Interest Paid		(32,79,998)		(2,83,46,971)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES (C)		(3,72,31,247)		20,00,68,849
Net Increase in cash and cash equivalents (A)+(B)+(C)		(17,22,73,737)		16,51,29,980
D. OPENING CASH AND CASH EQUIVALENTS (D)		17,83,66,603		1,32,36,624
E. CLOSING BALANCE OF CASH AND CASH EQUIVALENT (E)		60,92,866		17,83,66,603
Net Increase in Cash and Cash Equivalents (E-D)		(17,22,73,737)		16,51,29,980

For and on behalf of the Board,

S JAYAPRAKASH MADY
Managing Director

DR. K.PARANJOTHY
DIRECTOR

Place : Bengaluru
Date : 09.05.2014

B.R. ARUN EASHWAR
DIRECTOR

B P THYAGARAJ
A V P (Finance) & Secretary

R.A. THIRUMOORTI
DIRECTOR

Refer our report of even date
For RAO & SWAMI
Chartered Accountants
F R N NO. 003105 S
H ANIL KUMAR
Partner
M. No. 022329

Place : Bengaluru
Date : 09.05.2014

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2014

	As at 31 st March 2014	As at 31 st March 2013
	₹	₹
1.SHARE CAPITAL		
1.1 AUTHORISED		
1,20,00,000 (1,20,00,000) Equity Shares of ₹ 10/- each	12,00,00,000	12,00,00,000
3,00,000 (3,00,000) 15 % Preference Shares of ₹ 100/- each	3,00,00,000	3,00,00,000
1.2 ISSUED,SUBSCRIBED & FULLY PAID UP		
1,00,24,242 (1,00,24,242) Equity Shares of ₹ 10/- each	10,02,42,420	10,02,42,420
Nil (2,00,000) 15 % Preference Shares of ₹ 100 /- each	-	2,00,00,000
1.3 FORFEITED SHARES	55,500	55,500
	10,02,97,920	12,02,97,920

1.4 RECONCILIATION OF NUMBER OF SHARES

Particulars	Equity Shares		Preference Shares	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Shares outstanding at the beginning of the year	1,00,24,242	60,24,242	2,00,000	2,00,000
Shares issued during the year	-	40,00,000		
Shares redeemed during the year			2,00,000	-
Shares outstanding at the end of the year	1,00,24,242	1,00,24,242	-	2,00,000

1.5 DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% OF THE SHARES

Name of Shareholder	As at 31st March 2014		As at 31st March 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
A. EQUITY SHARES				
GAVIS Pharmaceuticals LLC, USA	55,12,098	54.99	40,00,000	39.90
Bangalore Pharmaceutical & Research Laboratory P Ltd	1,12,900	12.10	12,12,900	12.10
Mr. S Jayaprakash Mady	9,16,056	9.14	9,16,056	9.14
Mrs. Kripa Mady	6,71,061	6.69	6,71,261	6.70
B. PREFERENCE SHARES				
Dr.Sridhar Mitta	-	-	2,00,000	100.00

1.6 Rights, Preferences and Restrictions:

Equity shares are on par with each other both with regard to payment of dividend and voting rights.

- 1.7 Preference Shares were redeemed on 17.02.2013. As the Preference Share Certificate had not been surrendered, the Preference Share Account was closed during the year after issue of formal notice to the preference share holder.

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2014

	As at 31 st March 2014	As at 31 st March 2013.
	₹	₹
2. RESERVE & SURPLUS		
SECURITIES PREMIUM ACCOUNT		
Opening Balance	50,98,63,366	14,98,63,366
Additions during the year	-	36,00,00,000
Closing Balance	<u>50,98,63,366</u>	<u>50,98,63,366</u>
GENERAL RESERVE		
As per previous Balance Sheet	4,09,83,740	4,09,83,740
SURPLUS		
Opening balance	(22,71,73,906)	(5,51,58,864)
(+) Net Profit/(Net Loss) For the current year	(6,99,43,914)	(17,20,15,021)
Closing Balance	<u>(29,71,17,819)</u>	<u>(22,71,73,906)</u>
Total	<u>25,37,29,287</u>	<u>32,36,73,200</u>

	As at 31 st March 2014		As at 31 st March 2013	
	Non Current	Current	Non Current	Current
	₹	₹	₹	₹
3. LONG TERM BORROWINGS				
UNSECURED				
Term loans from parties Other than Banks Non Banking Finance Companies	-	-	-	12,92,111
Deposits				
Fixed Deposits	38,80,000	57,96,000	97,26,000	1,47,07,000
	<u>38,80,000</u>	<u>57,96,000</u>	<u>97,26,000</u>	<u>1,59,99,111</u>

3.1 Terms of Repayment - Fixed Deposits are repayable on respective due dates

3.2 There are no defaults /continuing defaults in repayment of principal amount of the loan or interest as on the balance sheet.

3.3 Aggregate amount of above loans guaranteed by the directors ₹ Nil (P.Y. Nil.)

4. OTHER LONG TERM LIABILITIES

Security Deposits	1,00,000	1,00,000
	<u>1,00,000</u>	<u>1,00,000</u>

5. SHORT TERM BORROWINGS

UNSECURED		
Deposits		
Fixed Deposits	-	1,09,15,000
Inter Corporate Deposit	-	15,60,148
	<u>-</u>	<u>1,24,75,148</u>

5.1 Aggregate amount of loans guaranteed by Director - Nil (NIL)

5.2 There is no default / continuing default in repayment of principal or interest as on the balance sheet date.

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2014

	As at 31 st March 2014	As at 31 st March 2013
	₹	₹
6. TRADE PAYABLES		
Trade Payables	7,90,98,652	6,50,85,623
There is no information reportable under the Micro, Small, & Medium Enterprises Development (MSMED) Act, 2006.		
	7,90,98,652	6,50,85,623
7. OTHER CURRENT LIABILITIES		
(a) Current maturities of long-term debt (Refer Note No.3)	57,96,000	1,59,99,111
(b) Interest accrued but not due on borrowings	-	20,964
(c) Unpaid matured deposits and interest accrued thereon	-	54,27,000
(d) Other payables		
Customer Advances/ Credit balances	2,88,29,141	2,78,41,079
Statutory Liabilities	44,70,064	71,86,675
Security Deposits	2,88,000	4,88,000
Others (See Note 7.2 below)	3,68,40,503	1,69,12,545
	7,62,23,708	7,38,75,274
7.1 Amounts due to be credited to the Investor Education and Protection Fund as on 31-03-2014 ₹ Nil (Nil)		
7.2 Others include employee dues and accrued liabilities.		
8. SHORT TERM PROVISIONS		
Provision for Employee Benefits		
Gratuity	15,07,438	-
Earned Leave	22,85,971	18,79,249
	37,93,409	18,79,249
8.1 Disclosures pursuant to AS-15 are given in Note 25.1		

B. FIXED ASSETS	Gross Block						Accumulated Depreciation						Net Block	
	Balance as at 1 st April 2013	Additions	Other Adjustments (Refer Note 3.5)	Disposals	Balance as at 31 st March 2014	Balance as at 1 st April 2013	Depreciation charged for the year	Other Adjustments (Refer Note 3.5)	Depreciation withdrawn for the year	Balance as at 31 st March 2014	Balance as at 31 st March 2013			
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	
3. TANGIBLE ASSETS														
Land	44,14,081	-	-	-	44,14,081	-	-	-	-	-	44,14,081	44,14,081		
Buildings	10,55,40,022	1,94,23,814	-	-	12,49,72,848	4,32,09,493	35,62,732	-	-	4,67,72,225	7,83,00,619	6,23,30,520		
Plant and Equipment	22,34,20,759	8,72,07,930	(3,67,94,396)	-	28,58,14,298	9,08,17,672	1,01,32,723	(73,00,810)	-	9,35,59,585	16,23,94,653	13,46,03,024		
Furniture and Fixtures	31,11,686	42,96,709	-	-	74,08,465	9,89,945	2,72,492	-	-	12,02,437	61,48,028	31,21,751		
Vehicles	68,07,183	62,500	18,43,400	(2,01,962)	86,11,101	30,39,269	7,84,241	18,43,400	8,09,925	47,67,596	37,45,115	47,67,794		
Office equipment	14,95,538	17,08,140	-	-	32,03,679	5,02,803	1,05,087	-	-	6,27,996	26,65,659	9,92,626		
Gardets	20,73,001	-	-	-	20,73,001	-	-	-	-	-	20,73,001	20,73,001		
R & D Equipments	37,24,523	-	3,57,84,388	-	4,05,10,318	16,98,860	19,34,656	73,80,810	-	1,15,12,338	2,65,26,592	20,29,698		
Library	4,55,352	-	-	-	4,55,352	1,16,405	21,334	-	-	1,57,718	2,82,653	3,13,887		
Total	38,42,40,021	5,38,69,152	18,43,469	(2,01,962)	44,74,57,210	14,05,92,648	1,66,23,275	18,43,400	8,91,025	15,87,66,298	28,10,96,913	21,36,53,073		
3. INTANGIBLE ASSETS														
Brands/Trademarks	28,70,701	2,00,000	-	-	30,70,701	28,53,079	9,410	-	-	28,62,429	2,14,222	23,732		
Computer softwares	34,52,190	6,00,000	-	-	40,52,190	18,10,784	6,08,057	-	-	24,29,881	18,27,301	16,35,406		
Technical Knowlde	88,00,150	-	-	-	88,00,150	98,90,150	-	-	-	89,00,150	-	-		
Accruals	1,35,54,396	-	-	-	1,35,54,396	45,19,722	13,58,859	-	-	56,78,381	70,60,215	90,46,874		
Total	2,57,95,037	8,00,000	-	-	2,65,95,037	1,50,89,674	19,74,187	-	-	1,79,93,841	85,21,846	1,07,16,013		
C. CAPITAL IN WORK IN PROGRESS														
- Machinery	-	-	-	-	-	-	-	-	-	-	-	1,69,15,812		
- Building	-	-	-	-	-	-	-	-	-	-	-	41,82,183		
Total	-	-	-	-	-	-	-	-	-	-	-	2,09,97,995		

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2014
9.1.1 Land:

There is a dispute on title of the land at Sarjarpur Road, Original Cost ₹ 671,438. There has been a claimant to the said land who was successful in transferring the Khata to his name and the Company has filed a Writ Petition in the Hon'ble High Court of Karnataka which is pending disposal.

9.1.2 Portion of vacant factory land at Bhudihal Village, Nelamangala Taluk measuring 82,000 Sqft has been given on lease to Bangalore Pharmaceuticals & Research Laboratories Pvt. Ltd.
9.2 Trademarks

- a) Trademarks are under transfer to the company for which necessary applications have been made in respect of trademarks acquired in earlier years.
- b) In respect of trademarks acquired at a value of ₹ 2,00,000 during the year, from joint venture company Mediaspec Pharmaceuticals Pvt Ltd, necessary applications to transfer the trademark to the company's name will be made after completing the necessary formalities.

9.3 Vehicle:

Gross Block includes: Motor Car original cost ₹13,29,372/- standing in the name of the Managing Director."

9.4 Application Software is amortised over a period of six years.
9.5 Other Adjustments represents:

- a) Reclassification of certain equipment acquired for product development cost ₹ 3,69,74,398 and accumulated depreciation ₹ 73,90,810 as R & D Equipments.
- b) Restoration of certain vehicles cost ₹16,43,400 and accumulated depreciation ₹ 16,43,400 which were wrongly withdrawn in the previous year.

	As at 31.03.2014		As at 31.03.2013	
	Number	Value	Number	Value
		₹		₹
10. INVESTMENTS				
Trade investments, Unquoted, at Cost				
Investment in Equity Shares of Mediaspec Pharmaceuticals Private Limited a Joint Venture Company	9,00,000	90,00,000	9,00,000	90,00,000
Less : Provision for diminution in value		90,00,000		90,00,000
	9,00,000	-	9,00,000	-

11. DEFERRED TAX ASSET

A. Deferred Tax Asset		
1. Carry Forward Depreciation	5,26,38,706	5,49,86,070
2. Carry forward Research & Development Expenditure u/s 35(4)	-	3,02,836
3. Expenditure not allowed as a deduction under tax laws pending actual payment	22,40,644	21,90,351
	5,48,79,350	5,74,79,256
B. Deferred Tax Liability		
Difference between book depreciation and tax depreciation	2,90,75,456	2,84,33,461
C. Net Deferred Tax Asset.	2,58,03,894	3,10,45,795

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2014

- 11.1 The assessment of deferred tax asset is provisional and is subject to adjustments on company filing its income tax return, assessment of returned income, outcome of appeals, etc.
- 11.2 In light of the Company since retaining the regulatory approval for sales to US markets, regulatory approvals available for export to European markets and the current valuation of the company, the Management is virtually certain that the company will be able to earn taxable income in subsequent years to absorb deferred tax asset comprising carry forward depreciation and carry forward research and development expenditure.

	As at 31-03-2014	As at 31-03-2013
12. LONG TERM LOANS AND ADVANCES	₹	₹
(unsecured), Considered Good		
Capital Advances	1,50,08,399	1,52,28,075
Security Deposits	37,31,643	27,46,039
Loans and advances to related parties:		
Others	29,500	5,89,325
	(a)	1,87,69,542
Considered Doubtful		
Loans and advances to related parties:		
Medispec Pharmaceutical Private Limited	8,48,92,158	8,10,65,820
Others		
Recon Agrotech Limited (Former Subsidiary)	3,00,78,845	3,00,78,845
	(b)	11,49,71,003
	(a) + (b)	13,37,40,545
Less: Provision for doubtful loans and advances	11,49,71,003	11,11,44,465
	1,87,69,542	1,85,43,439
13. OTHER NON CURRENT ASSETS		
Unsecured, Considered Good		
Taxes Refundable	2,27,72,700	1,39,74,128
	2,27,72,700	1,39,74,128
13.1 Taxes Refundable includes payments made/ refunds adjusted to pending demands and interest thereon which are under appeal as detailed in Note 19.1.		
14. INVENTORIES *		
Raw Materials and components	2,17,68,768	1,49,43,525
Packing Materials and components	1,82,83,636	1,44,95,472
Work-in-progress	42,27,256	30,08,072
Finished goods (Including Purchased)	1,25,89,988	52,16,567
Stores and spares	28,25,907	39,96,254
Packing Materials in bonded warehouse	47,63,596	47,63,596
* Valued as per Accounting Policy No. 29(c)	6,24,59,151	4,64,23,486

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2014

	As at 31 at March 2014	As at 31 at March 2013
	₹	₹
14.1 Include materials purchased for overseas market for supply against orders on hand, not processed pending receipt of regulatory approvals.		
Raw Materials and components	₹ 1,01,87,137 (₹ 1,01,87,137)	
Packing Materials and components	₹ 26,75,100 (₹ 26,75,100)	
Packing Materials in bonded warehouse	₹ 47,63,596 (₹ 47,63,596)	
As the approval has since been received the Company expects the orders to be revived and the material to be used in the manufacturing process.		
14.2 Inventory as on 31.03.2013 valued on FIFO basis. Refer note 28.10 (a) regarding change in method of valuation of inventory		
15. TRADE RECEIVABLES		
UNSECURED, Considered Good:		
Debts outstanding for a period exceeding six months	8,81,951	31,68,821
Other debts	5,66,13,014	3,36,81,042
	5,74,94,965	3,68,49,863
16. CASH AND CASH EQUIVALENTS		
Balances with Banks		
In Deposit Accounts	34,37,706	17,68,08,276
In Current Accounts	26,35,749	15,46,224
Cash on hand	19,411	12,103
	60,92,866	17,83,66,603
16.1 Balances with Banks in Deposit Accounts includes		
(a) ₹ 3,06,000/- (₹ 3,06,000) pledged as margin towards bank guarantees		
(b) ₹ NIL (₹ 1,04,15,276) pledged as margin towards Letter of Credit facilities.		
16.2 Bank deposits with more than 12 months maturity - Nil (Nil)		
16.3 Balances in 4 (3) current accounts with banks which have not been operated during the year aggregating to ₹ 2,16,092/- (₹ 60,496/-) for which statement of accounts and confirmation has not been received.		
17. SHORT TERM LOANS AND ADVANCES		
Other Loans and Advances Recoverable in Cash or Kind or for value to be received *		
Unsecured, considered good	95,02,161	64,58,094
	95,02,161	64,58,094
* Includes loans to staff, advances to suppliers, etc		
18. OTHER CURRENT ASSETS		
Redemption Money paid to Preference Shareholder (Refer Note 1.7)	-	2,00,00,000
Prepaid Expenses	78,95,004	60,68,410
Input Tax Credits (Refer Note 18.1)	74,03,934	37,54,157
Gratuity fund (Funded Status)	-	2,70,657
	1,52,98,938	1,00,93,224
18.1 Input tax credits in respect of Convat, Service tax and Vat balances are under reconciliation.		

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2014
19 Contingent Liabilities and Commitments
19.1 Claims against the company not acknowledged as debt

NATURE OF CASE	FORUM WHERE CASE IS BEING ADJUDICATED	VALUE INVOLVED / POTENTIAL LIABILITY	AMOUNT PAID	AMOUNT NOT PAID	REMARKS
	₹ IN LAKH	₹ IN LAKH	₹ IN LAKH	₹ IN LAKH	
CLAIMS TOWARDS TAXES					
COMPANY IN APPEAL					
CENTRAL EXCISE					
1 Valuation of Physicians' Samples for the period Jan2005 to December 2006	CESTAT, BANGALORE	44.95 (with interest as applicable) Penalty equal amount		44.95 (with interest as applicable) Penalty equal amount	
2 Penalty under Rule 206 A of the Central Excise Rules	CESTAT, AHMEDABAD	2.00		2.00	
3 Claim of duty on removal of sampled products	CESTAT, BANGALORE	Tax of 188.28 (plus interest as applicable) Penalty equal amount	9.05	Tax of 199.23 (plus interest as applicable) Penalty equal amount	
VAT / SALES TAX					
4 Difference in Sales Tax for non submission of Statutory Forms 2000-04 at Mumbai	CCJT-Nav Mumbai	CST 2.33 (Penalty 0.70)	1.75	CST 0.58 (Penalty 0.79)	
5 Difference in Sales Tax for non submission of Statutory Forms 2005-06	Joint Commissioner of Commercial Taxes- Appeals	4.00	4.00		
6 Difference in Sales Tax for non submission of Statutory Forms 2006-07	Joint Commissioner of Commercial Taxes- Appeals	5.80	5.80		
INCOME TAX					
7 Appeal against order of rectification passed by AO for Asses Year 2001-02	High Court of Karnataka	36.25 plus interest as applicable	70 (approx)		Has been recovered out of refunds for subsequent assessment years
8 Taxability of transfer of Technical knowhow to Recor Healthcare Limited.	Supreme Court of India	Nil	Nil	Nil	No immediate monetary impact in view of brought forward loss.
FRINGE BENEFIT TAX					
9 Appeal against order for assessment year 2008-09 passed pursuant to order of revision	Comm. Ct Income Tax, Appeals	5.24	-	5.24	
DEPARTMENT IN APPEAL					
CENTRAL EXCISE					
11 Central Excise on Sale of brands to Recor Health Care	Supreme Court of India	400 (with interest and penalty etc)	-	400 (with interest and penalty etc)	Liability if any will be on account of Cadila Healthcare Private Limited the purchaser
12 Service Tax on transfer of Technical Knowhow to Recor Health Care etc.	High Court of Karnataka	126.08 (with interest and penalty etc)	-	126.08 (with interest and penalty etc)	Liability if any will be on account of Cadila Healthcare Private Limited the purchaser
OTHER CLAIMS					
13 Liability under CK Coproduction demanding Rs. 8.3 with interest non-submission of Sales Tax Forms	City Civil Court	₹ 8.3 lakhs	-		Towards differential tax for non-submissions of forms

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2014

	As at 31 at March 2014	As at 31 at March 2013
	₹ in Lakhs	₹ in Lakhs
19.2 Guarantees		
Corporate Guarantees issued in favour of bankers of joint venture company Medispec Pharmaceuticals (p) Ltd	-	20.00
19.3 Other money for which the company is contingently liable		
(a) Sales Tax & Entry Tax: The management is of the opinion that company will have no further liability / exposure arising from pending assessments for Sales Tax and Entry Tax for current and earlier years at erstwhile depots and at Bangalore, including tax payable on the products of Medispec Pharma (P) Ltd sold under co-marketing arrangements.		
(b) Provident Fund Proceeding before the regional provident fund commissioner regarding damage and interest for delay in remittance of PF contribution since 01.04.1996 to 24.12.2013	48.64	
19.4 Other Commitments :		
(a) Custom Duty:		
i. On account of import of material under Advance License Scheme	-	-
ii. On goods held in bonded ware house	12.32	12.32
iii. On other goods:	3.06	3.06
(b) Estimate amount of contracts remaining to be executed on capital account not provided for	69.92	106.05
20. REVENUE FROM OPERATIONS		
Sales: Formulations		
- Gross Sales (Refer note 20.2)	17,81,24,460	10,50,64,496
- Less : Excise Duty *	2,22,18,621	1,80,16,323
	15,59,05,839	8,70,48,173
Income from Services:		
- Manufacturing Charges (Refer Note 26.10 (b))	8,00,25,382	9,79,39,850
- Formulation Development	6,88,44,263	2,21,88,195
- Other Operating Revenues (Analytical Charges etc)	-	16,71,404
	30,47,75,504	20,88,47,622

* Excise Duty which is collected separately and does not form part of revenue is added back to revenue for the purpose of arriving at Gross Sales above.

20.1 Formulation Development Fee ₹ 6,88,44,263 (₹ 2,21,88,195) represents Technology Transfer Fee for development of dosage forms. Revenue from these contracts is generally being recognized in accordance with the payments falling due as per the payment milestones under the agreement, which method, in the opinion of the management, approximates to the proportionate completion method specified in Accounting Standard - 9 "Revenue Recognition".

20.2 Included ₹ 47,46,472 Sale of products whose trademarks are pending application for transfer to Companies name as referred to in note 9.2b

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2014

	Current Year 2013-2014	Previous Year 2012-2013
	₹	₹
21. OTHER INCOME		
a) Interest	48,56,579	26,98,879
b) Other Non Operative Income		
Lease Rent	5,80,800	5,80,800
Miscellaneous Income	4,80,677	1,54,177
Profit / (Loss) on Sale of Fixed Assets	(72,810)	-
Prior Period Items- (Net)	-	76,871
	58,45,246	35,10,528
22. COST OF MATERIAL CONSUMED		
Raw Materials	7,88,27,091	3,23,03,203
(Bulk Drugs and other Pharmaceutical inputs)		
Packing materials	4,45,19,512	2,91,16,874
(Ampoules, vials, bottles, labels, cartons, shippers etc)		
	12,33,46,603	6,14,20,077
23. PURCHASE FINISHED GOODS (Formulations)	78,78,169	76,20,048
24. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS (Formulations)		
Closing Stock		
Finished Goods (including Purchased Goods)	1,73,53,584	52,16,567
Semi-Finished Goods	42,27,256	30,08,072
	2,15,80,840	82,24,639
Less: Opening Stock		
Finished Goods (Including Purchased Goods)	52,16,567	46,43,966
Semi-Finished Goods	30,08,072	47,81,968
	82,24,639	94,25,934
Increase / (Decrease) in Inventory	1,33,56,201	(12,01,295)
25. EMPLOYEE EXPENSES & BENEFITS		
Salaries & Wages	8,68,18,141	7,36,54,237
Contribution to Provident and Other Funds	56,12,738	35,59,123
Staff Welfare	35,18,662	22,80,627
	9,59,49,541	7,94,93,986
25.1. a) Overview of Employees Benefits		
1) The compensation to employees for services rendered are as follows:		
i. Salaries and Wages including compensated absences. Compensated absences such as eligibility towards earned leave are allowed to be accumulated as per company's rules. Such earned leave can be encashed at the time of separation.		
ii. Bonus as per the Bonus Act, 1965.		
iii. Contributions under defined contribution plans such as Provident Fund as per Employees Provident and Miscellaneous Provisions Act, Employees Insurance Scheme, etc.		
iv. Defined Benefit Plans such as Gratuity on cessation of employment. The Company has taken a Master Policy from LIC to fund this defined benefit obligation.		
v. Other employee benefits such as leave travel allowance.		
The above benefits are subject to eligibility and other criteria as per company's rules.		
2) The Company had discontinued the Superannuation Scheme at the close of 31.03.2008. During the current year dues of most employees have been settled and excess of Rs. 7,45,007/- paid over balance of contribution held as of 31.03.2013 is included under salaries and wages. Further dues (if any) to separated employees will be recognised on a pay as you go basis.		

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2014

	Current Year 2013-2014	Previous Year 2012-2013
	₹	₹
b) Recognition and Measurement		
i. Employee benefits are recognized on accrual basis. Liability to compensated absence such as leave encashment are determined by multiplying the actual leave accumulated at the end of the year by the applicable component of salary.		
ii. Liability to defined benefit plan viz. Gratuity are valued on actuarial basis under Projected Unit Credit Method, by LJC.		
iii. Liability under defined contribution schemes such as contribution to Provident Fund, ESF etc are measured based on the contribution due for the year.		
iv. Leave Travel Allowance is recognized during the year based on accruals, which was hitherto recognised based on claim. The impact on accounts due to change in the accounting policy in the opinion of the management will not be material.		
c). Disclosures pursuant to AS-15 (Revised 2005)		
i. Leave Encashment		
Opening Liability	18,79,249	17,62,427
Leave encashed during the year	3,13,461	2,55,161
Closing liability as on 31st March 2014	22,85,971	18,79,249
Charge to the Profit and Loss A/c	7,20,183	3,71,983
ii Gratuity		
Table Showing changes in present value of Obligation		39,34,385
Present value of obligations as at beginning of year		3,14,751
Interest cost		4,64,993
Current Service Cost	See Explanation Note 3 below	-
Benefits Paid		(6,82,821)
Actuarial (gain)/ loss on obligations		40,31,308
Present value of obligations as at end of year		
Table showing changes in the fair value of plan assets		3,06,498
Fair value of plan assets at beginning of year		88,723
Expected return on plan assets		39,06,744
Contributions	-	-
Benefits Paid		-
Actuarial gain/(loss) on Plan assets		43,01,965
Fair value of plan assets at the end of year		
Table showing fair value of plan assets		3,06,498
Fair value of plan assets at beginning of year		88,723
Actual return on plan assets		39,06,744
Contributions	-	-
Benefits Paid		43,01,965
Fair value of plan assets at the end of year		2,70,657
Funded status		NIL
Excess of Actual over estimated return on plan assets (Actual rate of return - Estimated rate of return as ARD falls on 31st March)		
The amounts to be recognized in the balance sheet		
Present value of obligations as at the end of year		40,31,308
Fair value of plan assets as at the end of the year		43,01,965
Funded status	-	2,70,657
Net asset/ (liability) recognized in balance sheet:		2,70,657

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2014

	As at 31 at March 2014	As at 31 at March 2013
	₹	₹
Actuarial Gain/Loss recognized		
Actuarial (gain)/ loss for the year - plan assets		NIL
Actuarial (gain)/ loss on obligations	-	(6,82,821)
Actuarial (gain)/ loss recognized in the year		(6,82,821)
Expenses Recognised in statement of Profit and loss		
Current Service cost		4,64,993
Interest Cost		3,14,751
Expected return on plan assets	-	(88,723)
Net Actuarial (gain)/ loss recognized in the year		(6,82,821)
Expenses recognised in statement of Profit and loss		8,200

EXPLANATORY NOTES
1. Experience Adjustments

Defined benefit obligation	*	40,31,308	39,34,385	35,47,017
Plan Assets	*	43,01,965	3,06,498	2,86,754
Surplus / (Deficit)	*	2,70,657	(36,27,887)	(32,60,263)
Experience adjustment on plan liability	*	-	-	-
Experience adjustment on plan asset	*	-	3,06,498	2,60,809

* See Explanation Note 3 below

2. Principal Actuarial assumptions at the Balance Sheet Date in respect of gratuity as per statement from LIC

Particulars	As at 31.03.2014	As at 31.03.2013
Discount rate	Refer Note - 3	8%
Salary Escalation		7%
Withdrawal Rate		1% to 3%
Mortality Rate		Depending on age LIC (1994 - 96) ultimate

3. Figures for the previous year are as furnished by LIC for purpose of disclosure under AS- 15. Figures for the current year are awaited and disclosure as per AS-15 could not be furnished.

4. The estimates of salary increases furnished by the company to LIC for the purposes of the actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors.

26. FINANCE COST

Interest expense *	29,23,980	2,77,72,246
Other borrowing costs	3,35,039	4,37,492
	<u>32,59,022</u>	<u>2,82,09,741</u>

* Includes interest paid for late remittances of statutory dues ₹ 1,69,916/-

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2014

	Current Year 2013-2014	Previous Year 2012-2013
	₹	₹
27. OTHER EXPENSES		
Advertisement & Sales Promotion	9,49,289	14,30,783
Auditors's Remuneration	6,55,000	5,00,000
Commission Paid (Net of provision written back)	(3,57,058)	13,84,405
Communication Expense	19,46,440	17,68,715
Director's Sitting Fees	50,000	87,500
Outward Freight	9,18,145	6,53,839
Insurance	5,80,272	8,07,198
Legal and professional charges	54,08,116	78,37,150
Manufacturing Charges	5,24,978	7,05,611
Miscellaneous Expenses	65,48,713	86,97,388
Net gain or loss on foreign currency transaction and translation (other than considered as finance cost)	19,28,359	28,08,767
Power	3,51,42,501	2,97,21,366
Prior Period Items	-	-
Rent	32,63,410	22,79,440
Repairs and Maintenance :		
- Machinery	1,52,69,445	98,21,315
- Buildings	38,42,535	17,58,433
- Others	39,70,393	40,16,610
- Rates and Taxes	1,57,81,728	78,79,773
- Travelling Expense	41,57,213	34,10,322
- Vehicle Maintenance	39,54,897	42,35,486
	10,45,32,376	8,96,02,120
27.1 Details of Remuneration to Auditors		
As Auditor		
For taxation matters	4,50,000	3,90,000
For company law matters	1,50,000	30,000
For management services	-	25,000
For other services	55,000	55,000
	6,55,000	5,00,000

28. OTHER DISCLOSURES

28.1 In terms of Accounting Standard 18 "Related Party Disclosures", ^ the following relationships and related parties have been identified +

Relationship	Related Party
1 Subsidiary/Holding Companies	None
2 Associates/Joint Ventures	Medispec Pharmaceuticals (P) Ltd
3 Co investors/ venturers	None
4 Enterprises/Individuals holding 20% or more of the voting power in the company directly or indirectly +	Gavis Pharmaceuticals LLC - USA (From 31.01.2013)Bangalore Pharmaceutical & Research Laboratory (P) Ltd(Upto 30.01.2013)
5 Key Management Personnel (As defined under AS-18)	Sri. S. Jayaprakash Mady, Managing Director
6 Relatives of 4 or 5	S. Jayaprakash Mady (HUF)
7 Enterprises in which any person described in 4 or 5 has 20% or more interest in the voting power directly or indirectly.	

^ Refer Significant Accounting Policy regarding disclosure of related party transactions

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2014
Transactions with Related Parties (Other than expenses re-imbursed)

Nature of Transactions	Associates / Joint Venture	Key Management Personnel	Relatives	Enterprises
	₹	₹	₹	₹
1. Managerial Remuneration (Excluding Provision for Gratuity)	Nil (NIL)	24,00,000 (20,33,890)	Nil (NIL)	Nil (NIL)
2. Fixed Deposits/Loans received and outstanding as on 31.03.2014	Nil (NIL)	Nil (75,00,000)	Nil (NIL)	Nil (NA)*
3. Balance Receivable	8,48,92,158 (8,10,65,620)	Nil (NIL)	Nil (NIL)	45,09,292 (NIL)
4. Guarantee & Collaterals*	Nil (20,00,000)	Nil (NIL)	Nil (NIL)	Nil (NIL)
5. Formulation Development Fee	Nil (NIL)	Nil (NIL)	Nil (NIL)	4,68,70,941 (NIL)
6. Lease Rent Received	Nil (NIL)	Nil (NIL)	Nil (NIL)	Nil 4,84,000
7. Lease Rent Paid	Nil (NIL)	Nil (NIL)	3,60,000 (2,50,000)	Nil (NIL)
8. Purchase of Trademarks	2,00,000 (NIL)	Nil (NIL)	Nil (NIL)	Nil (NIL)

* Upto 31.01.2013

^ Refer Significant Accounting Policy regarding disclosure of related party transactions

28.1 Represents compensation payable to a customer pursuant to the company's decision to terminate certain formulation development agreements and manufacturing agreements with said customer, so as to release its manufacturing facilities for manufacture for the US markets.

28.2 Segment Reporting: The Company recognizes only one business segment, viz formulations. All the operations are in India. Hence separate segment information in terms of Accounting Standard 17 "Segment Reporting" issued by the Institute of Chartered Accountants on India, is not given.

28.3 The company has no significant operating leasing arrangements requiring additional disclosure as per AS-19:Leases. The Company has not entered into any financial leasing arrangement.

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2014

	Current Year 2013-2014	Previous Year 2012-2013
	₹	₹
28.4 Earnings Per Share has been computed as under;		
a) Profit after tax	(6,99,43,914)	(17,20,15,021)
b) Less: Preference Dividend and Tax thereon	-	-
c) Profit after tax attributable to equity shares	(6,99,43,914)	(17,20,15,021)
d) Total weighted average number of shares of ₹ 10 each	1,00,24,242	66,70,817
e) Earnings per Share (Basic)	(6.98)	(25.79)
f) Total weighted average number of equity shares for Diluted EPS	1,00,24,242	66,70,817
g) Earnings per Share (Diluted)	(6.98)	(25.79)
28.5 Value of Import calculated on CIF Basis		
Raw Materials	60.98	26.94
Packing Materials	62.39	2.35
Capital Goods	102.61	9.71
	225.98	39.00
28.6 Break up of Consumption		
	Percentage	Percentage
	Qty	Value
Raw Materials	10.26%	80.86
Imported	89.74%	707.41
Indigenous	100.00%	788.27
Packing Materials & Consumables	16.88%	75.16
Imported	83.12%	370.04
Indigenous	100.00%	445.20
	Qty	Value
Raw Materials	16.66%	53.82
Imported	83.34%	269.21
Indigenous	100.00%	323.03
28.7 Earnings in Foreign Currency		
From Export of Goods calculated on FOB Basis	392.76	76.67
Formulation Development Fees	548.94	158.81
	941.70	237.48
28.8 Expenditure in Foreign Currency		
Commission paid in respect of formulation development		
Contracts	-	9.78
Legal & Professional charges	-	28.52
Travelling Expenses	0.49	1.55
USFDA Fees	146.62	104.19
Miscellaneous Expenses	-	9.30
	147.11	153.34

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2014

	Current Year 2013-2014	Previous Year 2012-2013
	₹	₹
28.9 Exceptional Items		
Bad debts written off	7,92,227	19,76,673
Advances written off	-	13,50,494
Provision for diminution in value of investments	-	90,00,000
Sundry Creditors written back	(35,02,957)	(5,49,790)
Provision for Doubtful Advances	38,26,538	8,28,44,465
Book value of discarded Assets (Refer Note 9.5)	-	66,14,472
Compensation for termination of Agreements (Refer Note (a) below)	3,38,00,000	-
	3,40,15,808	10,32,38,314

a) Represents compensation payable to a customer pursuant to the company's decision to terminate certain formulation development agreements and manufacturing agreements with said customer, so as to release its manufacturing facilities for manufacture for the US markets.

28.10 The financial statements have been prepared on the basis of the same accounting policies and practices adopted for the year ended 31.03.2013 except as under:

a) Consequent to changeover to new ERP system on 1-10-2013, issue of material to production is valued at moving weighted average basis as against First In First Out basis. Closing inventory of Raw materials, store & spares, packing materials and work in progress is also valued by the system on moving weighted average basis as against First In First Out basis.

In respect of finished goods same has now been presently valued at standard cost which will be changed to actual cost on moving weighted average basis in financial statement for 2014-15. The impact on the financial statement could not be readily quantified. However in the opinion of the Management same would not be material.

b) Recognition of Revenue from contract manufacturing charges on completed contract method instead of percentage of completion method to align the Company's Accounting Policy with industry practice. Consequently there to

Gross Sales / Income from operation / trade receivables is lower by ₹ 25.01 lakhs with consequential impact on the net profit / (loss) for the quarter, year ended 31.03.2014

28.11 a) The Company has classified assets and liabilities as long term and short term in terms of Revised Schedule VI based on an Operating Cycle of One year.

b) In the assessment of the Management the impact on the financial statements from ongoing review/ reconciliations of balances will not be significant.

c) Figures in brackets pertain to the previous year.

d) Previous year figures have been regrouped wherever necessary to be in conformity with current year's figures.

29. SIGNIFICANT ACCOUNTING POLICIES

- a) Fixed assets are stated at acquisition cost which comprises of purchase price, import duties, levies and any directly attributable cost of bringing the asset to its working condition for its intended use and also include an appropriate share of expenditure (including cost of trial runs and finance charges) during construction / installation. Income (if any) from trial runs is reduced from the Project Cost. Fixed Assets required for Research & Development are capitalized and depreciated in the like manner as other fixed assets of the company. Intangible assets are likewise stated at acquisition cost.

Machinery Spares of the nature of capital spares/insurance spares are capitalized separately at the time of their purchase whether procured at the time of purchase of concerned fixed asset - or subsequently, and are allocated on a systematic basis over a period not exceeding the useful life of the principal item i.e. the fixed asset to which they relate. When the related fixed asset is either discarded or sold, the written down value less disposal value, if any of the capital spares/insurance spares is written off.

- b) Depreciation on tangible assets is provided on straight-line method at the rates as prescribed in Schedule XIV to the Companies Act, 1956. Intangible assets are amortized over their useful life as estimated by the management in accordance with AS-26. Depreciation on assets whose actual cost do not exceed Rs. 5000/- is depreciated at the rate of 100%.
- c) Current investments are carried at lower of cost or fair value. Long-term investments are carried at cost (except where in the opinion of the Directors, there is a decline in value, other than temporary, in which case appropriate provision is made for such reduction in value).
- d) Inventories are valued at lower of cost and net realisable value. Stock of stores are valued at cost. Cost is determined on Moving Weighted Average basis.
- e) Expenses incurred at premises taken on lease by the company on modification / partitions etc to meet the company's requirements are expensed under repairs. Extensions / Additions are capitalised.
- f) Prepaid expenses, which in the opinion of the management are not material in nature, are not carried forward and are generally absorbed in the year in which they are incurred.
- g) Transactions during the year in foreign currencies are recorded at the rate prevailing on the transaction date. Net exchange difference arising on settlement of monetary items or on reporting the monetary items at the closing rate are recognized as income or expense.
- h) All revenues, cost, assets and liabilities are recognised on accrual basis: Income from manufacturing charges is recognized based on despatch. Excise duty payable on uncleared finished goods is accounted when they fall due by clearance from the factory.
- i) Sales include excise duty and are net of discount and value added tax/sales tax.
- j) **Employee Benefits**
- Employee Benefits are recognised, measured and disclosed as per Accounting Standard -15 (Revised 2005) – "Employee Benefits".
 - The company relies on the actuarial valuation made by LIC using Projected Unit Credit Method for measurement of obligation towards Post-Employment Benefits under Defined Benefit Plans such as Gratuity. Actuarial gains or losses are recognised in the Profit & Loss Account.
 - Long term benefits such as earned leave are determined based on the actual leave accumulated at the end of the year.
 - Termination Benefits are expensed in the year of termination of employment.
 - The benefits are after taking into consideration actuarial gains or losses.

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2014

- k) Borrowing costs directly attributable to the acquisition or construction of a qualifying asset are capitalised as a part of the cost of the asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to the profit and loss account of the year in which they are incurred.
- l) Income tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income tax law and deferred tax charge or credit (reflecting the tax effects of timing difference between accounting income and taxable income for the period). The deferred tax charge or credit and corresponding deferred tax liability or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realization of such assets.
- m) Provision is recognized for losses arising from claims, litigations, assessments, fines, penalties, etc., when it is probable that a liability has been incurred and the amount can be reasonably ascertained / estimated.
- n) The basic earnings (loss) per share is computed by dividing the net profit or loss after tax attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year. This is further adjusted for the effect of all dilutive potential equity shares for calculating diluted earnings per share.
- o) Disclosure of related party relationships are made when control exists or where there have been related party transactions. For this purpose, transactions which are carried out on the same terms and conditions as applicable to the general public, such as acceptance of Fixed Deposits and payment of interest thereon, are not considered as related party transactions.
- p) Leases
Assets acquired under finance leases are capitalized at the fair value of the leased asset at the inception of the lease and included within fixed assets. Such assets are depreciated as per the depreciation policy for such assets stated in Note 1(b) above.
- q) Impairment of Assets
As at each Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine:
a. the provision for impairment loss, if any, required; or
b. the reversal, if any, required of impairment loss recognized in previous periods.

For and on behalf of the Board,

S JAYAPRAKASH MADY
Managing Director

DR. K. PARANJOTHY
DIRECTOR

Place : Bengaluru
Date : 09.05.2014

B.R. ARUN EASHWAR
DIRECTOR

B P THYAGARAJ
A V P (Finance) & Secretary

R.A. THIRUMOORTI
DIRECTOR

Refer our report of even date
For RAO & SWAMI
Chartered Accountants
F R N NO. 003105 S
H ANIL KUMAR
Partner
M. No. 022329

Place : Bengaluru
Date : 09.05.2014

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