



# WANBURY LIMITED

## 18<sup>TH</sup> Annual Report 2005-2006

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### Board of Directors

Mr. A. L. Bongirwar	Non-executive Independent Director
Mr. N. K. Puri	Non-executive Independent Director
Dr. P. L. Tiwari	Non-executive Independent Director
Mr. S. Bhattacharyya	EXIM Bank Nominee
Mr. K. Chandran	Whole-time Director
Mr. K. R. N. Moorthy	Whole-time Director

### Company Secretary

Mr. Pankaj B. Gupta

### Registered & Head Office

BSEL Tech Park, B-Wing, 10th Floor,  
Sector 30 A, Opp. Vashi Railway Station,  
Vashi, Navi Mumbai - 400 705, India  
Tel : +91-22-67942222  
Fax : +91-22-67942111/333  
E-mail : shares@wanbury.com  
Website : www.wanbury.com

### Plants at Patalganga and Tarapur (Maharashtra)

### Auditors

**KAPOOR & PAREKH ASSOCIATES**, Chartered Accountants, Mumbai

### Bankers

Bank of India  
EXIM Bank  
State Bank of India  
Dhanalakshmi Bank

### Registrars and Transfer Agents

#### Sharex Dynamic (India) Pvt. Ltd.

Unit – 1, Luthra Industrial Premises,  
Safed Pool, Andheri-Kurla Road, Andheri (E), Mumbai – 400 072, India  
Telephone No.: +91-22-28516338, 28528087  
Fax No.: +91-22-28512885

## NOTICE

Notice is hereby given that the Eighteenth Annual General Meeting of the Members of Wanbury Limited will be held on Tuesday, the 19<sup>th</sup> day of September 2006 at 11:30 a.m. at Hotel Supreme Heritage, Plot No. L-2, Sector No. 19, Vashi, Navi Mumbai - 400 705 to transact the following business, with or without modifications.

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2006 and Profit & Loss Account for the year ended on that date along with Reports of Directors and Auditors thereon.
2. To declare final dividend on Equity Shares of the Company.
3. To appoint a Director in place of Dr. P. L. Tiwari – Director of the Company, who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

**Registered Office:**

BSEL Tech Park, B Wing,  
10<sup>th</sup> Floor, Sector 30 A,  
Opp. Vashi Railway Station, Vashi  
Navi Mumbai – 400 705

By Order of the Board of Directors

For **WANBURY LIMITED**

**PANKAJ B. GUPTA**

Company Secretary  
Mumbai, 26<sup>th</sup> June, 2006

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### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING AND ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE, ON A POLL, INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER. THE PROXIES SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The members are requested to notify immediately changes, if any, in their registered address to the Company's Registrar & Share Transfer Agent M/s Sharex Dynamic (India) Pvt. Ltd., Unit – 1, Luthra Industrial Premises, Andheri-Kurla Road, Safed Pool, Andheri (E), Mumbai – 400 072.
3. Members who hold Shares in Dematerialized form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio Number in the Attendance Slip for easy identification at the meeting and number of shares held by them.
4. The Share Transfer Books and the Register of Members will remain closed from Monday, 11.09.2006 to Tuesday, 19.09.2006 (both days inclusive).

5. At the ensuing Annual General Meeting Dr. P. L. Tiwari – Director, retires by rotation and being eligible offers himself for re-appointment. His brief resume is as under:

<b>Name</b>	<b>Dr. P. L. Tiwari</b>
Age	61 Years
Qualification	M. D. (Med), MRCP (London, Glasgow) FRCP (Edin)
Expertise in Specific Area	Cardiology and Physician
Date of First Appointment on the Board of the Company	09.03.2005
No. of Shares held in the Company	NIL
Name(s) of the other companies in which Directorship held and Committee Membership/ Chairmanship held	Director : Astec Company Private Limited. Committee Membership: NIL Committee Chairmanship: NIL

6. Shareholders desiring any information as regards to the Accounts are requested to write to the Company at least Seven days in advance of the Annual General Meeting so that the information, to the extent practicable, can be made available at the Annual General Meeting.
7. Section 109A of the Companies Act 1956, provides of nomination by the Shareholders of the Company in the prescribed Form No. 2B. Shareholders are requested to avail this facility.
8. The recommended final dividend, if approved by the Shareholders at the Annual General Meeting, the same will be paid after September 19, 2006 to the eligible shareholders.

**Registered Office:**

BSEL Tech Park, B Wing,  
10<sup>th</sup> Floor, Sector 30 A,  
Opp. Vashi Railway Station, Vashi  
Navi Mumbai – 400 705

By Order of the Board of Directors  
For **WANBURY LIMITED**

**PANKAJ B. GUPTA**

Company Secretary  
Mumbai, 26<sup>th</sup> June, 2006

## DIRECTORS' REPORT

Your Directors have pleasure in presenting their EIGHTEENTH ANNUAL REPORT together with the Audited Accounts of the Company for the year ended on March 31, 2006.

### FINANCIAL HIGHLIGHTS:

	(Rs. in Lacs)	
	For the year ended on 31.03.2006	For the year ended on 31.03.2005
Turnover	11086.26	7417.14
Less: Excise Duty & Sales Tax	202.66	185.06
Net Sales	10883.60	7232.08
Other Income	608.94	292.23
Total Income	11492.54	7524.31
Total Expenditure	10049.91	6657.58
Profit / (Loss) before Taxation	1442.63	866.73
Provision for Taxation:		
- Current Tax	131.14	74.00
- Mat Credit Entitlement	(120.00)	-
- Deferred Tax	334.52	86.92
- Fringe Benefit Tax	23.69	-
- Income Tax of earlier years	-	4.56
- Wealth Tax of earlier years	0.25	-
Net Profit after Tax	1073.03	701.25
Balance b/f from Previous Year	779.27	186.18
Amount available for Appropriation	1852.30	887.43
<b>APPROPRIATION</b>		
Proposed Final Dividend on Equity Shares	191.21	94.86
Interim Dividend on Equity Shares	63.74	-
Tax on Dividends	35.76	13.30
Transfer to General Reserve	80.48	-
<b>Balance Carried to Balance Sheet</b>	<b>1481.11</b>	<b>779.27</b>

### OPERATIONAL REVIEW:

Once again the Company had a very successful year under review with strong growth in Sales and Profits and further improvements in operating parameters. Overall turnover during the year grew by 49% to Rs. 11086.26 Lacs as against Rs. 7417.14 Lacs in the previous year, while Profit After Tax, registered growth of 53% and increased to Rs. 1073.03 Lacs as against Rs. 701.25 Lacs in the previous year. The Earning Per Share has grown by 31% i.e. from Rs. 7.39 to Rs. 9.67 per share.

Export of the Company during the year under review registered significant growth of 118% and increased to Rs. 5623.18 Lacs from Rs. 2578.09 Lacs. The Company has been exporting its products to more than 50 Countries.

### MERGER OF DOCTORS ORGANIC CHEMICALS LIMITED (DOCL) WITH THE COMPANY:

The Company expects to merge the Doctors Organic Chemicals Limited with Wanbury during the financial year ending 31<sup>st</sup> March 2007. During the year, the Company has already carried out settlement with DOCL's term and working capital lenders. The capacities of the plant at DOCL have been expanded and upgraded to enable manufacture of new products. Further expansion plans of DOCL are moving satisfactorily.

### **MERGER OF THE PHARMACEUTICAL PRODUCTS OF INDIA LIMITED (PPIL) WITH THE COMPANY:**

The Company has accomplished the first step towards the merger of The Pharmaceutical Products of India Limited (PPIL). The Hon'ble High Court of Judicature at Bombay has issued an order granting sanction to the Scheme of Arrangement with key set of secured and unsecured lenders.

The Company has submitted the merger petition with the Hon'ble Appellate Authority of Industrial and Financial Reconstruction (AAIFR) alongwith the above mentioned Hon'ble High Court Order. In the hearing held on May 22, 2006 before the Hon'ble AAIFR, the matter has been forwarded to Hon'ble BIFR to take the necessary action in this matter and pass the merger order of PPIL with the Company.

The Board has approved the extension of date for completion of all formalities as envisaged in "Draft Scheme of Merger" between The Pharmaceutical Products of India Limited and the Company from 31<sup>st</sup> March 2006 to 31<sup>st</sup> March 2007.

The management of the Company expects to merger the Company within the financial year ending 31<sup>st</sup> March 2007.

### **GLOBAL DEPOSITORY RECEIPTS (GDRs) ISSUE:**

During the year under review, 10,87,000 Global Depository Receipts each representing 3 Equity Shares of Face Value of Rs. 10/- each, were issued at an offer price of US \$ 9.20 per Global Depository Receipt. Consequently, 32,61,000 Equity Shares of Rs. 10/- each fully paid-up were allotted on 03/10/2005, at the premium of Rs. 125 per equity share.

### **DIVIDEND:**

Your Directors are pleased to recommend final dividend of 15% i.e. One Rupee Fifty Paise per equity share for the year ended on March 31, 2006. Along with the Interim dividend paid during the financial year 2005-2006 the aggregate dividend amounts to 20% for the year. The dividend warrants / demand drafts of interim dividend have been sent to respective shareholders of the Company on February 28, 2006.

Total cash outflow on account of total dividend (Interim and Final) payment including dividend tax will be Rs. 290.70 Lacs, which is 27.09% of Net Profit After Tax for the year ended on March 31, 2006.

The dividend after approval by the shareholders at the Annual General Meeting will be paid after September 19, 2006 to the eligible shareholders.

### **DIRECTORS:**

Dr. P. L. Tiwari retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. Your Directors recommend his re-appointment.

Board of Directors of the Company has appointed Mr. Sudip Bhattacharyya as Nominee Directors of Export Import Bank of India (EXIM Bank) at their meeting held on July 30, 2005.

### **PERSONNEL:**

Information under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, forms part of this report. However, as per the provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, the Report and the Accounts are being sent to all shareholders of the Company excluding the aforesaid information. Shareholders interested in obtaining this information may write to the Company Secretary at the Registered Office of the Company.

None of the employee holds (by himself / herself or along with his / her spouse and dependent children) more than 2% of the Paid-up Equity Share Capital of the Company.

### **AUDITORS' REPORT:**

The observations made in the Auditors' Report read together with relevant notes thereon are self explanatory & explained in Notes to Accounts and hence do not call, any further comments under Section 217 of the Companies Act, 1956.

### **AUDITORS:**

M/s Kapoor & Parekh Associates, retire as Auditors of the Company at the conclusion of the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept the office of the Auditors, if re-appointed.

### **COST AUDITOR:**

The report of Hemant V. Shah, Cost Accountant, in respect of audit of cost accounts for bulk business of the Company for the year ended March 31, 2006 will be submitted to the Central Government in due course.

The Board has approved the appointment of Hemant V. Shah, Cost Accountant in respect of audit of cost accounts for bulk business of the Company for the year ended March 31, 2007 at their meeting held on 28/04/2006. An application for the approval of Central Government has been made towards the appointment of Mr. Hemant V. Shah as Cost Auditor for the year ending as on March 31, 2007.

**FIXED DEPOSITS:**

The Company has not invited / accepted / renewed any fixed deposits as per the provisions of Section 58 A of the Companies Act, 1956 from the public during the year under review.

**CORPORATE GOVERNANCE:**

A separate report on the Corporate Governance and Management Discussion & Analysis is attached as part of the Annual Report. The Auditors' Certificate regarding compliance of the conditions of Corporate Governance is also annexed.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

In terms of Section 217 (2AA) of the Companies Act 1956, the directors would like to state that:

- i) In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review.
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The Directors have prepared the Annual Accounts on a going concern basis.

**CONSERVATION OF ENERGY, ABSORPTION OF TECHNOLOGY & FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Information relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as stipulated under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is set out in the separate statement, attached to this report & forms part of it.

**ACKNOWLEDGEMENTS:**

Your Company & its Directors wish to extend their sincere thanks to the Bankers, State Government, Customers, Suppliers, Shareholders and Staff for their continuous co-operation & guidance.

**For and on behalf of the Board of Directors**

**K. Chandran**  
Whole-time Director

**K. R. N. Moorthy**  
Whole-time Director

Mumbai, 26<sup>th</sup> June, 2006

## ANNEXURE TO DIRECTORS' REPORT

Information as per 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.

### A. CONSERVATION OF ENERGY

Company has taken number of measures for conservation of energy: -

- (a) Energy savers installed in centrifuges for saving power.
- (b) Improvement of power factor in electrical systems by installation of capacitors.
- (c) Plant lighting power reduced by installation of CFL lamps.
- (d) In chilling plant, circulation pump of lower capacity installed as per load study & power saving realised.

### INFORMATION AS PER PRESCRIBED FORM A:

	Year ended 31.03.2006	Year ended 31.03.2005
<b>1. Electricity</b>		
(a) Purchased		
Unit (KWH)	20,68,971	17,05,503
Total Amount (in Rupees)	71,50,170	60,24,070
Rate / Unit (in Rupees)	3.45	3.53
(b) Own Generation		
Unit (KWH)	50,180	21,638
Total Amount (in Rupees)	6,38,333	174,160
Rate / Unit (in Rupees)	12.72	8.05
<b>2. Furnace Oil &amp; LDO</b>		
Quantity (Litres)	13,39,199	7,45,110
Total Amount (in Rupees)	2,09,54,881	1,08,42,536
Average Rate (Rs. per Litre)	15.65	14.55

### B. ABSORPTION OF TECHNOLOGY AND RESEARCH & DEVELOPMENT

Company has Research and Development Centre at Turbhe, Navi Mumbai with capabilities in process research and regulatory matters. Our Research and Development Centre at Turbhe and Pilot Plant at Patalganga were recognised by DSIR, Govt. of India.

The Company has been making constant and continuous efforts to develop processes for new products and commercialise the same.

The Company has filed four DMFs in US for Paroxetine, Sertraline, MetforminHCl DC grade 90% and Metformin DC grade 95%. Your Company is planning to introduce four DMFs in US for Clopidogrel, Methoxsalen, Risperidone and Diphenhydramine over the next few months.

Total Research & Development Expenses during the year under review were Rs. 1272.37 Lacs. (Capital Expenses were Rs. 969.40 Lacs & Revenue Expenses were Rs. 302.97 Lacs.)

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO :**

	(Rs. in Lacs)	
	Year ended 31.03.2006	Year ended 31.03.2005
<b>INCOME:</b>		
Foreign Exchange earned by the Company:		
F.O.B. Value of Exports	5623.18	2578.09
Freight, Insurance etc.	261.90	152.51
Fixed Deposit Interest	56.27	-
<b>EXPENDITURE:</b>		
C.I.F. Value of Imports		
Raw Material (including High Seas purchases)	850.48	933.49
Capital Goods	43.44	102.76
Interest	69.04	58.20
Commission Paid	22.80	19.79
Legal & Professional Fees	4.39	2.07
GDR Issue Expenses	177.65	-
Travelling & Other Exp.	20.53	6.55
<b>Total Expenditure</b>	<b>1188.33</b>	<b>1126.86</b>

For and on behalf of the Board of Directors

**K. Chandran**  
Whole-time Director

**K. R. N. Moorthy**  
Whole-time Director

Mumbai, 26<sup>th</sup> June, 2006



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### The Industry

Demographics are the best thing the industry has going for it. People are living longer, and the number of people over the age of 50 (highest consuming age group for pharmaceuticals) is going up. Data suggest that there are 88 million people today in the U.S. over the age of 50, a number that will grow to 118 million in 2020. Demand for pharmaceuticals should be on the rise over the next 15 years. Margins remain high, balance sheets are strong and industry growth, though modest, is still positive.

The Indian Generic Pharmaceutical Market is witnessing rapid growth triggered by the fact that pharmaceutical products worth over \$ 70 billion are going off patent in the coming few years. The market would constitute over 15% of the total prescription market of the US. The generic opportunity is quite vast. For the products that your Company is engaged in, despite competition, there is sales expansion.

Technologically strong and totally self-reliant, the pharmaceutical industry in India has low costs of production, low R&D costs, innovative scientific manpower, strength of national laboratories and an increasing balance of trade. The Pharmaceutical Industry, with its rich scientific talents and research capabilities, supported by Intellectual Property Protection regime is well set to take on the international market.

Indian Pharmaceutical Industry, with its rich scientific talents, provides cost-effective clinical trial research. It has an excellent record of development of improved, cost-beneficial chemical syntheses for various drug molecules. Some MNCs are already sourcing these services from their Indian affiliates.

Research and development has always taken the back seat amongst Indian pharmaceutical companies. In order to stay competitive in the future, Indian companies will have to refocus and invest heavily in R&D.

### Threats, Risks and Concerns

The challenges ahead for the industry lie in not only increasing the sales in existing areas, but the introduction of new products.

Foreign companies with huge technological muscle and deep hard currency pockets may develop better drugs faster and patent them in India, enabling them to occupy the shelf-space of medical shops/drug stores, and the mind-space of medical practitioners. There is also the threat of litigations and the costs and damages that can wipe-out the smaller pharmaceutical companies.

The current state of patent offices in India may not be fully equipped to facilitate the needs of the Indian pharma industry. India has less than 1,000 registered patent agents as per the Indian Patent Office records. Out of this, an estimated 50-75% is directly enrolled from law background. The availability of patent attorneys in the pharma sector in India is very low due to the negligible number of experienced patent agents/attorneys and law firms dealing with intellectual property. The numbers are very meagre when compared to USA and UK. USA has more than 30,000 patent agents/attorneys, while UK has 3,000 members, including 1500 registered patent agents/attorneys in the list of Chartered Institute of Patent attorneys.

### Overseas Foray

Your Company has also planned foray in the regulated markets in line with its stated objective of becoming a global MNC. Your Company has accordingly already initiated an exercise to acquire a profitable pharmaceutical business in Europe and is hopeful of this materialising in the near future.

### R & D Centre

Your Company has Research and Development Centre at Chembur, Mumbai and Trubhe, Navi Mumbai. Both the R&D Centres are duly recognised by the Department of Scientific and Industrial Research, Government of India.

The R&D Centres have already demonstrated their capabilities by successfully launching new products and filing DMFs in the US, Europe and regulated market.

### DMFs Filed and Products of the Company

In line with the new product introductions that are planned, your Company has filed four DMFs in US for Paroxetine, Sertraline, MetforminHCl DC grade 90% and Metformin DC grade 95%. Your Company is planning to introduce four DMFs in US for Clopidogrel, Methoxsalen, Risperidone and Diphenhydramine over the next few months.

Your Company has also filed process patents for Sertarline and Paroxetine.

### Product Line-up

Your Company has successfully launched new formulation products such as Coriminic, CPink and Zeva Neuron which are being well received in the market. In the beginning of the year, your Company had mentioned its plans of setting up a new division, we are pleased to inform you that your Company has launched a new division called 'Osteolife' to cater to the orthopedic segment.

### The main products of the Company in API are as under :

- |                |                    |
|----------------|--------------------|
| - Metformin    | - Mefenamic Acid   |
| - Ibuprofen    | - Glucosamine      |
| - Salsalate    | - Gabapentene Int. |
| - Tramadol     | - Amytriptalline   |
| - Promethazine |                    |

### The main products of the Company in Formulation are as under :

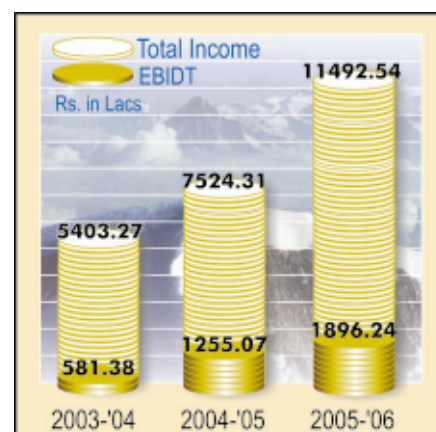
- |               |           |
|---------------|-----------|
| - Zeva        | - Nurture |
| - SetCal      | - Gemron  |
| - Coriminic   | - Cemax-O |
| - Cefcare     | - Oftek   |
| - Ofgyl       | - Nock -2 |
| - Adtrol      | - Clamist |
| - Senasof     | - CPink   |
| - Zeva Neuron |           |

### Internal Control Systems and its Adequacy

Your Company has sound, well-established and adequate internal control systems commensurate with its size and nature of business. The internal control systems ensure protection of assets and proper recording of all transactions. The Company has an Internal Audit Department consisting of a team of skilled employees carries out regular audits across all operations of the Company.

### Developments in Human Resources

Human Resources are a valuable asset at Wanbury Limited and the Company seeks to attract and retain the best talent available. The Company provides an environment, which encourages initiative, innovative thinking and rewards performance. Training and development of its personnel is ensured through job rotation, on the job training, training programmes and workshops. Human Resource is the most critical factor responsible for achieving the organisational goals and maintaining high quality standards. Prime focus of Human Resource Management has been overall development of our workforce. A full-fledged HR Department is being run by professionally qualified team in co-ordination with the top management.



## Financial Review

### Earnings

Your Company is pleased to present a Net Profit After Tax of Rs 1073.03 lacs. This is an increase of 53.01% over that of the previous year (Rs. 701.25 lacs). Increase in earnings is not only because of growth in sales but also on account of the higher realisation on sales, larger emphasis on advanced regulated markets, effective implementation of cost reduction measures and better plant utilisation undertaken by your Company.

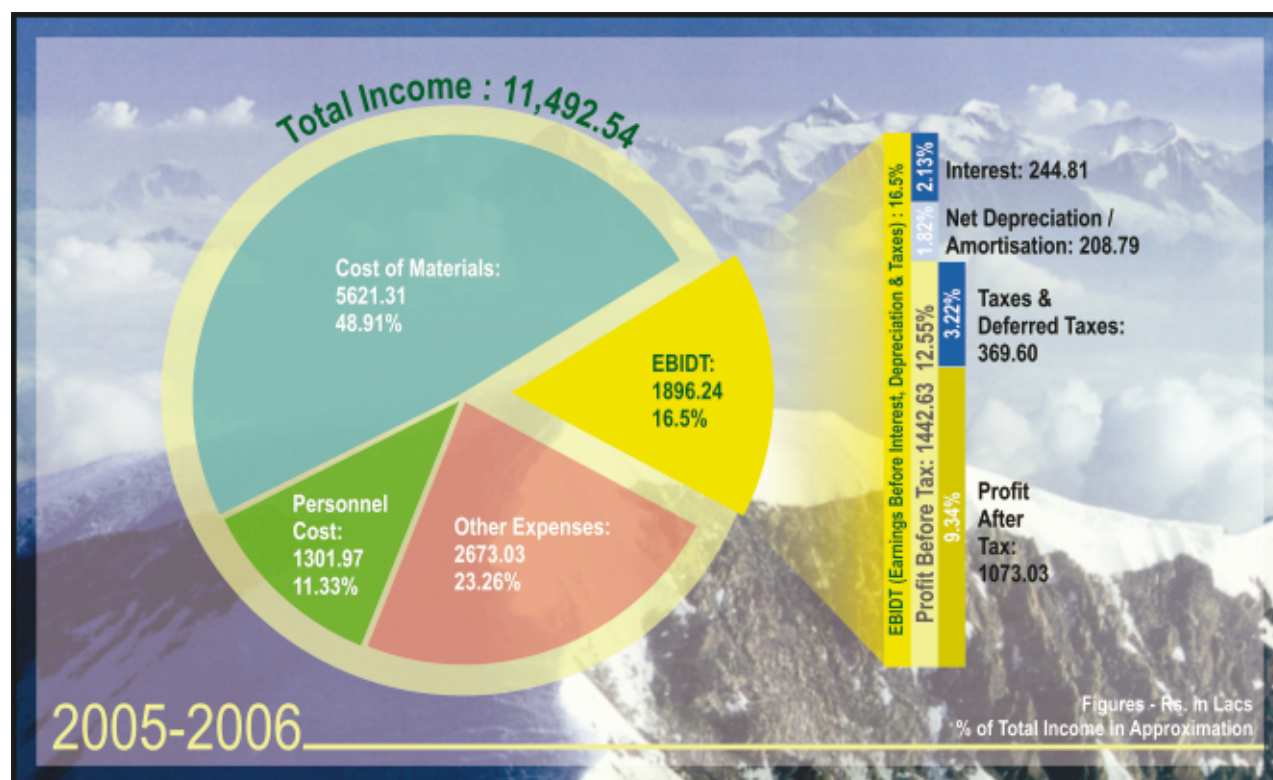
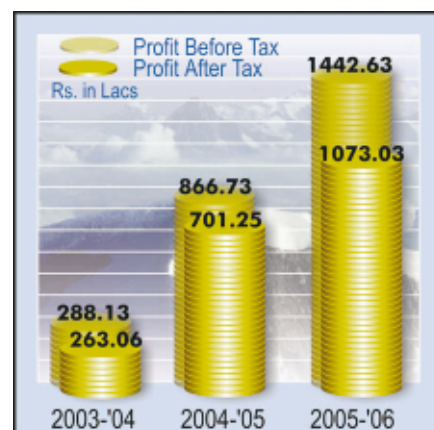
### Sales

The Gross Sales of your Company have increased to Rs. 11,492.54 lacs from Rs. 7524.31 lacs, an increase of 52.73%.

The growth in sales is mainly because of a larger emphasis that your Company has given to regulated markets where there is a definite increase in realisations. Your Company has taken measures to broad base the product range in the API segment, by introducing new products through its R&D efforts and through inorganic growth.

### Cost

Your Company has been fervently making efforts to reduce costs at each juncture. The total cost of your Company has increased from Rs. 6,269.24 lacs to Rs. 9596.31 lacs i.e. an increase of 53.06%.



The table below summarises the overall improvement that your Company has achieved in relation to the increase in sales and the improvement in EBIDT, PBT & PAT.

PARTICULARS	F.Y. 05-06	% OF NET SALES FY 05-06	F.Y. 04-05	% OF NET SALES FY 04-05	CHANGE IN % TO NET SALES
NET SALES	10883.60	100.00%	7232.08	100.00%	0.00%
TOTAL INCOME	11492.54	105.59%	7524.31	104.04%	1.55%
TOTAL COST	9596.31	88.17%	6269.24	86.69%	1.48%
EBIDTA	1896.24	17.42%	1255.07	17.35%	0.06%
PROFIT BEFORE TAX	1442.63	13.25%	866.73	11.98%	1.27%
<b>PROFIT AFTER TAX</b>	<b>1073.03</b>	<b>9.85%</b>	<b>701.25</b>	<b>9.70%</b>	<b>0.16%</b>

### Forward Looking Statement

**Caution:** Statements in the Management Discussion and Analysis Report describing the Company objectives, vision and road map for the Company's growth are forward looking statements and progressive within the meaning of applicable Security Law and Regulations. Actual results and actions of the Company may vary depending on opportunities, circumstances, economic conditions, government policies and other incidental factors.

**For and on behalf of the Board of Directors**

**K. Chandran**  
Whole-time Director

**K. R. N. Moorthy**  
Whole-time Director

Mumbai, 26<sup>th</sup> June, 2006

## CORPORATE GOVERNANCE REPORT

### 1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Company's philosophy on Corporate Governance lays strong emphasis on transparency, accountability and integrity in all its operations and in its interactions with all the Stakeholders viz. Shareholders, Customers, Lenders, Creditors and Regulatory Authorities etc., hence the Company has taken all appropriate steps to comply with the provisions of the prescribed Corporate Governance Code within the stipulated time.

The Board of Directors of the Company is committed to the consistent adherence to the corporate governance code and constant review of the Board processes, practices and the management systems to maintain a greater degree of responsibility and accountability.

### 2. BOARD OF DIRECTORS

The composition of the Board, Category of the Directors and Number of Directorship & Membership / Chairmanship of Committees and other companies are as under:

Name of Director	Category	No. of Directorship (s) Held <sup>3</sup>	No. of Outside Committee Position Held	
			Member	Chairman
Mr. K. Chandran	Promoter Whole-time Director	3	NIL	NIL
Mr. K. R. N. Moorthy	Non-promoter Whole-time Director	1	NIL	NIL
Dr. P. L. Tiwari	Independent & Non-executive Director	1	NIL	NIL
Mr. N. K. Puri	Independent & Non-executive Director	NIL	NIL	NIL
Mr. A. L. Bongirwar <sup>1</sup>	Independent & Non-executive Director	2	1	1
Mr. Sudip Bhattacharyya <sup>2</sup>	Nominee Director of Export Import Bank of India	1	1	NIL

<sup>1</sup> Appointed as an Additional Director in the Board Meeting held on June 24, 2005.

<sup>2</sup> Appointed as Nominee Director of Export Import Bank of India, in the Board Meeting held on July 30, 2005.

<sup>3</sup> Including Directorship in private limited companies.

The Board meets atleast once a quarter to review the quarterly performance and the financial results. The Board Meetings are generally scheduled well in advance and the notice of each Board Meeting is given in writing to each Director. All the items on the Agenda are accompanied by notes giving comprehensive information on the related subject and in certain matters such as financial / business plans, financial results, detailed presentations are made at the Board Meeting. The agenda and related notes are sent in advance separately to each Director and only in exceptional cases, the same is tabled at the meeting. The Board is also free to recommend the inclusion of any matter for discussion in consultation with the Chairman.

To enable the Board to discharge its responsibilities effectively, the members of the Board are briefed at every Board Meeting, on the overall performance of the Company, with presentation by functional heads, senior management is invited to attend the Board Meeting so as to provide additional inputs to the items being discussed by the Board.

The Board's role, functions, responsibility and accountability are clearly defined. In addition to matters statutorily requiring Board's approval, all major decisions involving policy formulation, strategy and business plans, annual operating and capital expenditure budgets, new investments, compliance with statutory / regulatory requirements, major accounting provisions and write-offs are considered by the Board.

The information as specified in Annexure 1 to the Clause 49 of the Listing Agreement is regularly made available to the Board.

The Minutes of the Board Meetings are circulated in advance to all Directors and confirmed at subsequent meeting.

During the year under review, 6 Board Meetings were held on 14/04/2005, 24/06/2005, 30/07/2005, 03/10/2005, 28/10/2005 and 31/01/2006. The gap between two Board Meetings did not exceed four months.

**Directors Attendance Record :**

Name of Director	No. of Board Meetings attended during the year	Whether last AGM attended
Mr. K. Chandran	6	YES
Mr. K. R. N. Moorthy	6	YES
Dr. P. L. Tiwari	6	NO
Mr. N. K. Puri	6	YES
Mr. A. L. Bongirwar <sup>1</sup>	4	YES
Mr. Sudip Bhattacharyya <sup>2</sup>	3	NO

<sup>1</sup> Appointed as an Additional Director in the Board Meeting held on June 24, 2005.

<sup>2</sup> Appointed as Nominee Director of Export Import Bank of India, in the Board Meeting held on July 30, 2005.

**3. BOARD COMMITTEES:**

Currently, the Board has five committees: the audit committee, the investors' grievance committee, the remuneration committee, the share transfer committee and the day-to-day affairs committee.

**(A) Audit Committee**

Your Company has an Audit Committee at the Board Level with the powers and the role that are in accordance with Clause 49 of Listing Agreement. The Committee acts as link between the management, the auditors and the Board of Directors.

During the year under review, the Audit Committee of the Board met 4 times to deliberate on various matters on 24/06/2005, 30/07/2005, 28/10/2005 and 30/01/2006.

The audit committee comprises of below mentioned directors and their attendance is as under:

Name of Director	No. of Meetings Attended
Mr. N. K. Puri – Chairman	4
Dr. P. L. Tiwari – Member	4
Mr. A. L. Bongirwar – Member <sup>1</sup>	3
Mr. Sudip Bhattacharyya – Member <sup>2</sup>	1
Mr. K. R. N. Moorthy – Member	4

<sup>1</sup> Included as a member of the Committee in the Board Meeting held on June 24, 2005.

<sup>2</sup> Included as a member of the Committee in the Board Meeting held on October 28, 2005.

Mr. Pankaj B. Gupta – Company Secretary & Compliance Officer, acts as Secretary of the Committee.

**Terms of Reference:**

The terms of reference to the Audit Committee cover the matters specified under Clause 49 of the Listing Agreement as well as Section 292 A of the Companies Act, 1956.

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the annual financial statements before submission to the Board, focusing primarily on;



- Any changes in accounting policies and practices.
  - Major accounting entries based on exercise of judgement by management.
  - Qualifications in draft audit report.
  - Significant adjustments arising out of audit.
  - The going concern assumption.
  - Compliance with accounting standards.
  - Compliance with stock exchange and legal requirements concerning financial statements
  - Any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.
- d. Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
  - e. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
  - f. Discussion with internal auditors of any significant findings and follow-up there on.
  - g. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
  - h. Discussion with external auditors before the audit commences nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
  - i. Reviewing the Company's financial and risk management policies.
  - j. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

#### **(B) Remuneration Committee:**

Your Company has a Remuneration Committee. The Remuneration Committee consists entirely of non-executive, independent directors.

The purpose of the remuneration committee of the Board of Directors shall be to discharge the Board's responsibilities relating to remuneration of the Company's executive directors. The committee has overall responsibility for approving and evaluating the executive directors' remuneration plan, policies and programs.

During the year under review, two meetings were held on 24/06/2005 and 30/01/2006. The remuneration committee comprises of below mentioned directors and their attendance is as under:

<b>Name of Director</b>	<b>No. of Meetings Attended</b>
Mr. N. K. Puri – Chairman	2
Dr. P. L. Tiwari – Member	2
Mr. A. L. Bongirwar - Member	1

The remuneration structure of the Executive Directors comprises of salary, perquisites and allowances, contribution to provident fund and gratuity. Annual increment and performance linked bonus are decided by the Remuneration Committee and recommended to the Board of Directors for approval thereof. The Non-executive Directors do not draw any remuneration from the Company except sitting fees.

There is no separate provision for payment of severance fees under the resolution governing the appointment of Whole-time Directors.

Presently the Company does not have a scheme of Stock Options.

The sitting fees paid to Non-executive Directors for the year under review is as under:

Name of Non-executive Director	Sitting Fees (Amount in Rs.)
Dr. P. L. Tiwari	28,000/-
Mr. N. K. Puri	24,000/-
Mr. A. L. Bongirwar <sup>1</sup>	20,000/-
Mr. Sudip Bhattacharyya (EXIM Bank Nominee) <sup>2</sup>	8,000/-

<sup>1</sup> Appointed as an Additional Director in the Board Meeting held on June 24, 2005.

<sup>2</sup> Appointed as Nominee Director of Export Import Bank of India, in the Board Meeting held on July 30, 2005.

The Board of Directors of the Company has constituted Remuneration Committee at their meeting held on June 24, 2005.

**Remuneration to Executive Directors:**

Name of Director	Salary & Perquisites (Rs. In lacs)	Commission (Rs. in lacs)	Total (Rs. in lacs)	Service Tenure
Mr. K. R. N. Moorthy	64.14	NIL	64.14	upto 31.08.08
Mr. K. Chandran	17.80	NIL	17.80	upto 31.08.07

None of the Directors of the Company holds any equity share of the Company as on 31<sup>st</sup> March, 2006.

**(C) Investors' Grievance Committee :**

Your Company has an Investors' Grievance Committee. Presently, the committee consists of 5 Directors. The Chairman of the Committee is non-executive independent director. The Committee met 2 times during the year under review on October 28, 2005 and January 30, 2006. The attendance record of the members at the meeting is as under:

Name of Director	Category	No. of Meetings Attended
Dr. P. L. Tiwari – Chairman <sup>1</sup>	Independent Director	2
Mr. A. L. Bongirwar-Member <sup>2</sup>	Independent Director	2
Mr. N. K. Puri – Chairman <sup>3</sup>	Independent Director	N. A.
Mr. K. Chandran – Member	Executive Director	2
Mr. K. R. N. Moorthy – Member	Executive Director	2

<sup>1</sup> Chairman of the Committee up to January 30, 2006 and continues as a Member after January 30, 2006.

<sup>2</sup> Included as a Member of the Committee in the Board Meeting held on July 30, 2005.

<sup>3</sup> Included as Chairman of the Committee in the Board Meeting held on January 30, 2006.

The total number of complaints received and replied to the satisfaction of shareholders during the year under review was 286. Outstanding complaints as on 31<sup>st</sup> March 2006 was nil. Number of Share Transfer request pending as on 31<sup>st</sup> March 2006 was nil.

**(D) Share Transfer Committee:**

Your Company has a Share Transfer Committee. Presently, the committee consists of 2 Directors namely Mr. K. Chandran - Chairman and Mr. K. R. N. Moorthy - Member. Share Transfer Committee meets generally twice in a month to consider and approve physical share transfer.

In order to facilitate prompt and efficient services to the Shareholders, for transactions in connections with transfer, transmission, dematerialization etc. Company has appointed M/s Sharex Dynamic (India) Pvt. Ltd. as Registrar & Share Transfer Agent as per the circular issued by the SEBI.

Shares sent for transfer in physical form are registered by Company's Registrar and Share Transfer Agent within stipulated time of receipt of the documents, subject to them being in order. Shares under objection are returned within one week. With a view to expedite the process of share transfers, the Share Transfer Committee collects the required information from Registrar & Share Transfer Agent and meets generally twice in a month to consider and approve physical transfer.



#### (E) Day-to-Day Affairs Committee:

Your Company has a Day-to-Day Affairs Committee for smooth functioning of day-to-day affairs of the Company. Presently, the committee consists of 2 Directors namely Mr. K. Chandran - Chairman and Mr. K. R. N. Moorthy - Member. The meeting is held from time to time and during the year under review 9 meetings were held and attended by all the members.

Terms of Reference of Day-to-Day Affairs Committee:

The terms of reference to the Day-to-Day Affairs Committee are as under:

1. To take decisions relating to the Bank Accounts i.e. opening of Account, change of authorisation, closing of account, availing any facility (internet banking, at par facility) etc.
2. To undertake borrowings and give guarantees to the extent of Rs. 5 Crore and decide the terms & conditions of such borrowings and guarantees.
3. To take the record of Share Transfer Committee Minutes.
4. Giving Power of Attorney to the personnel of the Company to deal with Government Authorities / Semi-Government Authorities and private bodies including Income Tax Department, Excise Department, Sales Tax Department, Custom Department, Court Matters, Company Law Matters, Maharashtra Industrial Development Corporation and Maharashtra Pollution Control Board.
5. To appoint C&F Agent, Selling Agent, Purchasing Agent, Distributor on Consignment Basis (DCBs), Transport Agent, Warehouse Agent, and other agents relating to the operations of the Company.
6. To authorise the persons to represent the Company as member in the general meeting of the other company, in which the Company is member.
7. To obtain manufacturing license or any other license on loan license basis or any other basis.

#### (4) GENERAL BODY MEETING

(a) Details of last three Annual General Meetings are as under:

Financial Year	Date	Time	Venue
2004-2005	August 9, 2005	11:30 A. M.	Hotel Supreme Heritage, Vashi, Navi Mumbai
2003-2004	November 18, 2004	11:30 A. M.	Riverview Hotel, Patalganga
2002-2003	September 4, 2003	11:00 A. M.	Hotel Garden, Panvel

(b) Postal Ballot:

Pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, a Notice dated 24<sup>th</sup> June, 2005 was sent to shareholders seeking their approval through postal ballot on the Special Resolution to make investment in Shares / Securities, give loans or give guarantee or provide security in favour of Doctors Organic Chemicals Limited upto an amount not exceeding Rs. 40/- Crore, (Rupees Forty Crore only) over and above existing eligible limit, whether utilized or unutilized, specified in Section 372 A (1) i.e. sixty per cent of the Company's paid-up share capital and free reserves or one hundred per cent of Company's free reserves, whichever is more.

The Company had appointed A. Y. Sathe & Co. – Practicing Company Secretary, Mumbai, as Scrutinizer for conducting the postal ballot process in a fair and transparent manner. Accordingly, the postal ballot was conducted by the scrutinizer a report submitted to the Board of Directors of the Company. The result of the voting conducted through the postal ballot is as under:

Particulars	Number of Ballots	
Total Postal Ballot Received	93	(representing 57,88,349 Equity Shares)
Total Postal Ballot Invalid	13	(representing 1,000 Equity Shares)
Total Postal Ballot Valid	80	(representing 57,87,349 Equity Shares)
Total Postal Ballot in Favour	77	(representing 57,87,059 Equity Shares)
Total Postal Ballot not in Favour	3	(representing 290 Equity Shares)

Out of valid votes polled, 96.25 % have been cast in favour of the resolution and 3.75 % against the resolution. Accordingly, the aforesaid resolution was passed by the Shareholders with overwhelming majority.

At the forthcoming Annual General Meeting, there is no item on the agenda that need approval by postal ballot.

**(c) Special Resolutions passed in the Last Three Annual General Meetings:**

Special Resolutions passed in the last three Annual General Meetings are as under:

S. No.	Date of AGM	Subject Matter of Special Resolution
01	09.08.2005	To issue Redeemable Preference Shares for an aggregate face value upto face value of Rs. 30 Crore
02	09.08.2005	To issue GDR/FCCB for an aggregate face value of Equity Shares / Preference Shares upto Rs. 7 Crore.
03	18.11.2004	To shift Registered Office of the Company from A-15, MIDC Ind. Area, Patalganga, Dist. Raigad to Plot No. 28, Sector 19 C, Kopri Road, Vashi, Navi Mumbai
04	04.09.2003	To issue and allot to Wander Private Limited 33,63,636 Equity Shares being consideration for purchase of Brand.

**(d) Subsidiaries:**

The Company does not have non listed Indian Subsidiary.

**(e) Means of Communication:**

The Quarterly (un-audited provisional) and Annual Audited Financial Results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board, as per Clause 41 of Listing Agreement with Stock Exchanges. The results are published in leading Financial / Non-financial Newspapers viz. Economic Times, Free Press Journal and Navshakti, in accordance with the provisions of Listing Agreement with Stock Exchanges and also posted on the Website of the Company (www.wanbury.com).

**(5) GENERAL SHAREHOLDERS INFORMATION**

**(a) Annual General Meeting**

Date	: September 19, 2006
Venue	: Hotel Supreme Heritage, Plot No. L-2, Sector 19, Vashi, Navi Mumbai – 400 705
Time	: 11:30 A. M.

**(b) Financial Calendar**

For quarter ended on 30, June 2006	: on or before July 31, 2006
For quarter ended on 30, September 2006	: on or before October 31, 2006
For quarter ended on 31, December 2006	: on or before January 31, 2007
For quarter ended on 31, March 2007	: on or before April 30, 2007
Annual General Meeting for the year ended on March 31, 2007	: on or before September 30, 2007

**(c) Book Closure :**

The Share Transfer Books and the Register of Members will remain closed from Monday, 11.09.2006 to Tuesday, 19.09.2006 (both days inclusive).

**(d) Dividend Payment Date :**

Your Directors are pleased to recommend final dividend of 15% i.e. One Rupee Fifty Paise per equity share for the year ended on March 31, 2006. Along with the Interim dividend paid during the financial year 2005-2006 the aggregate dividend proposed is 20% for the year. The dividend warrants / demand drafts of interim dividend have been sent to respective shareholders of the Company on February 28, 2006.

The dividend after approval by the shareholders at the ensuing Annual General Meeting will be paid after September 19, 2006 to the eligible shareholders.

**(e) Listing in Stock Exchanges & Stock Codes**

Equity Shares of the Company is listed on Bombay Stock Exchange Limited and its Stock Code is 524212.

Global Depository Receipts (GDRs) issued by the Company are listed on Luxembourg Stock Exchange.

The Company has paid listing fees to Bombay Stock Exchange Limited (BSE) for the financial year 2006-2007.

**(f) Stock Data:**

Monthly Volume and High, Low & Close of Market price of Company's Equity Shares traded on the Bombay Stock Exchange Limited, Mumbai during the financial year ended on 31<sup>st</sup> March 2006 were as under :

Month	High (Rs.)	Low (Rs.)	Close (Rs.)	Sensex Close	Volume (No. of Shares)
April 2005	222.80	175.00	184.20	6154.44	14,16,209
May 2005	198.00	175.10	182.30	6715.11	13,38,132
June 2005	217.65	170.50	172.40	7193.85	23,79,895
July 2005	180.00	162.00	163.75	7635.42	7,75,512
August 2005	187.50	156.00	183.20	7805.43	10,09,123
September 2005	193.00	146.00	152.30	8634.48	10,84,103
October 2005	159.90	112.25	128.90	7892.32	3,77,202
November 2005	146.90	124.00	129.60	8788.81	6,27,863
December 2005	153.45	125.10	139.70	9397.93	12,90,689
January 2006	154.90	127.00	129.15	9919.89	16,30,527
February 2006	150.00	111.00	120.70	10370.24	10,02,285
March 2006	125.00	116.05	117.10	11279.96	3,51,673

Source: BSE Website

**(g) Distribution Schedule on number of Shares as on 31<sup>st</sup> March 2006:**

No. of Shares	No. of Shareholders	Percentage of Shareholders	No. of Shares	Percentage of Shares
Upto 100	11653	71.21	697,379	5.47
101 to 200	2199	13.44	387,486	3.04
201 to 500	1568	9.58	551,483	4.33
501 to 1000	533	3.26	436,573	3.42
1001 to 5000	336	2.05	724,394	5.68
5001 to 10000	40	0.24	270,240	2.12
10001 to 100000	27	0.17	918,585	7.21
100001 and above	8	0.05	8761,218	68.73
<b>Total</b>	<b>16364</b>	<b>100.00</b>	<b>1,27,47,358</b>	<b>100.00</b>

**(h) Distribution Schedule on scrip value as on 31<sup>st</sup> March 2006:**

Share of Nominal Value in Rs.	Number of Shareholders	Percentage of Shareholders	Total Amount in Rs.	Percentage of Amount
Upto 5000	15420	94.23	1,63,63,480	12.84
5001 to 10000	533	3.26	43,65,730	3.42
10001 to 20000	208	1.27	32,01,020	2.51
20001 to 30000	82	0.50	21,01,120	1.65
30001 to 40000	21	0.13	7,69,870	0.60
40001 to 50000	25	0.15	11,71,930	0.92
50001 to 100000	40	0.25	27,02,400	2.12
100001 and above	35	0.21	9,67,98,030	75.94
<b>Total</b>	<b>16364</b>	<b>100.00</b>	<b>12,74,73,580</b>	<b>100.00</b>

(i) Shareholding Pattern as on 31<sup>st</sup> March 2006 was as under:

Category	No. of Shares Held	% of Holding
<b>(A) Promoter Holding</b>		
Indian Promoter	28,25,123	22.16
Foreign Promoter	30,24,000	23.72
Person acting in Concert	-	-
<b>Sub Total (A)</b>	<b>58,49,123</b>	<b>45.88</b>
<b>Non – Promoters Holding</b>		
<b>(B) Institutional Investors</b>		
Mutual Funds and UTI	344,516	2.70
Banks, Financial Institutions, Insurance Companies, Central/State Govt. Institutions / Non - government Institutions	779,277	6.11
FII's	494,967	3.88
<b>Sub – Total (B)</b>	<b>16,18,760</b>	<b>12.69</b>
<b>(C) Others</b>		
Private Corporate Bodies	593,528	4.66
Indian Public	27,97,783	21.95
NRI's / OCB's	17,231	0.14
Clearing Members	52,933	0.42
Bank of New York (GDR issue)	18,18,000	14.26
<b>Sub – Total (C)</b>	<b>52,79,475</b>	<b>41.43</b>
<b>GRAND TOTAL (A+B+C)</b>	<b>1,27,47,358</b>	<b>100.00</b>

(j) Dematerialization of shares and liquidity:

As on 31<sup>st</sup> March 2006, 70.12 % of Shares were held in dematerialized form and the rest 29.88 % were in physical form. The Equity Shares of the Company are traded under B2 Category at the Bombay Stock Exchange (BSE).

The ISIN Number of Company is "INE107F01022".

During the year, 10,87,000 Global Depository Receipts each representing 3 Equity Shares of Face Value of Rs. 10/- each at an offer price of US \$ 9.20 per Global Depository Receipt were issued. Consequently 32,61,000 Equity Shares of Rs. 10/- each fully paid-up were allotted on 03/10/2005.

Outstanding GDRs as on 31<sup>st</sup> March, 2006, represents 18,18,000 Equity Shares constituting 14.26% of the paid-up Equity Share Capital of the Company. There are no other outstanding warrants or convertible instruments.

(k) Plant Locations:

- Plot No. A-15, M.I.D.C., Ind. Area, Patalganga, Maharashtra
- Plot No. J-17, M.I.D.C. Tarapur, Maharashtra

(l) Compliance Officer:

The Board has designated Mr. Pankaj B. Gupta – Company Secretary as the Compliance Officer of the Company.

(m) Address for Correspondence:

**Wanbury Limited**

Secretarial Department

BSEL Tech Park, B-Wing, 10th Floor,

Sector 30 A, Opp. Vashi Railway Station, Vashi, Navi Mumbai - 400 705, India

Tel : +91-22-67942222

Fax : +91-22-67942111/333

E-mail : shares@wanbury.com

**(n) Address of Registrar & Share Transfer Agents :**

**M/s Sharex Dynamic (India) Pvt. Ltd.**

Unit – 1, Luthra Industrial Premises,

Safed Pool, Andheri-Kurla Road, Andheri (E), Mumbai – 400 072, India

Telephone No.: +91-22-28516338, 28528087

Fax No.: +91-22-28512885

**(o) Management Discussion and Analysis:**

Management Discussion and Analysis is part of Annual Report.

**(p) Disclosures:**

- (1) The Company has not entered into any transaction / agreement of a material nature with the promoters, the directors or the management, their relatives, etc. that may have any potential conflict with the interests of the Company.
- (2) Disclosure of Accounting Treatment: In the preparation of the financial statements, the Company has followed the Accounting Standard issued by the Institute of Chartered Accountants of India. The significant accounting policies which are consistently applied are set out in the Annexure to Notes to the Accounts.
- (3) Risk Management: Business risk evaluation and management is an ongoing process within the Company. During the year under review, a detailed exercise on "Risk Assessment and Management" was carried out covering the entire gamut of business operations and the Board was informed of the same.
- (4) SEBI had imposed penalty of Rs. 50,000/- (Rs. Fifty Thousand Only) under Rule 4(3) of SEBI (Procedure for holding inquiry and imposing penalties by Adjudicating Officer) Rules, 1995 for the alleged contravention of Regulation 6(4) (for the year 1997) and Regulation 8(3) (for the years ended 1998 to 2003) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulation, 1997 and Company had paid amount of the penalty.  
No other penalties or strictures have been imposed on the Company by Stock Exchange or SEBI or any statutory authorities or any matter related to capital markets during the last three years.

**(6) CERTIFICATION:**

The Whole-time Directors of the Company certify to the Board that:

- (a) They have reviewed financial statements and the cash flow statement for the year under review and that to the best of their knowledge and belief:
  - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of their knowledge and belief, no transaction entered into by the Company during the year which are fraudulent, illegal or violate the Company's code of conduct.
- (c) They accept the responsibility for establishing and maintaining internal controls and that they have evaluated the effectiveness of the internal control systems of the Company and they have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which they are aware and the steps they have taken or propose to rectify these deficiencies.
- (d) They indicated to the Auditors and the Audit Committee:
  - (i) Significant Changes in Internal Control processes during the year.
  - (ii) Significant Changes in Accounting Policies; and
  - (iii) Instances of significant fraud of which they have become aware.

**For and on behalf of the Board of Directors**

**K. Chandran**  
Whole-time Director

**K. R. N. Moorthy**  
Whole-time Director

Mumbai, 26<sup>th</sup> June, 2006

## **DECLARATION**

The Board has laid down a code of conduct for all Board Members and Senior Management of the Company which is posted on the Website of the Company. The Board Members and Senior Management have affirmed compliance with the Code of Conduct.

**For and on behalf of the Board of Directors**

**K. Chandran**  
Whole-time Director

**K. R. N. Moorthy**  
Whole-time Director

Mumbai, June 26, 2006

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## **AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE COMPLIANCES**

### **TO THE MEMBERS, WANBURY LIMITED**

We have examined the compliance of conditions of Corporate Governance by Wanbury Limited for the year ended on 31<sup>st</sup> March, 2006 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchange.

The compliance of conditions of Corporate Governance is responsibility of the Management. Our examinations has been limited to a review of the procedure and implementations thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

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

**For KAPOOR & PAREKH ASSOCIATES**  
Chartered Accountants

**NIKHIL PATEL**  
Partner  
Membership No.: 37032

Mumbai, 26<sup>th</sup> June, 2006

## AUDITORS' REPORT

### TO THE MEMBERS OF WANBURY LIMITED

- 1 We have audited the attached Balance Sheet of **WANBURY LIMITED** as at **31<sup>st</sup> March, 2006** and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3 As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (the Order), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 4 Further to our comments in the Annexure referred to above we report that:
  - i. We have obtained all the information and explanation, which to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - ii. In our opinion, proper books of account as required by the law have been kept by the Company so far as appears from our examination of these books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
  - iii. The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - iv. In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standard referred to in Section 211(3C) of the Companies Act, 1956;
  - v. On the basis of written representation received from the Directors as on 31<sup>st</sup> March, 2006 and taken on record by Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2006 from being appointed as a director in terms of Section 274(1) (g) of the Companies Act, 1956;
  - vi. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with Note No. 3 of Schedule 18 relating to change in the method of accounting of stores and spares, Note No. 4 of Schedule 18 relating to no effect being given in these accounts to the merger which pending approvals of appropriate authorities and read together with other notes thereon attached thereto, give the information required by the Companies Act, 1956 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 31<sup>st</sup> March, 2006;
    - b. In the case of the Profit & Loss Account, of the profit 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.

For **KAPOOR & PAREKH ASSOCIATES**  
Chartered Accountants

**NIKHIL PATEL**  
Partner  
Membership No.: 37032

Mumbai, 26<sup>th</sup> June, 2006



## ANNEXURE TO THE AUDITORS' REPORT

(Referred to in the paragraph 3 of our report of even date to the Members of **WANBURY LIMITED** on the accounts for the year ended **31<sup>st</sup> March, 2006.**)

1. In respect of its fixed assets:
  - a. The Company has generally maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b. The fixed assets have been physically verified by the management during the year as per the phased programme which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. We are informed that there were no material discrepancies noticed on such verification.
  - c. In our opinion and according to the information and explanations given to us, the Company has not disposed of substantial part of fixed assets during the year and going concern status of the Company is not affected.
2. In respect of inventories:
  - a. As explained to us, the inventories were physically verified by the management at reasonable intervals during the year except for stocks with third parties for which most of the confirmation certificates have been obtained by the Company and stocks in transit.
  - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c. In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and the discrepancies noticed on such physical verification between physical stock and book records were not material and have been adequately dealt with in the books of account.
3. In our opinion and according to the information and explanations given to us, the Company has not granted or taken any loan, secured or unsecured, to/from companies, firms or parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clause (iii) (b) to (iii) (g) of Paragraph 4 of the Order is not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and nature of its business with regard to purchases of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that there are no transactions that need to be entered into the register maintained under Section 301 of the Act. Accordingly, clause 4(v) (b) of the Order is not applicable to the Company.
6. As the Company has not accepted or renewed any deposit from the public, the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder are not applicable. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this regard.
7. According to the information and explanations given to us and on the basis of internal audit reports broadly reviewed by us, we are of the opinion that the internal audit system commensurate with the size of the Company and nature of its business.
8. According to the information and explanation given to us and on the basis of records produced before us, we are of the opinion that prima facie, the prescribed accounts and records relating to the products covered pursuant to the Order made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 have been maintained. However, we have not made a detailed examination of these records.



9. According to the information and explanations given to us in respect of statutory and other dues:
  - a. Except in few cases where there have been delays, the Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues with the appropriate authorities during the year. According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid dues were in arrears, as at 31<sup>st</sup> March 2006 for a period of more than six months from the date they became payable except Wealth Tax amounting to Rs. 0.70 Lac and Income Tax amounting to Rs. 0.34 Lac.
  - b. There were no unpaid disputed amounts in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess during the year.
10. The Company has no accumulated losses as at the end of the financial year and has not incurred cash losses during the current financial year and in the immediately preceding financial year.
11. Based on our audit procedures and on the basis of information and explanations given to us by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions and banks. The Company has not borrowed any sums through debentures.
12. The Company has not granted any loans and advances on the basis of the security by way of pledge of shares, debenture and other securities.
13. In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/mutual benefit fund/society.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
16. To best of our knowledge and belief and according to the information and explanations given to us, the term loans taken by the Company were, prima facie, applied for the purposes for which they were obtained.
17. According to the information and explanations given to us and on an overall examination of the balance sheet and cash flow statement of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. The Company has neither issued any debentures nor has outstanding debentures at the beginning of the year, hence the question of creation of security or charge in respect of debentures issued does not arise.
20. The Company has raised Rs.4,402.35 lacs through issue of Global Depositary Receipts during the year and utilisation of the same is as disclosed in Note No.10 of Schedule 18.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **KAPOOR & PAREKH ASSOCIATES**  
Chartered Accountants

**NIKHIL PATEL**  
Partner  
Membership No.: 37032

Mumbai, 26<sup>th</sup> June, 2006

## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2006

	Schedule	As At 31.03.2006 (Rs. in Lacs)	As At 31.03.2005 (Rs. in Lacs)
<b>SOURCES OF FUNDS :</b>			
<b>SHARE HOLDERS FUNDS :</b>			
Share Capital	1	1,274.74	948.63
Reserves & Surplus	2	8,839.49	4,560.45
		10,114.23	5,509.08
<b>LOAN FUNDS :</b>			
Secured Loans	3	2,801.89	1,823.46
Unsecured Loans	4	2,731.10	1,123.45
		5,532.99	2,946.91
<b>DEFERRED TAX LIABILITY</b>		586.65	321.50
<b>TOTAL</b>		<b>16,233.87</b>	<b>8,777.49</b>
<b>APPLICATION OF FUNDS :</b>			
<b>FIXED ASSETS</b>			
Gross Block	5	8,517.93	7,119.76
Less: Depreciation / Amortisation		2,078.00	1,474.00
Net Block		6,439.93	5,645.76
Add : Capital Work in Progress		552.20	426.22
		6,992.13	6,071.98
<b>INVESTMENTS</b>	6	2,871.28	146.54
<b>CURRENT ASSETS</b>			
Inventories	7	1,326.36	803.99
Sundry Debtors	8	3,835.29	2,409.04
Cash & Bank Balances	9	2,311.42	230.06
Loans & Advances	10	2,154.84	1,551.43
		9,627.91	4,994.52
<b>LESS: CURRENT LIABILITIES &amp; PROVISIONS</b>			
Current Liabilities	11	2,584.67	2,058.52
Provisions	12	672.78	377.03
		3,257.45	2,435.55
<b>Net Current Assets</b>		6,370.46	2,558.97
<b>TOTAL</b>		<b>16,233.87</b>	<b>8,777.49</b>
Accounting Policies	17		
Notes to Accounts	18		

As per our attached report of even date

**For KAPOOR & PAREKH ASSOCIATES**  
Chartered Accountants

**NIKHIL PATEL**  
Partner  
Mumbai, 26<sup>th</sup> June, 2006

**For and on behalf of the Board**

**K. CHANDRAN**  
Whole-time Director  
Mumbai, 26<sup>th</sup> June, 2006

**K.R.N. MOORTHY**  
Wholetime-Director

**PANKAJ B. GUPTA**  
Company Secretary

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2006

	Schedule	For the Year ended 31.03.2006 (Rs. in Lacs)	For the Year ended 31.03.2005 (Rs. in Lacs)
<b>INCOME:</b>			
Gross Sales		11,086.26	7,417.14
Less : Excise Duty		202.66	185.06
Net Sales		10,883.60	7,232.08
Other Income	13	608.94	292.23
<b>Total Income</b>		<b>11,492.54</b>	<b>7,524.31</b>
<b>EXPENDITURE :</b>			
Cost of Materials	14	5,621.31	3,224.79
Personnel Cost	15	1,301.97	970.69
Other Expenses	16	2,673.03	2,073.76
Interest		244.81	230.87
Depreciation/Amortisation		610.48	559.16
Less : Transferred from Revaluation Reserve		401.69	401.69
		208.79	157.47
<b>Total Expenditure</b>		<b>10,049.91</b>	<b>6,657.58</b>
<b>PROFIT BEFORE TAX</b>		<b>1,442.63</b>	<b>866.73</b>
Less : Provision for Taxation			
- Current Tax		131.14	74.00
- MAT Credit Entitlement		(120.00)	-
- Deferred Tax		334.52	86.92
- Fringe Benefit Tax		23.69	-
- Income Tax of Earlier Years		-	4.56
- Wealth Tax of Earlier Year		0.25	-
<b>PROFIT AFTER TAX</b>		<b>1,073.03</b>	<b>701.25</b>
Profit brought forward from Previous Year		779.27	186.18
<b>Amount available for Appropriation</b>		<b>1,852.30</b>	<b>887.43</b>
<b>APPROPRIATIONS</b>			
Proposed Final Dividend on Equity Shares		191.21	94.86
Interim Dividend on Equity Shares		63.74	-
Tax on Dividends		35.76	13.30
Transfer to General Reserve		80.48	-
Balance carried to Balance Sheet		1,481.11	779.27
		<b>1,852.30</b>	<b>887.43</b>
Earning Per Share : Basic and Diluted ( in Rs.)		9.67	7.39
Face Value of Equity Share ( in Rs.)		10.00	10.00
Accounting Policies	17		
Notes to Accounts	18		

As per our attached report of even date

**For KAPOOR & PAREKH ASSOCIATES**  
Chartered Accountants

**NIKHIL PATEL**  
Partner  
Mumbai, 26<sup>th</sup> June, 2006

**For and on behalf of the Board**

**K. CHANDRAN**  
Whole-time Director  
Mumbai, 26<sup>th</sup> June, 2006

**K.R.N. MOORTHY**  
Whole-time Director

**PANKAJ B. GUPTA**  
Company Secretary

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2006

	31.03.2006 (Rs. in Lacs)	31.03.2005 (Rs. in Lacs)
<b>A Cash flows from Operating Activities</b>		
Net Profit before Tax	1,442.63	866.73
Adjustments for:		
Depreciation	208.79	157.47
Loss on discard of Assets	7.25	0.91
Profit on sale of Long Term Investments	-	(7.00)
Interest charge	244.81	230.87
GDR Issue Expenses	(243.20)	-
Amalgamation Expenses	(14.40)	(8.67)
Operating Profit before Working Capital Changes	1,645.88	1,240.31
Adjustments for:		
Trade & other Receivables	(1,771.97)	(1,421.48)
Inventories	(522.37)	89.63
Trade Payables	588.18	1,108.76
Cash Generated from Operations	(60.28)	1,017.22
Interest paid	(244.57)	(230.81)
Direct Taxes (Paid) / Refund (Net)	(167.29)	(98.66)
<b>Net Cash from Operating Activities</b>	<b>(472.14)</b>	<b>687.75</b>
<b>B Cash flows from Investing Activities</b>		
(Purchase)/ Sale of Fixed Assets	(1,537.88)	(1,035.85)
(Purchase) /Sale of Investments	(473.83)	19.46
Advance to Doctors Organic Chemicals Ltd. pending allotment	(2,250.91)	-
<b>Net Cash from Investing Activities</b>	<b>(4,262.62)</b>	<b>(1,016.39)</b>
<b>C Cash flows from Financing Activities</b>		
Increase /(Decrease) in Share Capital	4,402.36	-
Increase /(Decrease) in Borrowings	2,586.09	519.67
Dividend & Tax on Dividend	(172.33)	-
<b>Net Cash from Financing Activities</b>	<b>6,816.12</b>	<b>519.67</b>
<b>Net increase / (decrease) in cash &amp; cash equivalents</b>	<b>2,081.36</b>	<b>191.03</b>
Cash and Cash equivalents as at the beginning of the year	230.06	39.03
Cash and Cash equivalents as at the end of the year	2,311.42	230.06

**Notes :**

1. The above Cash Flow Statement has been prepared under the 'Indirect Method' set out in the Accounting Standard - 3, issued by the Institute of Chartered Accountants of India.
2. The previous year's figures have been regrouped wherever necessary.

As per our attached report of even date

**For KAPOOR & PAREKH ASSOCIATES**  
Chartered Accountants

**NIKHIL PATEL**  
Partner  
Mumbai, 26<sup>th</sup> June, 2006

**For and on behalf of the Board**

**K. CHANDRAN**  
Whole-time Director  
Mumbai, 26<sup>th</sup> June, 2006

**K.R.N. MOORTHY**  
Whole-time Director

**PANKAJ B. GUPTA**  
Company Secretary

## SCHEDULES FORMING PART OF THE BALANCE SHEET

	31.03.2006 (Rs. in Lacs)	31.03.2005 (Rs. in Lacs)
<b>SCHEDULE - 1</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised :</b>		
2,00,00,000 Equity Shares of Rs. 10 each	2,000.00	2,000.00
Nil (Pr. Yr. 5,00,000) 2% Preference Shares of Rs. 100 each	-	500.00
Nil (Pr. Yr. 5,00,000) 5% Preference Shares of Rs. 100 each	-	500.00
30,00,000 (Pr. Yr. Nil) Preference Shares of Rs. 100 each	3,000.00	-
	<u>5,000.00</u>	<u>3,000.00</u>
<b>Issued, Subscribed and Paid-Up :</b>		
1,27,47,358 (Pr. Yr. 94,86,358) Equity Shares of Rs. 10 each fully paid-up	1,274.74	948.63
	<u>1,274.74</u>	<u>948.63</u>
<b>Notes :</b>		
1. During the year, the Company has allotted 10,87,000 Global Depository Receipts (GDRs) @ US \$ 9.20 per GDR, each representing three fully paid Equity Shares of Rs. 10/- each. Consequently, 32,61,000 Equity Shares of Rs. 10/- each have been allotted at the premium of Rs. 125/- per Equity Share during the year.		
2. Out of the above Equity Shares :		
a) 75,60,108 Equity Shares were allotted as fully paid-up without payment being received in cash, pursuant to the Scheme of Amalgamation with erstwhile Wander Private Limited.		
b) 18,18,000 (Pr. Yr. Nil) Equity Shares are represented by 6,06,000 (Pr. Yr. Nil) Global Depository Receipts.		
<b>SCHEDULE - 2</b>		
<b>RESERVES &amp; SURPLUS</b>		
<b>Capital Reserve Account :</b>		
Balance as per last Balance Sheet	192.63	192.63
<b>Securities Premium Account :</b>		
Balance as per last Balance Sheet	33.64	33.64
Add : Received during the year	4,076.25	-
	<u>4,109.89</u>	<u>33.64</u>
Less : GDR Issue Expenses	167.90	-
( Net of current tax Rs. 9.81 Lacs and deferred tax of Rs. 65.49 Lacs.)	<u>3,941.99</u>	<u>33.64</u>
<b>Revaluation Reserve :</b>		
Balance as per last Balance Sheet	3,414.37	3,816.06
Less : Amortisation during the year	401.69	401.69
	<u>3,012.68</u>	<u>3,414.37</u>
<b>General Reserve :</b>		
Balance as per last Balance Sheet	140.54	149.21
Add : Transfer from Profit & Loss Account	80.48	-
	<u>221.02</u>	<u>149.21</u>
Less : Amalgamation Expenses	9.94	8.67
( Net of current tax Rs. 0.58 Lac and deferred tax of Rs. 3.88 Lacs.)	<u>211.08</u>	<u>140.54</u>
<b>Profit &amp; Loss Account</b>	<u>1,481.11</u>	<u>779.27</u>
	<u>8,839.49</u>	<u>4,560.45</u>

## SCHEDULES FORMING PART OF THE BALANCE SHEET

	31.03.2006 (Rs. in Lacs)	31.03.2005 (Rs. in Lacs)
<b>SCHEDULE - 3</b>		
<b>SECURED LOANS</b>		
Term Loans :		
- Rupee Loans	589.02	196.46
- Foreign Currency Loans	693.81	555.78
	1,282.83	752.24
Working Capital Loans :		
- Rupee Loans	828.11	807.29
- Foreign Currency Loans	645.41	189.53
	1,473.52	996.82
Other Loans	45.54	74.40
	2,801.89	1,823.46
<b>Notes :</b>		
1. Term Loans are secured by pari-passu first charge on immovable properties, present and future, situated at Patalganga and Tarapur, fixed assets of the Company and second charge on current assets, pledge of shares of Company held by Expert Chemicals (India) Pvt. Ltd. In addition to guarantee by Expert Chemicals (India) Pvt. Ltd. and director of the company.		
2. Working Capital Loans are secured by pari-passu first charge on current assets, second charge on fixed assets, pledge of shares of the Company held by Expert Chemicals (India) Pvt. Ltd. In addition to guarantee by Expert Chemicals (India) Pvt. Ltd. and director of the company.		
3. Other loans are secured by hypothecation of assets acquired against respective loans.		
4. Term Loans and Other Loans include repayable within a year Rs. 586.37 Lacs (Pr. Yr. Rs.230.04 Lacs).		
<b>SCHEDULE - 4</b>		
<b>UNSECURED LOANS</b>		
- Inter Corporate Deposits	1,238.75	589.35
- Security Deposits	-	217.27
- From Banks	1,492.35	316.83
	2,731.10	1,123.45
<b>Note :</b> Due within a year Rs. 779.42 Lacs (Pr. Yr. Rs. 324.47 Lacs)		

## SCHEDULES FORMING PART OF THE BALANCE SHEET

### SCHEDULE - 5

#### FIXED ASSETS

(Rs. in Lacs)										
DESCRIPTION	GROSS BLOCK			DEPRECIATION/AMORTISATION				NET BLOCK		
	As at 1-Apr-05	Additions	Deductions	As at 31-Mar-06	Upto 31-Mar-05	Depreciation for the year	Deduction	Upto 31-Mar-06	As at 31-Mar-06	As at 31-Mar-05
Lease Hold Land & Land										
Development Expenses	53.42	-	-	53.42	4.51	0.54	-	5.05	48.37	48.91
Factory Buildings	493.89	108.61	-	602.50	111.20	16.63	-	127.83	474.67	382.69
Plants, Machineries & Equipments	1,579.70	1,136.54	12.76	2,703.48	426.95	86.16	2.18	510.93	2,192.55	1,152.75
Furnitures & Fixtures	117.40	37.82	-	155.22	30.97	7.51	-	38.48	116.74	86.43
Vehiles	209.59	-	12.13	197.46	51.24	19.29	4.30	66.23	131.23	158.35
Office Equipments	8.14	10.70	-	18.84	0.71	0.41	-	1.12	17.72	7.43
Electrical Installations	102.27	17.33	-	119.60	60.83	4.94	-	65.77	53.83	41.44
Computers	101.58	34.18	-	135.76	60.97	15.57	-	76.54	59.22	40.61
Intangibles :										
- Brands	4,386.90	-	-	4,386.90	676.54	438.69	-	1,115.23	3,271.67	3,710.36
- Softwares	62.44	77.88	-	140.32	49.19	19.85	-	69.04	71.28	13.25
- Technical Knowhow	4.43	-	-	4.43	0.89	0.89	-	1.78	2.65	3.54
Total	7,119.76	1,423.06	24.89	8,517.93	1,474.00	610.48	6.48	2,078.00	6,439.93	5,645.76
Previous Year	6,403.48	722.80	6.52	7,119.76	916.79	559.16	1.95	1,474.00		
Add : Capital Work in Progress & Advance for Capital Expenditure									552.20	426.22
								TOTAL	6,992.13	6,071.98
Note : Depreciation / Amortisation includes Rs. Nil (Previous Year Rs. 4.05 Lacs) for earlier years.										

## SCHEDULES FORMING PART OF THE BALANCE SHEET

	31.03.2006 (Rs. in Lacs)	31.03.2005 (Rs. in Lacs)
<b>SCHEDULE - 6</b>		
<b>INVESTMENTS</b>		
1. Long Term		
<b>a. Trade - Quoted :</b>		
1,800 Equity Shares of Bank of India of Rs. 10 each fully paid-up	0.81	0.81
[Market value Rs. 2.38 Lacs (Pr. Yr. Rs. 1.86 Lacs)]		
<b>b. Trade - Unquoted :</b>		
706 Equity Shares of The Saraswat Co-op. Bank Ltd. of Rs. 10 each fully paid-up	0.07	0.07
100 Equity Shares of The Shamrao Vithal Co-op. Bank Ltd. of Rs. 25 each fully paid-up	0.03	0.03
18,98,500 (Pr. Yr. Nil) Equity Shares of Doctors Organic Chemicals Ltd. of Rs.10 each fully paid-up	618.83	-
<b>c. Non Trade - Unquoted :</b>		
Nil (Pr. Yr. 1,45,000) Interest-free Unsecured Optional Convertible Debentures of Raashi Impex Pvt. Ltd. of Rs. 100 each fully paid-up	-	145.00
5,000 Equity Shares of Malik Organic Pvt. Ltd. of Rs. 10 each fully paid-up	0.63	0.63
2. Advance to Doctors Organic Chemicals Ltd. pending allotment	2,250.91	-
	<u>2,871.28</u>	<u>146.54</u>
<b>SCHEDULE - 7</b>		
<b>INVENTORIES :</b>		
<i>(As taken, valued and certified by the management)</i>		
Raw Materials	147.19	170.53
Work in Process	894.88	256.66
Finished / Traded Goods	280.90	354.60
Stores, Consumables & Fuel	3.39	22.20
<i>(Refer Note No.3 of Schedule 18)</i>		
	<u>1,326.36</u>	<u>803.99</u>
<b>SCHEDULE - 8</b>		
<b>SUNDRY DEBTORS :</b>		
Over six months		
- Considered Good	414.36	596.97
- Considered Doubtful	5.36	-
	<u>419.72</u>	<u>596.97</u>
Other debts	3,420.93	1,812.07
	<u>3,840.65</u>	<u>2,409.04</u>
Less : Provision for Doubtful Debts	5.36	-
	<u>3,835.29</u>	<u>2,409.04</u>
<b>Note :</b> Includes Sundry Debtors - Secured Rs. 178.93 Lacs (Pr. Yr. Rs. 189.41 Lacs)		



## SCHEDULES FORMING PART OF THE BALANCE SHEET

	31.03.2006 (Rs. in Lacs)	31.03.2005 (Rs. in Lacs)
<b>SCHEDULE - 9</b>		
<b>CASH &amp; BANK BALANCES :</b>		
Cash in Hand	1.93	2.71
<u>With scheduled banks :</u>		
In Current Accounts	1,076.72	18.44
In Deposit Accounts	1,232.77	208.91
	<u>2,311.42</u>	<u>230.06</u>
<b>SCHEDULE - 10</b>		
<b>LOANS AND ADVANCES :</b>		
<i>(Unsecured, Considered Good)</i>		
Advances recoverable in cash or in kind or for value to be received	1,313.70	1,180.70
Deposits	143.08	40.07
MAT Credit Entitlement	120.00	-
Income Tax Paid	327.79	190.10
Balance with Excise & Custom Authorities	250.27	140.56
	<u>2,154.84</u>	<u>1,551.43</u>
<b>SCHEDULE - 11</b>		
<b>CURRENT LIABILITIES :</b>		
Sundry Creditors	1,450.56	1,762.91
Other Liabilities	1,125.61	295.61
Unpaid Dividend *	8.50	-
	<u>2,584.67</u>	<u>2,058.52</u>
* There are no amounts due and outstanding to be credited to 'Investor Education and Protection Fund 'as on 31.03.2006.		
<b>SCHEDULE - 12</b>		
<b>PROVISIONS :</b>		
For Leave Benefits	56.58	67.46
For Gratuity	112.63	28.41
For Excise Duty	2.70	5.25
For Proposed Dividend	191.21	94.86
For Tax on Dividend	26.82	13.30
For Income Tax	281.34	167.25
For Wealth Tax	1.50	0.50
	<u>672.78</u>	<u>377.03</u>

## SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNTS

	31.03.2006 (Rs. in Lacs)	31.03.2005 (Rs. in Lacs)
<b>SCHEDULE - 13</b>		
<b>OTHER INCOME :</b>		
Insurance Claim	5.29	4.17
Exchange Fluctuation	40.22	56.00
Profit on Sale of Short Term Investments	-	7.00
Export Incentives	295.29	111.87
Technical Know How	100.00	100.00
Procurement Charges	90.11	-
<i>[Tax deducted at source Rs. 4.97 Lacs (Pr. Yr. Rs.Nil)]</i>		
Interest from Banks	76.65	1.58
<i>[Tax deducted at source Rs. 4.01 Lacs (Pr. Yr. Rs. 0.31 Lac)]</i>		
Interest from Others	1.38	0.11
<i>[Tax deducted at source Rs. Nil (Pr. Yr. Rs.Nil)]</i>		
Excess Provision/ Balances Written back (Net)	-	11.37
Miscellaneous Income	-	0.13
	<u>608.94</u>	<u>292.23</u>
<b>SCHEDULE - 14</b>		
<b>COST OF MATERIALS</b>		
A) Raw & Packing Materials		
Opening Stock	170.53	139.95
Add: Purchases	2,777.42	2,110.55
	<u>2,947.95</u>	<u>2,250.50</u>
Less: Closing Stock	147.19	170.53
	<u>2,800.76</u>	<u>2,079.97</u>
B) Purchase of Traded Goods	3,385.07	1,021.41
C) (Increase)/Decrease in Inventories		
Opening Stock		
- Work in Process	256.66	197.98
- Finished/Traded Goods	354.60	536.69
	<u>611.26</u>	<u>734.67</u>
Closing Stock		
- Work in Process	894.88	256.66
- Finished/Traded Goods	280.90	354.60
	<u>1,175.78</u>	<u>611.26</u>
(Increase)/Decrease	<u>(564.52)</u>	<u>123.41</u>
	<u>5,621.31</u>	<u>3,224.79</u>
<b>SCHEDULE - 15</b>		
<b>PERSONNEL COST :</b>		
Salaries, Wages, Bonus and Allowances	1,150.15	853.72
Contribution to Provident and Other Funds	75.76	83.52
Staff Welfare Expenses	76.06	33.45
	<u>1,301.97</u>	<u>970.69</u>

## SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNTS

	31.03.2006 (Rs. in Lacs)	31.03.2005 (Rs. in Lacs)
<b>SCHEDULE - 16</b>		
<b>OTHER EXPENSES</b>		
Processing Charges	146.56	98.68
Power & Fuel	286.06	252.07
Stores & Spares	154.60	50.41
Water Charges	20.25	17.12
Repairs & Maintenance :		
- Building	8.89	10.76
- Plant & Machinery	10.29	46.43
- Other	106.61	29.69
Commission On Sales	117.16	59.51
Excise Duty	2.70	4.97
Delivery & Packing Charges	175.74	111.85
Carriage Outward	313.60	242.55
Advertisement & Sales Promotional Expenses	310.16	209.67
Discount	3.94	12.05
Breakages & Expiry	121.74	153.61
Rent, Rates & Taxes	145.21	62.00
Travelling & Conveyance	399.33	353.54
Postage, Telegram & Telephone	61.24	43.57
Printing & Stationery	26.76	18.99
Provision for Bad & Doubtful Debts	5.36	-
Donation	0.36	1.60
Insurance	26.96	24.55
Legal & Professional Charges	91.48	110.58
Analytical Charges	2.29	9.42
Loss on Assets Sold	7.25	0.91
Amounts Written Off (Net)	0.45	-
Miscellaneous Expenses	128.04	149.23
	<u>2,673.03</u>	<u>2,073.76</u>

## **SCHEDULE : ACCOUNTING POLICIES**

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### **SCHEDULE - 17**

#### **ACCOUNTING POLICIES**

**a) Accounts**

The accounts are prepared as per historical cost convention, on accrual basis and in accordance with the generally accepted accounting principles in India unless otherwise specified hereinafter.

**b) Use of Estimates**

The preparation of accounts requires estimates and assumptions that affect the reported amount of assets and liabilities on the date of the accounts and the reported amount of revenues and expenses during the reporting period. Differences between the actual results and the estimates are recognised in the period in which the same are known/materialized.

**c) Fixed Assets**

Fixed assets except some of the brands, which are revalued, are stated at cost of acquisition, installation or construction including taxes and other direct expenses, less accumulated depreciation.

**d) Expenditure During Construction Period**

All identifiable revenue expenses including interest incurred in respect of various projects/expansions are allocated to capital cost of respective assets on their completion/installation.

**e) Intangible Assets**

Intangible assets are recognised only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably. The intangible assets are recorded at cost and are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

**f) Investments**

- i) Long Term Investments are stated at cost of acquisition unless there is permanent fall in its realization value which is provided for.
- ii) Short Term Investments are stated as cost or market value, whichever is lower.

**g) Inventories**

Raw Materials, Work in Process and Finished/Traded Goods are valued at lower of cost or net realizable value. Samples are valued at cost.

**h) Foreign Currency Transactions**

Foreign Currency transactions are converted at the exchange rates prevailing on the date of transaction. Current Assets & Liabilities and Loans in foreign currencies, not covered by forward contracts are restated at the rate prevailing as on the date of the Balance Sheet.

Exchange difference arising from foreign currency transactions, other than for fixed assets, which is adjusted to the cost of assets, are dealt with in the Profit & Loss Account.

**i) Sales**

Gross sales include excise duty but excludes sales tax/ value added tax and are recognised on dispatch of goods.

**j) Export Benefits**

Export benefits available under prevalent schemes are accrued in the year in which the goods are exported and are accounted to the extent considered receivable.

## SCHEDULE : ACCOUNTING POLICIES

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**k) Excise Duty**

Excise Duty is accounted on the basis of payments made in respect of goods cleared and provision is made for goods lying in bonded warehouses.

**l) Cenvat, Service Tax and Vat Credit**

Cenvat, Service Tax and Vat Credit receivable/availed are treated as an asset with relevant expenses being accounted net of such credit, and the same is reduced to the extent of their utilizations.

**m) Depreciation / Amortization**

- i) Cost of leasehold land is being amortized over the period of lease.
- ii) Brands and Technical Know-how are amortized over a period of ten and five years respectively.
- iii) Softwares are amortized @ 16.21%.
- iv) On all other assets, depreciation is provided on straight-line basis in the manner and at the rates prescribed in Schedule XIV of the Companies Act, 1956.

**n) Research and Development**

Research & development expenditure of a revenue nature is charged to the revenue in the year in which it is incurred and expenditure of a capital nature is added to respective fixed assets.

**o) Retirement Benefits**

- i) The Company's contributions to the provident and superannuation funds are charged to the Profit and Loss Account on an accrual basis.
- ii) Provision of leave encashment on retirement has been accrued on the basis of an actuarial valuation obtained as at year-end.
- iii) The Company has an arrangement with the Life Insurance Corporation of India (LIC) to administer its gratuity scheme, the premiums paid/payable are debited to the Profit and Loss Account on an accrual basis.

**p) Deferred Taxation**

Deferred tax resulting from timing differences between book and tax profits is accounted for at the current rate of tax, to the extent that the timing differences are expected to crystallize.

**q) Provisions, Contingent Liabilities and Contingent Assets:**

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the Notes to accounts. Contingent Assets are neither recognised nor disclosed in the financial statements.

**r) Borrowing Costs:**

Borrowing cost attributable to the acquisition or construction of qualifying assets is capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

**s) Impairment of Assets:**

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to profit and loss account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

## SCHEDULE : NOTES TO ACCOUNTS

### SCHEDULE - 18

#### NOTES TO ACCOUNTS

##### 1 Contingent liabilities:

- a) Estimated amounts of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 62.05 Lacs (Rs. 86.55 Lacs).
- b) Bank Guarantees issued Rs. 1.05 Lacs (Rs. 33.15 Lacs).
- c) Disputed demands by Income Tax Authorities Rs. 62.13 Lacs (Rs. 46.20 Lacs).
- d) Bank Letter of Credit outstanding at the year-end Rs. 101.27 Lacs. (Rs. 28.92 Lacs).
- e) Claims against the Company not acknowledged as debts Rs. 586.67 Lacs (Rs. 2.68 Lacs).
- f) Export obligation for import under 'Advance License' Rs. 7.02 Lacs (Rs. Nil).

- 2 The Company operates solely in the pharmaceuticals segment and hence no separate disclosure for segment wise information is required.
- 3 It was the practice of the Company to value the inventories of stores and spares. The same has been changed from this year and accordingly stores and spares are charged to the revenue in the year of purchase. Consequently, profit before tax is lower by Rs. 22.22 Lacs.
- 4 Pursuant to the Schemes, approved by the Board of Directors of the respective companies, assets and liabilities of Doctors Organic Chemicals Limited with effect from 1<sup>st</sup> October, 2005 and The Pharmaceuticals Products of India Limited with effect from 31<sup>st</sup> December, 2005, shall be transferred to the Company. Pending approvals of appropriate authorities, no effect is given in the accounts to the same.
- 5 Exchange rate gain of Rs. 47.51 Lacs (gain Rs. 65.71 Lacs) has been accounted in Profit and Loss Account and exchange rate loss of Rs. 1.11 Lacs (gain Rs. 2.22 Lacs) has been capitalised during the year.
- 6 Interest expenses include on fixed period loan of Rs. 58.87 Lacs (Rs. 73.26 Lacs) net of reimbursement of Rs. 37.15 Lacs (Rs. Nil).
- 7 Expenses are net of recoveries, amounting to Rs. 69.16 Lacs (Rs. Nil) from Doctors Organic Chemicals Ltd.
- 8 Some of the balances of debtors, creditors, loans and advances are subject to confirmation/ reconciliation and adjustments, if any.
- 9 The Company has not granted any loans / advances in the nature of loans as stipulated in the Clause 32 of the Listing Agreement with the Stock Exchange. For this purposes, the loans to employees as per the Company's policy and security deposits paid towards premises taken on leave and license basis and against business conducting agreement, have not been considered. Hence, there are no investments by loanees in the shares of the parent company.
- 10 During the year, the Company has raised Rs. 4,402.35 Lacs (US\$ 1,00,00,400) through issue of Global Depository Receipts out of which Rs. 2,502.76 Lacs has been utilized till the year end.
- 11 Sundry Creditors include Rs. 252.54 Lacs (Rs. 200.37 Lacs) due to Small Scale Industrial (SSI) Undertakings, which are identified by the Company based on the information available regarding the status of the suppliers. The list of SSI Units where amounts are outstanding for a period exceeding 30 days as on 31<sup>st</sup> March, 2006, as determined by the Company and relied upon by the Auditors, is as under:

Rajdeep Plastic Containers Pvt. Ltd., Novex Poly Films Pvt. Ltd., Hi-Tech Pharmaceuticals Pvt. Ltd., Naxpar Lab. Pvt. Ltd., Parnax Lab. Pvt. Ltd. and Olive Healthcare Pvt. Ltd.

There are no specific claims from suppliers under the "Interest on Delayed Payments to Small Scale & Ancillary Act, 1993.

## SCHEDULE : NOTES TO ACCOUNTS

12 Considering deductions available under the provisions of the Income Tax Act, 1961 during the year MAT liability has been provided, which is eligible for set off in subsequent years. The same has been treated as recoverable and shown as MAT Credit Entitlement. Provision for the current tax includes Rs. 0.75 Lac (Rs. 0.50 Lac) for wealth tax.

13 The deferred tax assets (liabilities) arising out of timing differences comprise of the following major components:

	31.03.2006 (Rs. in Lacs)	31.03.2005 (Rs. in Lacs)
Depreciation	(715.30)	(356.60)
Others	128.65	35.10
<b>Total</b>	<b>(586.65)</b>	<b>(321.50)</b>

14 Pre-operative expenses are capitalised on commissioning of the project/expansions. The details of these expenses are:

	31.03.2006 (Rs. in Lacs)	31.03.2005 (Rs. in Lacs)
Balance up to previous year	Nil	Nil
Add: Incurred in the current year :		
- Salaries and allowances	41.66	25.26
- Contribution to funds	1.49	2.38
- Rent	27.32	5.20
- Recruitment Charges	Nil	12.10
- Professional Fees	12.96	Nil
- Electricity Expenses	Nil	0.32
- Interest on Fixed Period Loans	47.59	12.50
- Finance Charges	30.48	Nil
- Others	Nil	0.38
<b>Total</b>	<b>161.50</b>	<b>58.14</b>
Less: Capitalised to fixed assets	146.30	58.14
<b>Balance carried forward</b>	<b>15.20</b>	<b>Nil</b>

15 Remittance in foreign currency on account of dividend: -

The Company has paid dividend in respect of shares held by Non-Resident Shareholders on repatriation basis. This inter-alia includes portfolio investment and direct investment, where the amount is also credited to Non-Resident External A/c (NRE A/c). The exact amount of dividend remitted in foreign currency cannot be ascertained. The total amount remittable in this respect is given below:

	2005-2006		2004-2005
Year to which the Dividend relates	Interim 2005-06	Final 2004-05	N.A.
Number of non-resident shareholders	41	18	Nil
Number of shares held by them	53,55,225	30,70,680	Nil
Amount of dividend (Rs. in Lacs)	26.78	30.71	Nil

## SCHEDULE : NOTES TO ACCOUNTS

	31.03.2006 (Rs. in Lacs)	31.03.2005 (Rs. in Lacs)
16 (a) Remuneration to Whole Time Directors:		
Salary & Allowances	76.42	45.35
Contribution of P.F. & Other Funds	5.52	4.68
<b>Total</b>	<b>81.94</b>	<b>50.03</b>
<b>Note:</b> Above excludes provision for future liabilities in respect of retirement benefits, which are based on actuarial valuation done on overall Company basis.		
(b) Sitting Fees to Directors Rs. 0.80 Lac (Rs. 0.16 Lac)		
17 Other Expenses include		
a) Auditors' Remuneration:		
Audit Fees	3.50	3.86
Tax Audit Fees	Nil	0.25
Certification & Other Matters	1.37	Nil
Out of Pocket Expenses	0.32	0.17
<b>Total</b>	<b>5.19</b>	<b>4.28</b>
b) Cost Audit Fees	0.20	0.22
18 a) Earnings in Foreign Currency :		
FOB Value of Exports	5,623.18	2,578.09
Freight, Insurance etc.	261.90	152.51
Bank Fixed Deposit Interest	56.27	NIL
b) Expenditure in Foreign Currency:		
CIF Value of Imports :		
- Raw Materials (including High Seas purchases)	850.48	933.49
- Capital Goods	43.44	102.76
Interest	69.04	58.20
Commission paid	22.80	19.79
Legal & Professional Fees	4.39	2.07
GDR Issue Expenses	177.65	Nil
(Adjusted against Securities Premium Account)		
Traveling & Other Expenses	20.53	6.55
19 Earnings Per Equity Share :		
Basis for calculation of Basic and Diluted earnings per equity share is as under:		
	2005-06	2004-05
Profit after Tax (Rs. in Lacs)	1,073.03	701.25
Number of Equity Shares (Weighted Average)	1,10,94,522	94,86,358
Nominal Value of Equity Shares (in Rs.)	10.00	10.00
Earning Per Share (Basic & Diluted) Rs.	9.67	7.39



## SCHEDULE : NOTES TO ACCOUNTS

### 20 Related Party Disclosure:

#### A. Relationship:

Category 1: Major Shareholders:

- Kingsbury Investment Inc.
- Expert Chemicals (India) Pvt. Ltd.
- Magnum Equifin Pvt. Ltd.

Category 2: Associate Companies:

- Malik Organics Pvt. Ltd.
- Anjay Shares & Securities Pvt. Ltd.
- Doctors Organic Chemicals Ltd. (During the year)

Category 3: Key Management Personnel and their relatives:

- Mr. K. Chandran                      Whole-time Director
- Mr. K. R. N. Moorthy              Whole-time Director
- & Relatives

#### B. Transactions carried out with related parties :

Sr. No.	Transactions	Related Party Relation	For the year ended	For the year ended
			31.03.2006	31.03.2005
			Rs. in Lacs	Rs. in Lacs
<b>1</b>	<b>Advances Given:</b>			
	- Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	Nil	129.38
	- Malik Organics Pvt. Ltd.	Associated Company	Nil	40.91
	- Doctors Organic Chemicals Ltd.	Associated Company	2,140.75	Nil
<b>2</b>	<b>Advances Recovered:</b>			
	- Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	23.00	141.70
<b>3</b>	<b>Inter Corporate Deposits Received:</b>			
	- Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	933.95	583.55
	- Malik Organics Pvt. Ltd.	Associated Company	Nil	18.80
<b>4</b>	<b>Inter Corporate Deposits Repaid:</b>			
	- Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	571.08	7.15
	- Anjay Shares & Securities Pvt. Ltd.	Associated Company	0.05	Nil
	- Malik Organics Pvt. Ltd.	Associated Company	Nil	18.80
<b>5</b>	<b>Expenses Reimbursed to:</b>			
	- Malik Organics Pvt. Ltd.	Associated Company	Nil	1.35
<b>6</b>	<b>Expenses Reimbursed from :</b>			
	- Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	208.65	Nil
	- Doctors Organic Chemicals Ltd.	Associated Company	69.16	Nil
<b>7</b>	<b>Procurement Charges received</b>			
	- Doctors Organic Chemicals Ltd.	Associated Company	83.68	Nil
<b>8</b>	<b>Remuneration paid:</b>			
	- Mr. K. R. N. Moorthy	Key Management Personnel	64.14	31.00
	- Mr. K. Chandran	Key Management Personnel	17.80	19.03

## SCHEDULE : NOTES TO ACCOUNTS

Sr. No.	Transactions	Related Party Relation	For the year ended 31.03.2006 Rs. in Lacs	For the year ended 31.03.2005 Rs. in Lacs
9	<b>Rent Paid:</b> - Mrs. Prabha K. Chandran	Key Management Person's Relatives	6.00	6.00
10	<b>Advance paid pending allotment of Equity Shares</b> - Doctors Organic Chemicals Ltd.	Associated Company	2,250.92	Nil
11	<b>Sales</b> - Doctors Organic Chemicals Ltd.	Associated Company	78.87	Nil
12	<b>Purchases</b> - Doctors Organic Chemicals Ltd.	Associated Company	537.29	Nil
13	<b>Dividend</b> - Kingsbury Investment Inc. - Expert Chemicals (India) Pvt. Ltd. - Magnum Equifin Pvt. Ltd.	Major Shareholders Major Shareholders Major Shareholders	45.36 35.52 3.42	Nil Nil Nil
14	<b>Technical Know-how Fees</b> - Doctors Organic Chemicals Ltd.	Associated Company	110.20	Nil

### C. Balances due from / to related parties:

Sr. No.	Particulars	Related Party Relation	As at 31.03.2006 Rs. in Lacs	As at 31.03.2005 Rs. in Lacs
1	<b>Inter Corporate Deposits Taken:</b> - Expert Chemicals (India) Pvt. Ltd. - Anjay Shares & Securities Pvt. Ltd.	Major Shareholders Associated Company	730.85 419.95	576.40 420.00
2	<b>Advances Given:</b> - Expert Chemicals (India) Pvt. Ltd. - Malik Organics Pvt. Ltd. - Anjay Shares & Securities Pvt. Ltd.	Major Shareholders Associated Company Associated Company	Nil 40.91 Nil	23.00 40.91 0.05
3	<b>Sundry Creditors / Other Liabilities:</b> - Mrs. Prabha Chandran	Key Management Person's Relatives	0.50	0.50
4	<b>Advance given pending allotment of Equity Shares</b> - Doctors Organic Chemicals Ltd.	Associated Company	2,250.92	Nil

## SCHEDULE : NOTES TO ACCOUNTS

### 21 Consumption of Materials

Item	Unit	2005-06		2004-05	
		Qty.	Rs. in Lacs	Qty.	Rs. in Lacs
a. Consumption of Raw Materials and Packing Materials					
DCDA	M.T.	1,715	838.75	1,146	877.72
DMA Hcl	M.T.	2,022	968.23	1,546	745.86
Salicylic Acid	M.T.	128	129.40	50	42.85
Methanol	M.T.	1,111	189.70	1058	218.80
Others			674.68		194.74
			2,800.76		2,079.97
		%		%	
Imported		29.95	838.75	43.90	913.06
(including High Seas purchases)					
Indigenous		70.05	1,962.01	56.10	1,166.91
		100.00	2,800.76	100.00	2,079.97
b. Consumption of Stores & Spares					
		%		%	
Imported		0.00	Nil	0.00	Nil
Indigenous		100.00	154.60	100.00	50.41
		100.00	154.60	100.00	50.41

### 22 Details of Installed Capacity and Production :

Class of Goods	Units of Measurement	Installed Capacity Quantity	Production Quantity
Bulk Drugs	M.T.	1,874 p. a. (1,680) p. a.	3,075.315 (2,249.77)

#### Notes :

1. In terms of Press Note No. 4 (1994 series) Dated 25.10.94 issued by the Dept of Industrial Development, Ministry of Industry, Government of India, industrial licensing has been abolished in respect of bulk drugs and formulations. Hence, there is no registered / licensed capacity for these bulk drugs and formulations.
2. Production includes manufactured by others on job work basis.
3. Installed capacities, being a technical matter, have not been verified by the Auditors.

### 23 Details of Closing Stocks of Finished/Traded Goods :

Class of Goods	Units of Measurement	31.03.2006		31.03.2005		31.03.2004	
		Qty.	Rs. in Lacs	Qty.	Rs. in Lacs	Qty.	Rs. In Lacs
<b>Bulk Drugs</b>	M. T.	64.957	76.34	107.23	143.14	90.34	295.23
<b>Formulations:</b>							
- Liquids	Kilo Ltrs.	30.68	81.07	24.45	53.21	45.40	90.53
- Tablets	No. in Million	8.29	93.03	8.49	94.22	11.53	100.59
- Vials	No. in Million	0.01	1.47	0.06	16.79	0.07	16.97
- Capsules	No. in Million	0.39	9.26	1.06	15.81	1.17	12.13
- Powders	Tones	6.38	16.93	19.95	24.99	6.07	17.10
- Liquids	Kilo Ltrs.	1.00	2.80	2.40	6.44	1.46	4.14
<b>Total</b>			<b>280.90</b>		<b>354.60</b>		<b>536.69</b>

## SCHEDULE : NOTES TO ACCOUNTS

### 24 Details of Purchases & Sales of Finished/Traded Goods:

Class of Goods	Units Of Measurement	Purchases		Sales	
		Quantity	Rs. in Lacs	Quantity	Rs. in Lacs
<b>Bulk Drugs :</b>	M. T.	1,621.094	2,067.51	4,738.682	7,377.15
		(0.80)	(23.78)	(2,233.68)	(4,481.76)
<b>Formulations:</b>					
- Liquids	Kilolitre	215.19	556.50	177.90	1,174.27
		(232.83)	(398.47)	(232.84)	(1,012.32)
- Tablets	No. in Million	64.41	597.71	62.59	1,797.54
		(51.95)	(352.61)	(48.93)	(1,212.34)
- Vials	No. in Million	Nil	Nil	0.04	12.35
		(0.13)	(28.87)	(0.13)	(58.67)
- Capsules	No. in Million	3.28	55.49	3.36	196.87
		(4.18)	(49.95)	(3.79)	(179.79)
<b>Processed Foods</b>					
- Powders	Ton	62.84	149.54	60.62	289.98
		(105.77)	(162.71)	(57.13)	(243.99)
- Liquids	Kilolitre	5.88	14.31	7.04	35.44
		(11.68)	(25.34)	(9.02)	(43.21)
<b>TOTAL</b>			<b>3,441.06</b>		<b>10,883.60</b>
			<b>(1,041.73)</b>		<b>(7,232.08)</b>

**Notes:**

1. Purchase of Formulation goods for resale includes Rs. 55.99 Lacs (Pr. Yr. Rs. 20.32 Lacs) on account of free replacements.
2. Sales exclude free replacements / offers.

25. Figures for the previous year have been recast and regrouped wherever necessary. Figures in brackets are for previous year.

As per our attached report of even date

**For KAPOOR & PAREKH ASSOCIATES**  
Chartered Accountants

**NIKHIL PATEL**  
Partner  
Mumbai, 26<sup>th</sup> June, 2006

**For and on behalf of the Board**

**K. CHANDRAN**  
Whole-time Director  
Mumbai, 26<sup>th</sup> June, 2006

**K.R.N. MOORTHY**  
Whole-time Director

**PANKAJ B. GUPTA**  
Company Secretary

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I. Registration Details

Registration No.     4 8 4 5 5 State Code   1 1

Balance Sheet Date   3 1   0 3   0 6  
Date Month Year

### II. Capital raised during the Year (Amount in Rs. Thousands)

Public Issue     3 2 6 1 0 Rights Issue       N I L

Bonus Issue       N I L Private Placement       N I L

### III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities    1 6 2 3 3 8 7 Total Assets    1 6 2 3 3 8 7

#### Sources of Funds

Paid-up Capital    0 1 2 7 4 7 4 Reserves & Surplus    0 8 8 3 9 4 9

Secured Loans    0 2 8 0 1 8 9 Unsecured Loans    0 2 7 3 1 1 0

Deffered Tax Liability    0 0 5 8 6 6 5

#### Application of Funds

Net Fixed Assets    0 6 9 9 2 1 3 Investments    0 2 8 7 1 2 8

Net Current Assets    0 6 3 7 0 4 6 Misc. Expenditure       N I L

### IV. Performance of the Company (Amount in Rs. Thousands)

Turnover    1 1 4 9 2 5 4 Total Expenditure    1 0 0 4 9 9 1

Profit Before Tax    0 1 4 4 2 6 3 Profit After Tax    0 1 0 7 3 0 3

Earning Per Share in Rs.     9 . 6 7 Dividend Rate %     2 0 %

### V. Generic Names of Three Principal Products of Company (as per monetary terms) :

Product Description Item Code No. (ITC Code)

M E T F O R M I N   2 9 4 2 . 0 8

S A L S A L A T E   2 9 4 2 . 0 8

F O R M U L A T I   2 1 0 8 . 9 9

O N

For and on behalf of the Board

Mumbai, 26<sup>th</sup> June, 2006

**K. CHANDRAN**  
Whole-time Director

**K.R.N. MOORTHY**  
Whole-time Director

**PANKAJ B. GUPTA**  
Company Secretary

## NOTES

**WANBURY LIMITED**

Registered Office : BSEL Tech Park, B-Wing,  
10th Floor, Sector 30 A, Opp. Vashi Railway  
Station, Vashi, Navi Mumbai - 400703, Maharashtra

**PROXY FORM**

Folio No./Client ID \_\_\_\_\_ No. of shares held \_\_\_\_\_

I/We \_\_\_\_\_ of  
\_\_\_\_\_ in the District of \_\_\_\_\_ being a

member(s) of Wanbury Limited hereby appoint Shri/ Smt. \_\_\_\_\_

\_\_\_\_\_ or failing him/her Shri./Smt. \_\_\_\_\_

\_\_\_\_\_ in the District of \_\_\_\_\_ as my / our proxy to

vote for me / us, on my/our behalf at the Eighteenth Annual General Meeting of the Company to be held  
on Tuesday, 19<sup>th</sup> September, 2006 at :

Hotel Supreme Heritage, Plot No. L-2, Sector No. 19, Vashi, Navi Mumbai -400705, Maharashtra

and at any adjournment thereof.

**Affix  
Re. 1/-  
Revenue  
Stamp**

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2006. \_\_\_\_\_

Signature of Member (s)

**WANBURY LIMITED**

Registered Office : BSEL Tech Park, B-Wing,  
10th Floor, Sector 30 A, Opp. Vashi Railway  
Station, Vashi, Navi Mumbai - 400703, Maharashtra

**ATTENDANCE SLIP**

**THIS ATTENDANCE SLIP DULY FILLED IN TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL.**

Name of the attending Member (in Block Letters) \_\_\_\_\_

\_\_\_\_\_ Member's Folio Number/Client ID \_\_\_\_\_

Name of the Proxy (in Block Letters, to be filled in if the Proxy attends instead of the Member)

\_\_\_\_\_

No. of shares held \_\_\_\_\_

I hereby record my presence at the Eighteenth Annual General Meeting of the Company held on Tuesday, 19<sup>th</sup> September, 2006 at  
Hotel Supreme Heritage, Plot No. L-2, Sector No. 19, Vashi, Navi Mumbai - 400 705, Maharashtra.

\* to be signed at the time of handing over this slip.

\_\_\_\_\_  
Member's / Proxy's Signature

