WANBURY LIMITED

20TH Annual Report 2007-2008

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	Deputy Managing 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, Turbhe, Tarapur (Mah) and Tanaku (AP)

Auditors

KAPOOR & PAREKH ASSOCIATES, Chartered Accountants, Mumbai

Bankers

Bank of India
EXIM Bank
State Bank of India
Dhanalakshmi Bank
Axis Bank
State Bank of Indore

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 : +91-22-28516338, 28528087
Fax : +91-22-28512885

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NOTICE

Notice is hereby given that the Twentieth Annual General Meeting of the Members of Wanbury Limited will be held on Monday the 23rd day of March, 2009 at 12:00 Noon at Hotel Tunga Regency, Plot No. 37, Sector - 30A, 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 of the Company as at 30th September 2008 and the Profit & Loss Account for the year ended on that date along with the Reports of Directors and Auditors thereon.
2. To declare dividend on Equity Shares of the Company.
3. To appoint a Director in place of Mr. K. R. N. Moorthy – 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 a Director in place of Mr. A. L. Bongirwar – Director of the Company, who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.
5. To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions relating to the appointment of Auditors of the Company:

   (a) "RESOLVED THAT pursuant to the provision of Section 224 and other provisions applicable, if any, of the Companies Act, 1956, M/s Kapoor & Parekh Associates, Chartered Accountant, Mumbai, be and are hereby re-appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting of the Company, at a remuneration to be decided by the Board of Directors."

   (b) "RESOLVED THAT pursuant to the provision of Section 228 and other provisions applicable, if any, of the Companies Act, 1956, M/s. Brahmayya & Co., Chartered Accountants, Vijayawada, be and are hereby appointed as Branch Auditors of the Company, to audit the accounts of the Company's Plant situated at Tanaku, West Godavari District, Andhra Pradesh, to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting of the Company, at a remuneration to be decided by the Board of Directors."

Registered Office:
BSEL Tech Park, B Wing,
10th Floor, Sector 30-A, Vashi
Navi Mumbai – 400 705
Date: 31st December, 2008
Place: Vashi, Navi Mumbai

By Order of the Board of Directors
For **Wanbury Limited**

Pankaj B. Gupta
Company Secretary

NOTES:

1. A Member is entitled to attend and vote at the meeting and is also entitled to appoint a proxy to attend the meeting and vote on poll; instead of himself / herself and the proxy need not be a member. The instrument appointing a proxy 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: (i) 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 – 400072 in respect of the Shares held in physical form, and (ii) to their Depository Participants (DPs) in respect of Shares held in demat form.
3. In case the mailing address mentioned on this Annual Report is without the PIN CODE, shareholders are requested to kindly inform their PIN CODE immediately to their DP or the Company's Registrar & Share Transfer Agent M/s Sharex Dynamic (India) Pvt. Ltd., as mentioned above.

4. 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.

5. The Share Transfer Books and the Register of Members will remain closed from Monday, 16th March, 2009 to Monday, 23rd March, 2009 (both days inclusive) for the purpose of payment of dividend, if approved by the members.

6. At the ensuing Annual General Meeting Mr. K. R. N. Moorthy and Mr. A. L. Bongirwar, retire by rotation and being eligible offer themselves for re-appointment. Their brief resume are as under:

Name	Mr. K. R. N. Moorthy
Age	55 Years
Qualification	Post Graduate in Marketing and Finance from the Indian Institute of Management, Kolkata
Expertise in Specific Area	Operations and Marketing - Pharmaceutical Industry
Date of First Appointment on the Board of the Company	23.01.2001
No. of Shares held in the Company	NIL
Name of the other public limited companies in which Directorship held and Committee Membership/ Chairmanship held.	**Director:** Bravo Healthcare Limited Cantabria Pharma S.L
	Committee Membership: NIL
	Committee Chairmanship: NIL

Name	Mr. A. L. Bongirwar
Age	65 Years
Qualification	IAS
Expertise in Specific Area	Administration
Date of First Appointment on the Board of the Company	24.06.2005
No. of Shares held in the Company	NIL
Name(s) of the other public limited companies in which Directorship held and Committee Membership/ Chairmanship held.	**Director:** (1) Videocon Industries Ltd. (2) J.S.W. Infrastructure
	Committee Membership: Audit Committee - Videocon Industries Ltd
	Committee Chairmanship: NIL

7. Shareholders desiring any information as regards to the Accounts of the Company 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.

8. Section 109A of the Companies Act, 1956, provides nomination by the Shareholders of the Company in the prescribed Form No. 2B. Shareholders are requested to avail this facility.

9. If the proposed dividend is approved by the Shareholders at the Annual General Meeting, the same will be paid after 23rd day of March, 2009, to the eligible Shareholders.

Registered Office:
BSEL Tech Park, B Wing,
10th Floor, Sector 30-A, Vashi
Navi Mumbai – 400 705
Date: 31st December, 2008
Place: Vashi, Navi Mumbai

By Order of the Board of Directors
For **Wanbury Limited**

Pankaj B. Gupta
Company Secretary

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Twentieth Annual Report together with the Audited Accounts of the Company for the 18 months period ended on 30th September, 2008.

FINANCIAL HIGHLIGHTS:

(Rs. in Lac)

	For the 18 months period ended on 30.09.2008	For the year ended on 31.03.2007
Turnover	39,604.95	14,608.02
Less: Excise Duty & Sales Tax	1,212.97	225.27
Net Sales	38,391.98	14,382.75
Other Income	1,889.20	880.77
Total Income	40,281.18	15,263.52
Total Expenditure	37,239.32	13,729.39
Profit / (Loss) before Taxation	3,041.86	1,534.13
Provision for Taxation:		
- Current Tax	338.36	170.65
- Mat Credit Entitlement	(337.14)	(170.00)
- Deferred Tax	-	(586.65)
- Fringe Benefit Tax	66.19	30.76
- Income Tax of earlier years	(3.15)	6.74
Net Profit after Tax	2,977.60	2,082.63
Balance b/f from Previous Year	3,764.74	1,481.11
Profit as on 01.04.2006 of erstwhile PPIL	-	670.15
Amount available for Appropriation	6,742.34	4,233.89
APPROPRIATION		
Proposed Dividend	73.45	267.49
Tax on Dividend	12.48	45.46
Short Provision of Dividend of Earlier Year	4.13	-
Tax on Dividend of Earlier Year	0.70	-
Transfer to General Reserve	-	156.20
Transfer to Debenture Redemption Reserve	412.25	-
Balance Carried to Balance Sheet	6,239.33	3,764.74

OPERATIONAL REVIEW:

The figures given above are not strictly comparable because the current financial year covers the period of 18 months against previous financial year of 12 months. However the highlights are as under:

The Company had a good period under review. The Total Income for the financial year under review was Rs. 40,281.18 Lac as against Rs. 15,263.52 Lac in the previous year. The Total Expenditure was Rs. 37,239.32 Lac as against Rs. 13,729.39 Lac. The Profit After Tax (PAT) has increased to Rs. 2,977.60 Lac as against Rs. 2,082.63 Lac in the previous year. The Earning Per Share has raised to Rs. 20.54 from Rs. 15.65 per share.

Exports of the Company during the year under review have increased to Rs. 17,811.07 Lac as against Rs. 7,178.19 Lac. The Company has been exporting its products to more than 70 Countries.

ACCOUNTING YEAR OF THE COMPANY

Pursuant to the application made by the Company on 16th June, 2008, the Office of the Registrar of Company, Ministry of Corporate Affairs had granted the extension of 6 months in accounting year and permitted the Company to prepare accounts as at 30th September, 2008 i.e. from 1st April, 2007 to 30th September, 2008.

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

The Hon'ble Board for Industrial and Financial Reconstruction (BIFR) had approved the merger of DOCL with your Company with effect from 1stApril, 2007 vide its order dated 30th April, 2007. Hence merger effect has been given in the financial results of the Company for the 18 months period ended as on 30th September, 2008.

Pursuant to the aforesaid Order of the Hon'ble BIFR 7,85,557 Equity Shares of face value of Rs. 10/- each of the Company have been issued to the Equity Shareholders of DOCL on 17th March, 2008. These Equity Shares have been listed on Bombay Stock Exchange Limited and National Stock Exchange Limited.

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

The Pharmaceutical Products of India Limited (PPIL) was merged with your Company with effect from 1stApril, 2006 pursuant to the order of The Hon'ble Board for Industrial and Financial Reconstruction (BIFR) dated 24th April, 2007. However the Hon'ble Supreme Court, which was considering the Special Leave Petition filed by Tata Motors, an unsecured trade creditor of PPIL, questioning the locus-standi of the Hon'ble Bombay High Court to consider petition filed by PPIL (to obtain the concurrence of the secured and unsecured creditors, being banks and financial institutions), when the PPIL was under consideration of the Hon'ble BIFR, having given its verdict on 16th May, 2008. The Hon'ble Supreme Court has come to the conclusion that once the Company is with BIFR, no Court including the High Court has any jurisdiction to entertain any petition. Therefore, the Hon'ble Supreme Court has set aside the Order of the Hon'ble Bombay High Court, approving petition filed by PPIL. Further using its Special Power under Article 142 of the Constitution of India, the Hon'ble Supreme Court also set aside the Order of Hon'ble BIFR, approving merger of PPIL with your Company.

However considering the steps taken by the Company pursuant to the Merger Order of Hon'ble BIFR, the Supreme Court has directed the Hon'ble BIFR to de novo consider the Rehabilitation cum Merger (RCM) of PPIL and remitted the RCM to BIFR for its consideration and sanction afresh.

Your Company has filed a review petition with the Supreme Court against its order, which is yet to be taken up for hearing. In the meanwhile, a fresh Order from the Hon'ble BIFR is awaited.

Your Company has sought legal and professional opinion with regard to action to be taken pursuant to Supreme Court Order dated 16th May, 2008 and based on such professional guidance has taken steps in this regard.

For the Company to execute the Supreme Court order and comply thereto, as per the legal opinion, it would be appropriate to maintain a status quo pending BIFR order, which is considering the scheme of Rehabilitation cum Merger de novo as per the order of the Hon'ble Supreme Court. On these lines the Company has prepared the accounts of the Company for the 18 months period ended on 30th September, 2008, as a merged entity subject to and without prejudice to the order that may be passed by the Hon'ble BIFR/AAIFR.

Pursuant to the aforesaid Order of Hon'ble BIFR dated 24th April, 2007, the Company had issued following instruments:

(a) 64,668 Equity Shares of face value of Rs. 10/- each to the Secured Creditors of PPIL on 2nd June, 2007. These Equity Shares have been listed on Bombay Stock Exchange Limited and National Stock Exchange Limited.

(b) 5,62,618 Equity Shares of face value of Rs. 10/- each to the Equity Shareholders of PPIL on 27th June, 2007. These Equity Shares have been listed on Bombay Stock Exchange Limited and National Stock Exchange Limited.

(c) 11,25,236 Equity Warrants to the Equity Shareholders of PPIL on 27th June 2007. Each Warrant entitles the holder thereof to subscribe one Equity Share of face value of Rs. 10/- each @ Rs. 135/-, including premium of Rs. 125/-, of the Company, by paying Rs. 135/- in cash. These warrants can be converted into Equity Shares up to 26th June, 2012.

(d) 58,199 Zero Coupon Optionally Fully Convertible Debentures (OFCDs) of face value of Rs. 1,000/- each, of the aggregate nominal value of Rs. 5,81,99,000/- to the Secured Creditors of PPIL on 6th December, 2007.

These Zero Coupon Optionally Fully Convertible Debenture Holders have a right to convert the same into Equity Shares of the Company.

The conversion price of these OFCDs shall be higher of:

(i) 67% of the 3 months average weekly closing high low price per equity share quoted on the BSE preceding the date of notice of conversion; or

(ii) a price of Rs. 125 per share.

The paid-up value of the equity share upon conversion shall be Rs.10 per share.

These OFCDs can be converted into Equity Shares between 1st November, 2008 and 30th April, 2010.

(e) 2,42,499 Zero Coupon Non Convertible Debentures of face value of Rs. 100 each, of the aggregate nominal value of Rs. 2,42,49,900/- to the Secured Creditors of PPIL on 6th December 2007, comprising Part A being of a face value of Rs. 60/- each and Part B being of a face value of Rs. 40/- each.

These Zero Coupon Non Convertible Debentures are redeemable as under:

(i) Part A of the NCDs at the face value of Rs. 60/- each at the end of two years from 1st May, 2007.

(ii) Part B of the NCDs shall be redeemable at the face value of Rs. 40/- each at the end of three years from 1st May, 2007.

FOREIGN CURRENCY CONVERTIBLE BONDS ISSUE:

Your Company had issued Foreign Currency Convertible Bonds (FCCB) aggregating EURO 15 Million (Euro Fifteen Million Only) on 20th April, 2007, in two parts namely Foreign Currency Convertible A Bonds and Foreign Currency Convertible B Bonds.

Your Company had issued and allotted 800 nos. Foreign Currency Convertible A Bonds of face value of EURO 10,000 each i.e. size of Bond A was EURO 8 Million. Further your Company had issued and allotted 700 nos. Foreign Currency Convertible B Bonds of face value of EURO 10,000 each i.e. size of Bond B was EURO 7 Million.

The terms and conditions of FCCBs are as per the Offering Circular dated 25th April, 2007, submitted to Luxembourg Stock Exchange (**"LuxSE"**).

The Company has utilized the proceeds raised through FCCB Issue for funding overseas acquisition, expansion, related diversifications, research & development and other permitted purposes in accordance with the end use restrictions specified in the External Commercial Borrowings Guidelines.

In terms of the Offering Memorandum dated 25th April, 2007, during the year, the Company has received applications for conversion of Foreign Currency Convertible A Bonds aggregating EURO 12,80,000 into fully paid-up Equity Shares in the Company.

5,29,085 fully paid Equity Shares of Rs. 10/- each, the details of which are given below, have been issued at a conversion price of Rs. 138.43 per Equity Share:

S. No.	Date of Allotment	No. of Shares
1	03/09/2007	2,06,674
2	01/11/2007	95,070
3	13/12/2007	1,03,337
4	16/01/2008	1,24,004
	Total	**5,29,085**

These Equity Shares have been listed on Bombay Stock Exchange Limited and National Stock Exchange Limited.

SUBSIDIARY COMPANIES

The Company does not have a non listed Indian subsidiary. The Company, however, has the following foreign subsidiaries.

The Company had 4 Foreign Subsidiaries as on 30th September, 2008. Members may kindly refer to the Statement pursuant to the provisions of Section 212 (1) (e) of the Companies Act, 1956 and information on the financials of the subsidiary companies appended thereto, which forms part of this Annual Report. In Compliance with Clause 32 of Listing Agreement, audited consolidated financial statements also form part of this Annual Report.

DIVIDEND:

Your Company's Directors are pleased to recommend dividend @ 5% i.e. Re. 0.50 per equity share for the 18 months period ended on 30th September, 2008. Total cash outflow on account of dividend payment including dividend tax will be Rs. 85.93 Lac. If the shareholders of the Company approve the proposed dividend in their forthcoming Annual General Meeting, the same will be paid to the eligible shareholders after 23rd March, 2009.

DIRECTORS:

Mr. K. R. N. Moorthy and Mr. A. L. Bongirwar retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Your Directors recommend their re-appointment.

PERSONNEL:

Statement of particulars of employees required under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, forms part of this report. However, in terms of 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 statement of particulars of employees. Any Shareholder interested in obtaining a copy of the statement may write to the Company Secretary at the Registered Office of the Company.

None of the employee of the Company 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 AND AUDITORS' REPORT:

M/s Kapoor & Parekh Associates, Chartered Accountant, retire as Auditor 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. Your Board recommends their re-appointment.

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.

M/s. Brahmayya & Co., Chartered Accountants, Vijayawada, have confirmed their eligibility and willingness to accept the office of the Branch Auditors, if appointed. Your Board recommends their appointment as Branch Auditors of the Company, to audit the accounts of the Company's Plant situated at Tanaku, West Godavari District, Andhra Pradesh.

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 18 months period ended on 30th September, 2008 will be submitted to the Central Government in due course.

The Board of Directors of the Company 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 period ending on 31st March, 2009 at their meeting held on 28th November, 2008. An application for the approval of Central Government has been made towards the appointment of Mr. Hemant V. Shah as Cost Auditor for the period ending on 31st March, 2009.

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 REPORT AND MANAGEMENT DISCUSSION & ANALYSIS REPORT:

Report on Corporate Governance along with Auditors' Certificate, confirming compliance of the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges forms part of the Annual Report.

Management Discussion and Analysis Report as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges also forms part of the Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT:

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

i) In the preparation of the 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 judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the period under review and of the profit of the Company for the period 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 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 and forms part of it.

ACKNOWLEDGEMENTS:

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

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

K. CHANDRAN	**K. R. N. MOORTHY**
WHOLE-TIME DIRECTOR	DEPUTY MANAGING DIRECTOR

Mumbai, 31st December, 2008

ANNEXURE TO DIRECTORS' REPORT

Information in terms of 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.

(1) (A) CONSERVATION OF ENERGY

Company has taken below mentioned measures for conservation of energy during the year under review: -

1. Inefficient system of vapor absorption unit replaced with efficient refrigeration unit.
2. 50% of the centrifuges have been provided with energy savers.
3. Refrigeration systems are redesigned to reduce power consumption e.g. brine refrigeration replaced by chilled water.
4. 75% of power reduction in vacuum systems achieved as per Energy Audit recommendations.
5. The scheme for recycle of condensates to boiler under implementation.

INFORMATION AS PER PRESCRIBED FORM A:

	For the 18 months period ended on 30.09.2008	For the Year ended on 31.03.2007
1. Electricity		
(a) Purchased		
Unit (KWH)	1,55,02,971	32,19,631
Total Amount (in Rupees)	6,21,19,625	1,38,82,970
Rate / Unit (in Rupees)	4.01	4.31
(b) Own Generation		
Unit (KWH)	8,99,398	2,03,468
Total Amount (in Rupees)	1,11,14,952	27,99,895
Rate / Unit (in Rupees)	12.36	13.76
2. Furnace Oil & LDO		
Quantity (Litres)	37,73,137	16,87,150
Total Amount (in Rupees)	8,74,76,355	2,69,53,433
Average Rate (Rs. per Litre)	23.18	15.98
3. Coal		
Quantity (MT)	4,613	-
Total Amount (in Rupees)	1,32,48,704	-
Average Rate (Rs. per MT)	2,872.04	-

(B) CONSUMPTION PER UNIT OF PRODUCTION

The Company manufactures APIs and several drug formulations of different pack sizes. It is therefore, impractical to apportion the consumption and cost of utilities to each product.

NOTE: There are no specific standards, as the consumption per unit depends upon the product mix. Variations in consumption are due to different product mix.

(2) ABSORPTION OF TECHNOLOGY AND RESEARCH & DEVELOPMENT

API DIVISION

The R&D Centre of the Company has developed processes for 10 APIs and completed cost reduction of three ongoing products. The R&D Centre has transferred the technology of two products. The R&D Centre has filed DMF with FDA for four products during the period under review. The R&D Centre has filed 5 patents.

Company has entered into a new business area "CRAMS" (Contract Research and Manufacturing Services). Company has a good strength in CRAMS due to availability of its two U.S. FDA approved manufacturing sites and highly qualified workforce. Hence, the Company has the ambition to become one of the major players in the field of "CRAMS". The Company has already appointed V. P. - International (Europe) and also appointed two experienced Ph. Ds. and eight M.Scs. to take care of CRAMS activities. The Company is at the beginning of building a great CRAMS business and results so far are more than promising. More than 15 projects for CRAMS are in pipeline and 6 out of them have already been on lab scale.

FORMULATION DIVISION

The R&D Centre has the capability to develop various dosage forms like tablets, modified release tablets, pellets, capsules, liquid orals, etc. Many new products, including "first-in-India" like Incyto Tablets and Cdense Tablets have been developed and launched commercially.

The R&D Centre is actively working on novel innovative products - Nitrofur SR Tabs - an NDDS tablet product has been launched in India in 2008.

The R&D Centre has core competencies in platform technologies like taste masking, modified release tablets, etc.

The R&D Centre has started development of various generic and value added products for the regulated markets, particularly Europe. Dossiers for such products will be filed in the coming years.

The focus is to develop novel, value added products, which are difficult to develop and have limited or no competition.

Expenditure on R&D

Capital	Rs. 21.94 Lac
Recurring	Rs. 357.87 Lac
Total	Rs. 379.81 Lac

Total R&D expenditure as a percentage of net sales : Approx. 1%

(3) FOREIGN EXCHANGE EARNINGS AND OUTGO:

(Rs. In Lac)

	For the 18 months period ended on 30.09.2008	For the Year ended on 31.03.2007
INCOME:		
Foreign Exchange earned by the Company:		
F.O.B. Value of Exports.	17,811.07	7,178.19
Freight, Insurance etc.	829.44	492.14
Fixed Deposit Interest	88.75	5.91
TOTAL INCOME	**18,729.26**	**7,676.24**
EXPENDITURE:		
C.I.F. Value of Imports		
Raw Material (including High Seas purchases)	4,291.21	1,460.74
Capital Goods	38.88	10.37
Interest	343.57	97.75
Commission Paid	120.51	29.26
Legal & Professional Fees	21.82	24.10
FCCB Issue Expenses	51.17	NIL
Travelling & Other Exp.	98.76	68.76
Investments	3,065.28	10.63
TOTAL EXPENDITURE	**8,031.20**	**1,701.61**

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

K. CHANDRAN — WHOLE-TIME DIRECTOR

K. R. N. MOORTHY — DEPUTY MANAGING DIRECTOR

Mumbai, 31st December, 2008

STATEMENT PURSUANT TO SECTION 212 (1) (e) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

Name of the Subsidiary Company	Financial year / period of the subsidiary company	Date from which it became subsidiary	Extent of Interest of the holding Company in the Capital and Reserve of the subsidiary company at the end of the financial year / period of the subsidiary company		Net aggregate amount of the subsidiary company's profit / (loss) not dealt with in the holding Company's accounts		Net aggregate amount of the subsidiary company's profit / (loss) dealt with in the holding Company's accounts	
			a) Number of shares held	b) extent of holding	Current year / period	Previous year / period	Current year / period Rs in Lacs	Previous year/ period Rs in Lacs
Wanbury Holdings B. V., Nertherlands	1st April to 31st March	15th September, 2006	5,098 Ordinary Equity Shares of Face Valu	100%	NIL of Euro 1000	NIL each.	(50.88)	(6.99)
Cantabria Pharma S. L., Spain	1st January to 31st December	2nd October, 2006	900 shares of Face Value of Euro 60 each. (Refer Note 1)	90%	NIL	NIL	226.99	(24.30)
Laboratories Wanbury S. L., Spain	1st January to 31st December	28th September, 2007	2709 shares of Face Value of Euro 1 each. (Refer Note 2)	90%	NIL	NIL	NIL	NIL
Ningxia Wanbury Fine Chemicals Co. Ltd., China	1st January to 31st December	24th October, 2007	13,260 shares of Face Value of US$ 1 each.	100%	NIL	NIL	NIL	NIL

Notes:

(1) Shares are held by Wanbury Holdings B. V., Nertherlands, a wholly owned subsidiary of the Company. Further Wanbury Holdings B. V. holds 100% of the beneficial interest.

(2) Shares are held by Cantabria Pharma S. L., Spain.

(3) There is no change in holding company's interest in the subsidiaries between the end of the financial year of the subsidiaries and the end of the holding company's financial year.

(4) No material changes have been occurred between the end of finanical year of the subsidiaries and end of the holding company's financial year in respect of - (a) the subsidiary's fixed assets (b) the subsidiary's investment (c) the moneys lent by subsidiary (d) the money borrowed by subsidiary for any purpose other than that of meeting current liabilities.

(5) The Company has made an application to Central Government, Ministry of Corporate Affairs, to grant exemption from the applicability of the provisions of Section 212 of the Companies Act, 1956 for its subsidiaries Wanbury Holding B.V., Netherlands and Cantabria Pharma S. L., Spain. Therefore the Company is not attaching the Balance Sheet, Profit & Loss Account, Directors' Report and Auditors' Report of the said subsidiaries. Any Shareholder interested in obtaining a copy of the Balance Sheet, Profit & Loss Account, Directors' Report and Auditors' Report of said subsidiaries, may write to the Company Secretary at the Registered Office of the Company.

(6) The Consolidated Financial Statements does not include accounts of Laboratories Wanbury S.L., Spain and Ningxia Wanbury Fine Chemicals Company Limited, China as accounts of the said subsidiaries are not drawn up.

For and on behalf of the Board

K. CHANDRAN
Whole-time Director

K.R.N. MOORTHY
Deputy Managing Director

ASHOK SHINKAR
Director-Corporate Finance

GIRISH JUNEJA
Vice President-Finance

PANKAJ B. GUPTA
Company Secretary

31st December, 2008

INFORMATION ON THE FINANCIAL OF THE SUBSIDIARY COMPANIES FOR THE YEAR ENDED 30TH SEPTEMBER, 2008

	Name of the Subsidiary Company	
	Wanbury Holdings B. V., Nertherlands **The finanical year / period ended on 30th September, 2008** (Rs. In Lacs)	**Cantabria Pharma S. L., Spain** **The finanical year / period ended on 30th September, 2008** (Rs. In Lacs)
Capital	3,793.30	34.49
Ordinary Share Application Money	5,422.10	NIL
Preference Share Application Money	2,129.46	NIL
Reserves	1,174.99	249.61
Total Liabilities	12,519.85	31,273.90
Total Assets	12,519.85	31,273.90
Investment (other than in subsidiaries)	NIL	NIL
Turnover (net)	NIL	23,002.91
Profit / (Loss) before Tax	(50.88)	438.49
Provision for Tax	NIL	211.50
Profit / (Loss) after Tax	(50.88)	226.99
Proposed Dividend	NIL	NIL

For and on behalf of the Board

K. CHANDRAN
Whole-time Director

K.R.N. MOORTHY
Deputy Managing Director

ASHOK SHINKAR
Director-Corporate Finance

GIRISH JUNEJA
Vice President-Finance

PANKAJ B. GUPTA
Company Secretary

Mumbai, 31st December, 2008

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry: Development and Opportunities

As per IMS Health, the global pharmaceutical market grew by 6.4% to US$ 712 billion in 2007. The U.S. continued to be the single largest market at US$ 286.5 billion contributing nearly 25% of the total market growth. The five major European markets, France, Germany, the United Kingdom, Italy and Spain, registered a 4.8% growth to reach US$ 140 billion on the back of new health policies and funding initiatives. Robust economic growth and expansion of "access to healthcare" boosted the Asian markets (excluding Japan) to a 13.3% growth. Asian markets accounted for 11% of the total global market in 2007.

The year 2008 marks an important turning point in the global pharmaceutical market, for the first time the seven largest pharmaceutical markets will contribute just half of the overall pharmaceutical market growth, while the seven emerging markets will contribute nearly 25% of growth worldwide. The seven emerging markets, China, Brazil, Mexico, South Korea, India, Turkey and Russia are expected to grow 12-13% in 2008 to US$ 85-90 billion.

India, with a population of over one billion, is the second largest pharmaceutical market in terms of volumes consumed. In terms of value, it ranks 13th and produces 22% of the world's generic drugs. India is also one of the top five active pharmaceutical ingredients (API) producers in the world with a share of about 6.5%. The Indian pharmaceutical industry is estimated at US$ 8 billion and is expected to grow by 8% per annum to cross US$ 10 billion mark in 2010. India is set to become one of the fastest growing pharmaceutical markets in the world led by the following factors;

- Huge population
- Increasing GDP
- Increase in Government spending on healthcare
- An increase in lifestyle-related diseases
- Penetration of health insurance
- Adoption of patented products

Patent-protected drugs worth nearly US$ 80 billion will go off-patent (including 30 of the best selling U.S. patent-protected drugs) by 2012. In addition, there is global shift towards use of generics as governments worldwide are under tremendous pressure to curtail steeply escalating healthcare budgets. Consequently, the generics industry in India after capturing the U.S. market is gradually making its foray into Japan, South Africa, Europe and the Commonwealth countries. Indian pharmaceutical companies with their reverse-engineering expertise, abundant investment in research facilities and availability of skilled manpower are favorably placed in the global generic market. India currently accounts for over 25% of the total generic drug applications made to the U.S. FDA, which accounts for over half of the US$ 60 billion market. Further, the U.S. FDA's latest generic initiative GIVE (Generic Initiative for Value and Efficiency) aimed at increasing the number and variety of generic medicines available to consumers and healthcare providers is expected to further fuel the export plans of Indian pharmaceutical companies.

CRAMS (Contract Research and Manufacturing Services)

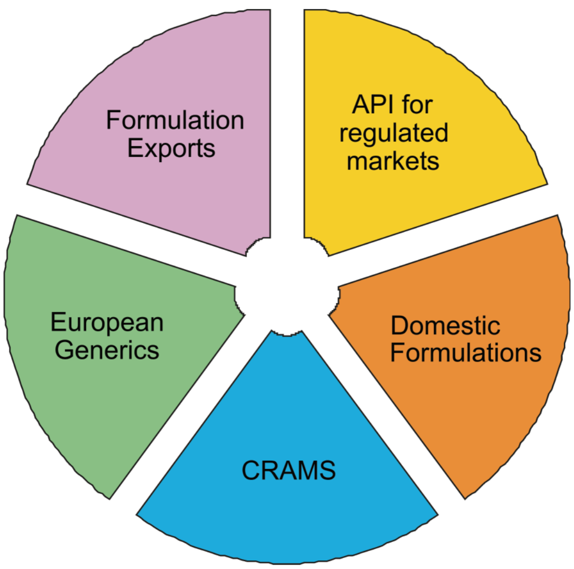
The global pharmaceutical majors are increasingly concentrating on innovation and marketing and are divesting non-core manufacturing facilities. This has created enormous outsourcing opportunities to cost-efficient players in emerging markets like China, India, Brazil and Mexico which have over the last few decades developed considerable expertise and skills in pharmaceutical chemistry and created world-class manufacturing facilities.

India capitalized on the aforesaid opportunity and is emerging as a major destination for contract research and manufacturing services with its existing pool of skilled human resource, low cost advantage, technical expertise, manufacturing capability, diverse genetic pool, confidentiality and trust worthiness. Over the last 4 years, the CRAMS industry has grown at a rate of 38% to reach US$ 1.7 Bn in FY '08. Developed countries are expected to further propel the CRAMS industry to grow at a CAGR of nearly 32% from 2008 to 2013 as India offers global pharmaceutical companies both quality and cost advantage. Contract Manufacturing, Contract Research and Contract Sales are the broad segments of the industry, while API manufacturing, Clinical Research and Basic Research are the major services that are being outsourced to India.

Contract manufacturing is one of the fastest growing segments in the Indian Pharmaceutical market. India has the largest number of U.S. FDA approved plants outside the U.S. with over 100 facilities. As per Boston Consulting Group the contract manufacturing market for global companies in India is expected to touch US$ 900 million by 2010.

Contract Research, including drug discovery research and clinical research has also been growing at a phenomenal rate. Frost and Sullivan estimates outsourced contract research in India to reach US$ 2 billion by 2012. Similarly, according to a McKinsey report, the global clinical trial outsourcing to India in the pharmaceutical industry is estimated to be worth US$ 1.23 billion by 2010.

Company Outlook



The Company broadly operates in four segments as of now and plans to add a new segment in another year or two.

Domestic Formulations Business:

Your Company is the fastest growing pharmaceutical company in the domestic market amongst the top 150 companies in India for the second year in succession. It has moved from 89th overall position in April 2007 to 56th position as of September, 2008 as per ORG-IMS and is aiming to be amongst the top 45 by the end of next financial year. The Company focuses on four core segments - Orthopedics, Gastrointestinal, Gynecology and Surgery. Your Company has developed a successful track record in new brand launches. ‘C Pink’, launched in 2007 was awarded “Best Launch of the Year” award by ORG-IMS in India. Similarly, the Company has carried out some more promising new brand launches. Over the last year the Company has managed to position 4 of its products viz. Cpink, Rabiplus, Folinine and Adtrol in the ‘Top 5’ brands in respective segments.

API (Active Pharmaceutical Ingredients)

Your Company continues to remain the largest manufacturer of Metformin in the world with over 30% market share. It is also one of the largest manufacturers of Tramadol and Salsalate catering to more than 50% of the U.S. markets. The Company has a basket of over 23 API products and exports to over 50 countries, 65% of which comprise regulated markets. It has 2 U.S. FDA approved multi-product APIs facilities and over 4 other plants under operations for semi-regulated markets. Your Company is a preferred supplier to some of the top generic companies in the world including, Apotex, Teva, Mylan, Pfizer, etc. The Company has filed 27 DMFs, 1 process patent and 7 product patents till date. Two of the 7 product patents, namely Sertraline Hydrochloride and Carvedilol have already been approved.

Drug Master Files (DMFs):

- Metformin HCl
- Tramadol Hydrochloride
- Promethazine Hydrochloride
- Sertraline Hydrochloride(Form-II)
- Amitriptyline Hydrochloride
- Paroxetine Hydrochloride
- Metformin HCl DC grade 90%
- Metformin HCl DC grade 95%
- Sertraline Hydrochloride (Form-1)
- Ibuprofen DC grade 65%
- Diphenhydramine Citrate
- Methoxsalen
- Atenolol
- Carvedilol
- Risperidone
- Clopidogrel Bisulfate

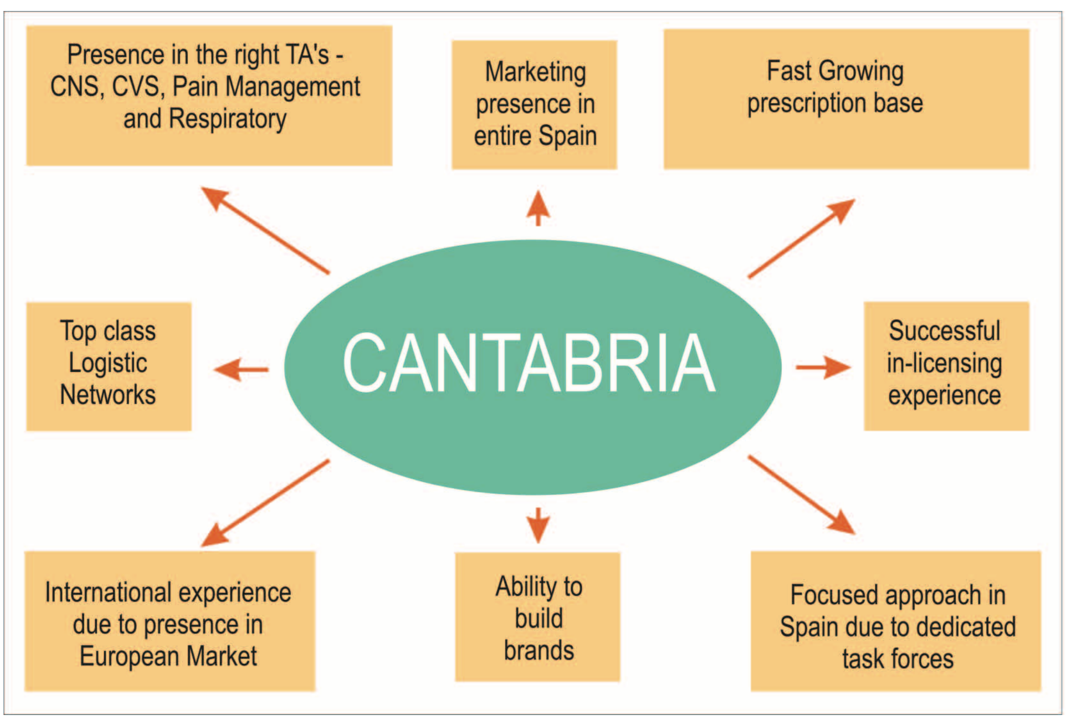
- Ibuprofen DC grade 90%
- Glucosamine HCl
- Glucosamine Sulfate Potassium Chloride
- Glucosamine Sulfate Sodium Chloride
- Ibuprofen
- Mefenamic Acid
- Diphenhydramine Hydrochloride
- Metformin HCl SR grade 70%
- Pantoprazole Sodium Sesquihydrate
- Carvedilol Phosphate Hemihydrate
- Levetiracetam

International Formulations Business / European Generics:

The Company has fully integrated the Spanish branded formulation business, Cantabria Pharma, which was acquired in 2007. It has successfully overcome the initial challenges (price cuts in the Spanish market, new product launches, litigations and discontinuation of some of its key products) and has now placed its Spanish business on a steady growth path. The Company has taken a number of key initiatives such as re-organization of the sales force, re-organization of the product portfolio and exploring synergies with the Indian operations to increase its Spanish business revenues from Euro 25 million to nearly Euro 50 million in 3-4 years. The Spanish business is now focused on CNS (Central Nervous System), CVS (Cardio-vascular), Respiratory and Pain Management. The Company is planning to launch 13 products (1 Respiratory, 1 Pain Management, 3 CVS and 8 CNS) in the next three years. Out of this one product "Epilmax" belonging to the Central Nervous System (CNS) therapeutic segment was launched in July 2008.

Some of the key Milestones and initiatives of the Spanish business in FY '08 include:

- Three new products launched during the fiscal 2008.
- Approvals likely to be received for 8 new branded generics in the next financial year and In-licensing may result in the launch of three brands in the next 15 months.
- Appointment of E&Y to advise on internal and management processes and standards.
- Appointment of Lowendall Masai for cost cutting – cost reduction of Euro 0.5 million targeted by June'09.
- Significant Training and Development initiatives undertaken for the sales force.
- Cash flow improvement initiatives underway to achieve the targets of 75 days inventory and 30 days receivables.



CRAMS

Your Company has a well established CRAMS (Contract Research and Manufacturing Services) business with an order book of Rs. 40 Crores. Some of the Company's major clients include large MNCs such as Pfizer and Farmaprojects. As compared to the last year, the order book reflects a quadrupling of sales from CRAMS this year. The Company's U.S. FDA approved facilities, research base and customer relationship have enabled it to significantly catalyze strong growth in this area of business. The Company has ambitious plans in this space and targets sales of over $100 million over the next 3-4 years led by both organic and inorganic growth during these years. The Company opened an office in Switzerland and in a short span procured a potential order book of $4 million. Inspections of its plants are underway by a number of Pharma majors, which would result in additional orders in due course.

Profit Enhancement Program (PEP):

The Company introduced a Profit Enhancement Program during the fiscal, across the segments including APIs and Formulations with a view to improve margins. The program led to possibilities of saving approximately Rs. 8 Crores through various initiatives including manufacturing process, logistics, product pricing and supply chain management.

R&D

The Company's R & D is recognized by DSIR – India and its team of dedicated Scientists and Research Doctors are into:

- **Process Research:** APIs for Regulated Markets / Emerging Markets and Custom Synthesis
- **Pharma Research:** Development of ANDAs and finished dosages for Regulated Markets
- **NDDS:** Development of Novel platforms for Speciality Generics and IPR

Focus on Specialty and Value-added Generics

The Company is creating a niche in the specialty and value-added generics market and expects this to drive revenues and earnings. The Company entered the osteoporosis & gynecology related calcium deficiency market with the launch of Cdense. The only brand in the country to use Calcium Orotate, which is the only calcium that directly deposits in the bone and ensures optimum bone mineralization. It is also the only once-a-day dosage product as against existing calcium brands which are two to three dosage products. Similarly the Company launched its NDDS (New Drug Delivery System) product Nitrofur SR targeted at urinary tract infections. The Company is currently in the process of developing a portfolio of over 20 value-added generics and over 15 finished dosage combinations.

Threats, Risk and Concern

As any other business, your Company is subject to various risks and threats. The key risks/ threats are as follows:

Competition

Your Company operates in a highly competitive environment with pricing being one of the key determing factors of success. In the API segment, your Company has been able to overcome this risk by influencing the prices as it is the market leader for Metformin, which accounts for nearly 70% of the Company's total sales and is also one of the market leaders for Tramadol and Salsalate, which collectively account for 6% of its total sales. In the Formulations business the Company has mitigated this risk to a very large extent by diversifying its product portfolio and launching new value added products. The continuous rise in crude oil and other commodities prices impact the prices of raw material and intermediates and in turn increase the cost of APIs. However, Your Company's backward integration initiatives and number of arrangements with suppliers has reduced commodity risk to an extent.

Patents / IPR

The success of your Company depends largely on its ability to obtain patents, protect trade secrets and other proprietary information and operate without infringing on the proprietary rights of others. Your Company has a dedicated Research and Development team that continuously innovates and remains competitive by developing / acquiring ability to sort out simple and effective solutions to practical problems. Your Company has filed 27 DMFs, 1 process patent and 7 product patents till date. Two of the 7 product patents, namely Sertraline Hydrochloride and Carvedilol have already been approved. The Company has a team of highly competitive scientists supported by excellent instrumentation, which includes sophisticated instruments like High-performance liquid chromatography (HPLC), Fourier transform spectroscopy (FTIR), GC (Gas Chromatography) with head space, particle size analyzer, etc.

Foreign Exchange Fluctuations

As the share of exports to total sales made by your Company is considerable, it is prone to losses due to exchange rate fluctuations; however, the Company has hedged its exposure to a large extent thereby reducing the risk.

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, which carries out regular audits across all operations of the Company.

Developments in Human Resources

Human Resources are valuable asset at your Company and are critical to achieve organizational goals and hence 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 are ensured through job rotation, on the job training, training programmes and workshops. Prime focus of Human Resource Management has been overall development.

Financial Review

(Amount in Rs. Lacs)

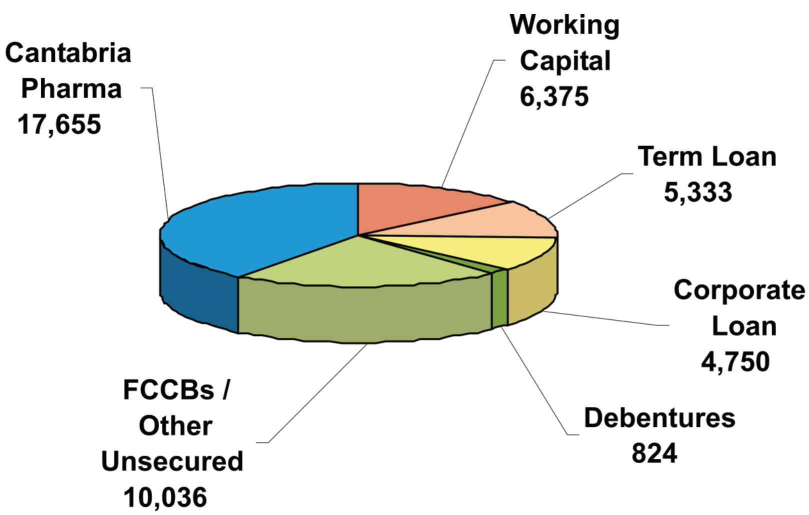
Particulars	FY 07-08 18 months Consolidated	FY 07-08 18 months Standalone	% of Net Sales	FY 06-07 12 months Standalone	% of Net Sales	Growth %
Net Sales	61,849	38,847	100	14,383	100	170
Exports	18,950	18,950	49	7,178	50	164
Total Income	63,004	40,001	103	15,264	106	162
Total Cost	53,094	34,264	88	13,729	95	150
EBITDA	9,909	5,737	15	2,257	16	154
PBT	3,430	3,042	8	1,534	11	98
PAT	3,154	2,978	8	2,083	14	43

The Company extended its financial year to 18 months period ended 30th September, 2008 because of the uncertainties relating to the acquisition of PPIL (Pharmaceutical Products of India Limited). Please refer to the Directors Report for a detailed note on the PPIL acquisition.

The financial year ended 30th September, 2008 being an 18 months period is not comparable with FY 2007. The Net Sales of your Company have increased from Rs. 14,383 Lacs in FY07 to Rs. 38,847 Lacs. The API business increased from Rs. 9,665 Lacs to Rs. 24,459 Lacs led by new product launches and increase in geographic reach. The export sales increased to Rs. 18,950 Lacs from Rs. 7,178 Lacs and accounted for approximately 47% of the Net Sales. The Formulations business increased from Rs. 4,718 Lacs in FY07 to Rs. 14,387 Lacs led by new products launches. The Spanish business represented by Cantabria Pharma had a Net Sales of Rs. 23,000 Lacs and accounted for 37.2% of the Total Consolidated Sales of the Company.

The EBIDTA of your Company increased from Rs. 2,257 Lacs in FY07 to Rs. 5,738 Lacs. Despite a foreign exchange loss provision to the extent of nearly 3% of the net sales, your Company was able to maintain a near 15% EBITDA margin due to a 4% decrease in the cost of goods sold led by better plant efficiencies, improved supply chain management and improved sales price realisations.

PBT has grown to Rs. 3,042 Lacs from Rs. 1,534 Lacs. However PBT margin has decreased to 7.8% from 10.5% due to higher finance cost. The Company has had higher borrowings on account of Cantabria Pharma acquisition, which accounted for approximately 2% of the reduced margins. The PAT margin decreased by 6.6% largely on account of the Deferred Tax Asset recognized due to the PPIL merger during the last year and a near 2.5% increase in the finance cost.



Leverage

The Company had a consolidated Debt of Rs. 44,973 Lacs as on 30th September, 2008. The break-up of the same is as follows:

The average maturity of the Term Loans is 3-5 years and the Company is generating sufficient cash from operations to repay the debt. The FCCBs have a maturity of 5 years with a conversion price of Rs.138.43 and a mandatory conversion option at a market price of 30%-50% premium to Conversion Price. Your Company stock reached a high of Rs. 178 during the period under review and FCCBs worth Euro 1.28 million got converted. The Company is confident of redeeming the bonds on maturity.

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	**K. R. N. MOORTHY**
WHOLE-TIME DIRECTOR	DEPUTY MANAGING DIRECTOR

Mumbai, 31st December, 2008

CORPORATE GOVERNANCE REPORT

(1) COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

To provide sustainable and persistent returns to all stakeholders viz. investors, customers, employees, lenders, creditors, government, regulatory authorities and the society at large, it is essential to adopt and follow certain practices, policies, procedures and processes, which together constitute a Code of Corporate Governance.

Your Company's philosophy on Code of Corporate Governance lays strong emphasis on transparency, accountability, fairness, integrity and adherence to the highest standards of ethics in all its operations.

Your Company is fully committed to following practices, policies, procedures and processes in conformity with the mandatory provisions of Code of Corporate Governance incorporated in the Clause 49 of Listing Agreement with Stock Exchanges.

(2) BOARD OF DIRECTORS

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

Name of Director	Category	No. of Directorship (s) Held [1]	No. of Outside Committee Position Held	
			Member	Chairman
Mr. K. Chandran	Promoter-Whole-time Director	4	NIL	NIL
Mr. K. R. N. Moorthy	Non-promoter-Deputy Managing Director	3	NIL	NIL
Dr. P. L. Tiwari	Independent Director	1	NIL	NIL
Mr. N. K. Puri	Independent Director	NIL	NIL	NIL
Mr. A. L. Bongirwar	Independent Director	2	1	NIL
Mr. Sudip Bhattacharyya	Nominee Director of Export Import Bank of India	2	1	NIL

[1] Including Directorship in private limited companies and foriegn companies.

The Board's role, functions, responsibility and accountability are clearly defined. All major decisions like policy formulation, strategy and business plans, new investments, compliance with statutory / regulatory requirements, major accounting provisions, etc. are considered by the Board.

The Board Members meet at least once in a quarter to review the quarterly performance and the financial results. The Board/ Committee Meetings are generally scheduled well in advance. The notice and Agenda papers of each Board/Committee Meeting are given to each Director well in advance. All the items on the Agenda are accompanied by notes / Memorandum to the Board giving comprehensive information on the related subject. In certain matters such as financial / business plans, financial results, etc., detailed presentations are made at the Board Meeting. The Board/Committee Members are free to recommend the inclusion of any matter for discussion in consultation with the Chairman.

The Minutes of the Board/Committee Meetings are circulated on conclusion of the Board/Committee Meeting to the Board / Committee Members for their comments and confirmed at the subsequent meeting.

During the year under review, 9 Board Meetings were held on 28/05/2007, 29/06/2007, 30/07/2007, 27/09/2007, 31/10/2007, 30/01/2008, 28/04/2008, 27/06/2008 and 29/07/2008. The gap between two Board Meetings has not exceeded four months.

Directors Attendance Record :

Name of Director	No. of Board Meetings attended during the year	Whether last AGM attended
Mr. K. Chandran	8	YES
Mr. K. R. N. Moorthy	8	YES
Dr. P. L. Tiwari	8	YES
Mr. N. K. Puri	8	YES
Mr. A. L. Bongirwar	8	YES
Mr. Sudip Bhattacharyya	9	YES

(3) BOARD COMMITTEES:

At present, the Board has five committees namely the Audit Committee, the Investors' Grievance Committee, the Remuneration Committee, the Share Transfer Committee and the Day to Day Affairs Committee. Time to time the Board constitutes special purpose committees like investment committee, borrowing committee on need basis.

(A) Audit Committee

Your Company's Audit Committee has been constituted in accordance with the provisions of Clause 49 of Listing Agreement and Section 292 A of the Companies Act, 1956.

During the year under review, the Audit Committee met 8 times on 28/05/2007, 29/06/2007, 30/07/2007, 31/10/2007, 30/01/2008, 28/04/2008, 27/06/2008 and 29/07/2008.

The Audit Committee comprises of below mentioned directors and their attendance were as under:

Name of Director	No. of Meetings Attended
Mr. N. K. Puri – Chairman	7
Dr. P. L. Tiwari – Member	7
Mr. A. L. Bongirwar – Member	8
Mr. Sudip Bhattacharyya – Member	8
Mr. K. R. N. Moorthy – Member	7

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

Terms of Reference:

The terms of reference to the Audit Committee include:

a. Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.

b. Recommend the appointment, re-appointment and if required the replacement or removal of the statutory and cost auditor, fix audit fee and also approval for payment of any other services rendered.

c. Review with management the financial statements before submission to the Board for approval.

- Any changes in accounting policies and practices.
- Major accounting entries based on exercise of judgment 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. Review adequacy of control systems with the management, external and internal auditors.

e. Review 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. Discuss with internal auditors any significant findings and follow up there on.

g. Discuss with external auditors before commencement of audit about nature and scope of audit and post audit about any area of concern.

h. Review the Company's financial and risk management policies.

i. 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, if any.

(B) INVESTORS' GRIEVANCE COMMITTEE

Your Company's Investors' Grievance Committee has been constituted in accordance with the provisions of Clause 49 of Listing Agreement. The Committee consists of 5 Directors. The Chairman of the Committee is an independent director. The Committee met 6 times during the year under review on 28/05/2007, 30/07/2007, 31/10/2007, 30/01/2008, 28/04/2008 and 29/07/2008. The attendance record of the members at the meeting is as under:

Name of Director	Category	No. of Meetings Attended
Mr. N. K. Puri – Chairman	Independent Director	5
Dr. P. L. Tiwari – Member	Independent Director	5
Mr. A. L .Bongirwar-Member	Independent Director	6
Mr. K. Chandran – Member	Executive Director	5
Mr. K. R. N. Moorthy – Member	Executive Director	5

The total numbers of complaints received and replied to the satisfaction of shareholders during the year under review were 118. No complaint and no Share Transfer request were pending as on 30th September, 2008.

(C) REMUNERATION COMMITTEE:

All the members of the Remuneration Committee are independent directors and the Remuneration Committee has been formed for evaluating & recommending the executive directors' remuneration plan & policy to the Board of Directors for their approval.

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

The Company does not have a scheme of Stock Options and none of the Directors of the Company holds any equity share of the Company as on 30th September, 2008.

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

Name of Non-executive Director	Sitting Fees (Rs.)
Mr. A. L. Bongirwar	156,000
Mr. N. K. Puri	154,000
Dr. P. L. Tiwari	152,000
Mr. Sudip Bhattacharyya (EXIM Bank Nominee)	144,000

Remuneration to Executive Directors:

Name of Director	Salary & Perquisites (Rs. In lacs)	Performance Linked Bonus (Rs. in lacs)	Total (Rs. in lacs)	Service Tenure
Mr. K. Chandran	72.48	14.75	87.23	upto 30.08.2010
Mr. K. R. N. Moorthy	104.63	21.50	126.13	upto 30.09.2010

(D) SHARE TRANSFER COMMITTEE:

The Share Transfer Committee has two members - Mr. K. Chandran - Chairman and Mr. K. R. N. Moorthy - Member. Share Transfer Committee meets fortnightly to consider and approve physical share transfer requests.

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

(E) DAY TO DAY AFFAIRS COMMITTEE:

The Day to Day Affairs Committee has two members - Mr. K. Chandran - Chairman and Mr. K. R. N. Moorthy - Member. The Day to Day Affairs Committee meets to take decisions on the matters delegated by the Board of Directors. During the year under review 19 meetings of the Committee were held and attended by both the members.

At present the Day to Day Affairs Committee has been authorized by the Board of Directors to consider following matters:

(i) To take decisions relating to Bank Accounts i.e. opening of Account, change of authorization, closing of account, availing any facility (internet banking, at par facility) etc.

(ii) To undertake borrowings and give guarantees to the extent of Rs. 5 Crore and to decide terms & conditions of such borrowings and guarantees.

(iii) Giving Power of Attorney to 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, Maharashtra Pollution Control Board, etc.

(iv) 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."

(v) To authorize the persons to represent the Company in the general meeting of the other company, in which the Company is member.

(vi) To obtain manufacturing license or any other license on loan license basis or any other basis.

(vii) To issue and allot Equity Shares of the Company upon conversion request from the FCCB Holders.

(viii) To issue and allot Equity Shares of the Company to the OFCD Holders, as and when the OFCD holders exercise conversion option.

(ix) To issue and allot Equity Shares of the Company to the Warrant Holders, as and when the Warrant Holders exercise conversion option.

(x) To allow companies, whether already incorporated or to be incorporated, to use "Wanbury" word in their name and also to use logo of the Company.

(F) INVESTMENT AND BORROWING COMMITTEE:

During the year under review the Board had constituted Investment and Borrowing Committee for the below mentioned purpose:-

(a) To consider and approve the terms and conditions of Corporate Loan of Rs. 57.00 Crore and additional Working Capital Rs. 28.60 Crore, and

(b) To consider and approve the terms and conditions of the investment in Cantabria Pharma S.L., up to Euro 5 Million. Below mentioned directors of the Company were members of Investment and Borrowing Committee:

1. Mr. K. Chandran – Chairman
2. Mr. K. R. N. Moorthy - Member
3. Mr. N. K. Puri – Member
4. Mr. Sudip Bhattacharyya – Member

A meeting of Investment and Borrowing Committee was held on 21st November, 2007 and all the members, except Mr. K. Chandran, were present in the meeting.

The Investment and Borrowing Committee got automatically dissolved after the afore-mentioned meeting.

(4) GENERAL BODY MEETING

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

Financial Year	Date	Time	Venue
2006-2007	27th September, 2007	12:00 Noon	Hotel Tunga Regency, Plot No. 37, Sector 30A, Vashi, Navi Mumbai
2005-2006	19th September, 2006	11:30 A. M.	Hotel Supreme Heritage, Vashi, Navi Mumbai
2004-2005	9th August, 2005	11:30 A. M.	Hotel Supreme Heritage, Vashi, Navi Mumbai

(b) Postal Ballot:

During the year under review, the below mentioned 4 resolutions were passed through Postal Ballot, pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001.

S. No.	Particulars of Resolution	Type of Resolution	Date of Passing Resolution	% of Vote In Favour of Resolution	% of Vote Against the Resolution
01	Amendment in the Memorandum of Association of the Company by insertion of sub-clause No. 65 and 66 in the Object Clause of.	Special Resolution	27/04/2007	98.65%	1.35%
02	To carry out the activities as stated in sub-clause No. 65 and 66 of the Memorandum of Association of the Company.	Special Resolution	27/04/2007	98.65%	1.35%
03	Appointment of Mr. K. R. N. Moorthy as Deputy Managing Director of the Company w.e.f. 1st October, 2007 for a period of 3 years.	Ordinary Resolution	15/11/2007	83.64%	16.36%
04	To make investment (s) in Share (s) / Security (ies) of and/or to give loan (s) to and/or to give guarantee (s) or provide security (ies) directly or indirectly to any Bank (s) and/or any Financial Institution (s) and/or any Lender (s), for the loan given / to be given to (1) a subsidiary company to	Special Resolution	16/09/2008	92.59%	7.41%

be incorporated in India and (2)
a subsidiary company to be
incorporated in Gulf, for an amount not
exceeding Rs. 400 Crore, (Rupees Four
Hundred Crore only) over and above the
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 Board had appointed M/s. A. Y. Sathe & Company, Practicing Company Secretaries, as the Scrutinizer for conducting the Postal Ballot Procedure in a fair and transparent manner for all the above mentioned resolutions passed through Postal Ballot.

Procedure for Postal Ballot :

The Company has followed the same procedure for Postal Ballot as described in the provisions of Companies Act, 1956 and Companies (Passing of Resolution by Postal Ballot) Rules, 2001.

(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 up to Rs. 30 Crore
02	09.08.2005	To issue GDR/FCCB for an aggregate face value of Equity Shares / Preference Shares up to Rs. 7 Crore.

(d) Subsidiaries:

The Company does not have a non listed Indian Subsidiary.

(e) Means of Communication:

The Quarterly (un-audited financial results) and Annual Audited Financial Results of the Company are submitted to the Stock Exchanges immediately after approval of the Board, pursuant to the provisions of Clause 41 of the Listing Agreement with Stock Exchanges. The same results are published in Newspapers in accordance with the provisions of the 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

Day & Date	:	Monday, 23rd March, 2009
Venue	:	Hotel Tunga Regency, Plot No. 37, Sector - 30A, Vashi, Navi Mumbai – 400 705
Time	:	12:00 Noon

(b) Financial Calendar

For quarter ended on 31st December, 2008	:	Unaudited Result on or before 31st January, 2009.
For quarter ended on 31st March, 2009	:	Unaudited Result on or before 30th April, 2009 or Audited Result on or before 30th June, 2009.
Annual General Meeting for the year ended on 31st March, 2009	:	On or before 30th September, 2009.

(c) Book Closure

The Share Transfer Books and the Register of Members will remain closed from Monday, 16th March, 2009 to Monday, 23rd March, 2009.

(d) Dividend Payment Date:

Your Directors are pleased to recommend dividend @ 5% i.e. Re. 0.50 per equity share for the financial year ended on 30th September, 2008.

The dividend, if approved by the shareholders at the ensuing Annual General Meeting will be paid after 23rd March, 2009 to the eligible shareholders.

(e) Listing in Stock Exchanges & Stock Codes

Equity Shares of the Company are listed on Bombay Stock Exchange Limited (BSE), Mumbai & National Stock Exchange Limited (NSE), Mumbai.

The Scrip Code on BSE is 524212 and on NSE is WANBURY.

The ISIN Number of Company is "INE107F01022".

Global Depository Receipts (GDRs) & Foreign Currency Convertible Bonds (FCCBs) issued by the Company are listed on Luxembourg Stock Exchange. One GDR represents 3 underlying Equity Shares of the Company.

The Scrip Code for GDRs is "WANBURY GDR ne".

The Company has paid listing fee to BSE & NSE for the financial year 2008-2009. The Company has paid listing fee to Luxembourg Stock Exchange for the year 2008.

The Company has paid custody fee to National Securities Depository Limited (NSDL) and Central Depository Securities Limited (CDSL) for the financial year 2008-2009.

(f) Corporate Identity Number (CIN):

CIN of the Company allotted by the Ministry of Corporate Affairs, Government of India is L51900MH1988PLC048455.

(g) Equity History:

Equity Shares of the Company of face value of Rs. 10/- each have been issued as under:

Particulars	No. of Equity Shares Allotted	Cumulative Total	Date of Allotment
Upon amalgamation (Refer Note 1)	94,86,358	94,86,358	15th October, 2004
GDR Issue (Refer Note 2)	32,61,000	1,27,47,358	3rd October, 2005
Merger (Refer Note 3)	64,668	1,28,12,026	2nd June, 2007
Merger (Refer Note 3)	5,62,618	1,33,74,644	27th June, 2007
FCCB Conversion	2,06,674	1,35,81,318	3rd September, 2007
FCCB Conversion	95,070	1,36,76,388	1st November, 2007
FCCB Conversion	1,03,337	1,37,79,725	13th December, 2007
FCCB Conversion	1,24,004	1,39,03,729	16th January, 2008
Merger (Refer Note 4)	7,85,557	1,46,89,286	17th March, 2008

Note 1: Amalgamation of Wander Private Limited with Pearl Organics Limited, whose name was changed to Wanbury Limited.

Note 2: The Company had issued 32,61,000 Equity Shares of face value of Rs. 10/- each, to the Global Depository Receipt Holders. {Distinctive Number From 09486359 to 12747358}.

Note 3: The Board for Industrial and Financial Reconstruction (BIFR) had approved the merger of the Pharmaceutical Products of India Limited (PPIL) with the Company vide its Order dated 24th April, 2007. As per the Order of BIFR 64,668 Equity Shares of face value of Rs. 10/- each had been issued to the Secured Creditors of PPIL and 5,62,618 Equity Shares of face value of Rs. 10/- each had been issued to the Equity Shareholders of PPIL.

Note 4: The Board for Industrial and Financial Reconstruction (BIFR) had approved the merger of Doctors Organic Chemical Limited (DOCL) with the Company vide its Order dated 30th April, 2007. As per the Order of BIFR 7,85,557 Equity Shares of face value of Rs. 10/- each had been issued to the Equity Shareholders of DOCL.

(h) 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 30th September, 2008 were as under:

Month	High (Rs.)	Low (Rs.)	Close (Rs.)	BSE Sensex Close	Volume (No. of Shares)
April 2007	117.90	106.60	108.85	13872.37	392916
May 2007	128.75	108.90	122.25	14544.46	1688648
June 2007	131.50	115.10	115.85	14650.51	618511
July 2007	147.50	120.05	125.95	15550.99	2345050
August 2007	141.50	118.50	123.00	15318.60	757544
September 2007	142.50	122.00	139.80	17291.10	1101194
October 2007	144.90	125.00	141.35	19837.99	893870
November 2007	155.00	127.55	135.40	19363.19	763026
December 2007	163.90	134.10	159.20	20286.99	1141780
January 2008	177.80	100.00	115.25	17648.71	1509834
February 2008	139.00	103.80	113.55	17578.72	469822
March 2008	116.80	77.00	98.90	15644.44	483783
April 2008	132.00	91.25	117.40	17287.31	352060
May 2008	124.00	105.15	105.90	16415.57	278987
June 2008	112.00	84.10	89.45	13461.60	242728
July 2008	98.25	80.25	90.65	14355.75	316364
August 2008	106.00	88.10	92.50	14564.53	268949
September 2008	94.50	66.10	78.70	12860.43	89234

Source: BSE Website

Monthly Volume and High, Low & Close of Market price of Company's Equity Shares traded on the National Stock Exchange Limited, Mumbai during the financial year ended on 30th September, 2009 were as under:

Month	High (Rs.)	Low (Rs.)	Close (Rs.)	Nifty Close	Volume (No. of Shares)
April 2007	117.80	105.00	108.30	4087.90	40877
May 2007	127.50	99.90	122.80	4295.80	284944
June 2007	131.50	114.10	115.00	4318.30	201105
July 2007	146.80	118.10	126.70	4528.85	1202670
August 2007	141.90	116.75	123.75	4464.00	275015
September 2007	149.00	122.00	140.25	5021.35	628879
October 2007	145.30	120.25	141.20	5900.65	431861
November 2007	155.00	126.00	134.95	5762.75	433864
December 2007	168.40	133.30	159.70	6138.60	783806
January 2008	178.00	98.25	115.60	5137.45	965713
February 2008	149.00	104.00	113.00	5223.50	381415
March 2008	116.45	75.40	99.20	4734.50	324086
April 2008	132.00	95.00	116.55	5165.90	296509
May 2008	124.00	105.25	105.40	4870.10	106061
June 2008	112.00	86.00	90.05	4040.55	125516
July 2008	99.50	81.80	90.40	4332.95	181198
August 2008	106.90	88.05	92.00	4360.00	275820
September 2008	95.00	58.50	78.95	3921.20	69935

Source: NSE Website

Monthly High, Low & Close of Market price of Company's Global Depository Receipts (1 Global Depository Receipt = 3 Equity Shares) traded on the Luxembourg Stock Exchange, during the financial year ended on 30th September, 2009 were as under:

Month	High (US $)	Low (US $)	Close (US $)	S&P 500 Close
April 2007	8.22	7.65	8.02	1482.35
May 2007	9.22	8.10	9.00	1530.60
June 2007	9.52	8.50	8.50	1503.35
July 2007	10.61	9.09	9.32	1455.25
August 2007	10.23	8.74	9.20	1474.00
September 2007	10.55	9.16	10.55	1526.75
October 2007	10.76	9.84	10.76	1549.40
November 2007	11.36	10.01	10.33	1481.15
December 2007	12.17	10.16	12.17	1468.35
January 2008	13.20	7.71	8.86	1378.55
February 2008	9.99	7.95	8.32	1330.65
March 2008	8.44	6.18	7.61	1322.70
April 2008	9.31	7.27	8.68	1385.60
May 2008	8.67	7.63	7.75	1400.40
June 2008	7.64	6.28	6.28	1280.00
July 2008	6.78	5.87	6.52	1267.40
August 2008	7.34	6.36	6.37	1282.80
September 2008	6.32	4.66	4.68	1164.75

Source: Luxembourg Stock Exchange Website

(i) Distribution Schedule on number of Shares as on 30th September, 2008

No. of Shares	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Upto 100	12,384	69.86	7,03,952	4.79
101 to 200	2,443	13.78	4,31,049	2.93
201 to 500	1,770	9.98	6,38,520	4.35
501 to 1000	613	3.46	5,09,929	3.47
1001 to 5000	401	2.26	9,21,555	6.27
5001 to 10000	50	.28	3,69,433	2.51
10001 to 100000	50	.28	15,47,049	10.54
100001 to above	18	.10	95,67,799	65.14
Total	**17,729**	**100.00**	**14,689,286**	**100.00**

(j) Distribution Schedule on scrip value as on 30th September, 2008 :

Share of Nominal Value in Rs.	No. of Shareholders	% of Shareholders	Total Amount in Rs.	% of Amount
Upto 5000	16,597	93.61	1,77,35,210	12.07
5001 to 10000	613	3.46	50,99,290	3.47
10001 to 20000	239	1.35	37,24,020	2.54
20001 to 30000	83	.47	21,74,600	1.48
30001 to 40000	42	.24	15,46,660	1.05
40001 to 50000	37	.21	17,70,270	1.21
50001 to 100000	50	.28	36,94,330	2.51
100001 to above	68	.38	11,11,48,480	75.67
Total	**17,729**	**100.00**	**14,68,92,860**	**100.00**

(k) Shareholding Pattern as on 30th September, 2008 was as under:

Category	No. of Shares Held	% of Holding
(A) Promoter Holding		
Indian Promoter	30,77,017	20.95
Foreign Promoter	30,24,000	20.59
Person acting in Concert	-	-
Sub-Total (A)	**61,01,017**	**41.53**
Non – Promoters Holding		
(B) Institutional Investors		
Mutual Funds and UTI	10,117	0.07
Banks, Financial Institutions, Insurance Companies, (Central/State Govt. Institutions / Non - government Institutions)	7,65,055	5.21
FIIs	-	-
Sub–Total (B)	**7,75,172**	**5.28**

(C) Others		
Private Corporate Bodies	3,049,999	20.77
Individual Shareholders Holding Nominal Capital up to Rs. 1 Lac	3,121,444	21.25
Individual Shareholders Holding Nominal Capital in excess of Rs. 1 Lac	819,456	5.58
Clearing Members	17,564	0.12
OCB	94,680	0.64
NRI	61,954	0.42
Bank of New York (GDR issue)	6,48,000	4.41
Sub – Total (C)	**78,13,097**	**53.19**
GRAND TOTAL (A+B+C)	**1,46,89,286**	**100.00**

(l) Dematerialization of shares and liquidity:

70.31% representing 1,03,27,727 Equity Shares were held in dematerialized form and the balance 29.69 % were in physical form as on 30th September, 2008.

(m) Outstanding GDRs

2,16,000 GDRs were Outstanding as on 30th September, 2008, representing 6,48,000 Equity Shares, constituting 4.41% of the paid-up Equity Share Capital of the Company.

(n) Outstanding Warrants

11,25,236 Warrants were Outstanding as on 30th September, 2008.

Each Warrant entitles the holder thereof to subscribe one Equity Share of face value of Rs. 10/- each @ Rs. 135/-, including premium of Rs. 125/-, of the Company, by paying Rs. 135/- in cash. These warrants can be converted into Equity Shares upto 26th June, 2012.

(o) Optionally Fully Convertible Debentures

58,199 Zero Coupon Optionally Fully Convertible Debentures (OFCDs) of face values of Rs. 1,000/- each (Rs. One Thousand each) of the aggregate nominal value of Rs. 5,81,99,000/- (Rupees Five Crore Eighty One Lac Ninety Nine Thousand only) were Outstanding as on 30th September, 2008.

Zero Coupon Optionally Fully Convertible Debenture Holders have a right to convert the same into Equity Shares of the Company.

The conversion price of these OFCDs shall be higher of:

(i) 67% of the 3 months average weekly closing high low price per share quoted on the BSE preceding the date of notice of conversion; or

(ii) a price of Rs. 125 per share

The paid-up value of the equity share upon conversion shall be Rs.10 per share.

These OFCDs can be converted into Equity Shares between 1st November 2008 and 30th April 2010.

(p) Outstanding Foreign Currency Convertible Bonds (FCCB)

672 Foreign Currency Convertible A Bonds of EURO10,000 each were Outstanding as on 30th September, 2008.

700 Foreign Currency Convertible B Bonds of EURO10,000 each were Outstanding as on 30th September, 2008.

These Bonds are convertible at the option of the holders of such Bonds into Equity Shares of Rs.10 each of the Company at a conversion price of Rs. 138.43 with a fixed exchange rate on conversion of Rs. 57.22 to EURO1.00.

Foreign Currency Convertible A Bonds can be converted into Equity Shares up to 9th March, 2012.

Foreign Currency Convertible B Bonds can be converted into Equity Shares up to 5th November, 2012.

(q) Conversion of Foreign Currency Convertible Bonds

In terms of the Offering Memorandum dated 25th April, 2007, during the year, the Company has received applications for conversion of Foreign Currency Convertible A Bonds aggregating EURO 12,80,000 into fully paid-up Equity Shares in the Company.

5,29,085 fully paid Equity Shares of Rs. 10/- each, the details of which are given below, were allotted and issued at a conversion price of Rs. 138.43 per share and the said shares were listed with BSE & NSE.

S. No.	Date of Allotment	No. of Shares
1	03/09/2007	2,06,674
2	01/11/2007	95,070
3	13/12/2007	1,03,337
4	16/01/2008	1,24,004
	Total	**5,29,085**

(r) Secretarial Audit Report

In terms of the directives of the Security and Exchange Board of India, Secretarial Audit is being undertaken by a qualified practicing Company Secretary, on a quarterly basis. The audit *inter alia* covers the following aspects and certifies amongst others:

(i) That the total shares held in NSDL, CDSL and in physical form tally with the admitted, issued and listed capital of the Company;
(ii) That the register of members is updated;
(iii) That dematerialization requests have been confirmed within 21 days of receipt; and
(iv) The details of changes in share capital (due to bonus, conversion, allotments under ESOPs etc.) during the quarter.

Your Company is on a regular basis submitting Secretarial Audit Report, as per the circular issued by Security and Exchange Board of India (SEBI) and Compliance Certificate, pursuant to the provisions of Clause 47 (C) of the Listing Agreement prepared by Practicing Company Secretary to Stock Exchanges.

(s) Dividend Profile

Financial Year	Book Closure / Record Date	Dividend Declared	Date of Declaration	Date of Payment of Dividend
2004-2005	01/08/2005 to 09/08/2005	10%	09/08/2005	12/08/2005
2005-2006*	21/02/2006	5%	30/01/2006	25/02/2006
2005-2006	11/09/2006 to 19/09/2006	15%	19/09/2006	30/09/2006
2006-2007	17/09/2007 to 27/09/2007	20%	27/09/2007	03/10/2007

* Interim Dividend

Status of unclaimed dividends:

Unclaimed dividend for the year 2004-2005 onwards shall be transferred to the Investor Education Protection Fund (IEPF) as under:

Year of dividend	Date of declaration of dividend	Date of transfer to unpaid / unclaimed dividend account	Due date for transfer to IEPF
2004-2005	09/08/2005	12/09/2005	11/09/2012
2005-2006*	30/01/2006	06/03/2006	05/03/2013
2005-2006	19/09/2006	23/10/2006	22/10/2013
2006-2007	27/09/2007	30/10/2007	29/10/2014

* Interim Dividend

Shareholders are advised to confirm their records and claim the amount well before due date, if not encashed earlier.

(t) Plant Locations:

a) Plot No. A-15, M.I.D.C., Ind. Area, Patalganga, Maharashtra
b) Plot No. J-17, M.I.D.C. Tarapur, Maharashtra
c) Plot No. N-24, M.I.D.C. Tarapur, Maharashtra (erstwhile PPIL)
d) Plot No. D-312 & 313, TTC Industrial Area, MIDC Turbhe, Navi Mumbai, Maharashtra (erstwhile PPIL)
e) K. Illindalaparru Village, Tanuku, Dist. - West Godavari, Andhra Pradesh (erstwhile DOCL)

(u) Compliance Officer:

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

(v) 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

Shareholders of the Company can lodge their complaints on e-mail ID: shares@wanbury.com.

(w) 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

(x) Management Discussion and Analysis Report:

Management Discussion and Analysis Report is part of Annual Report.

(y) 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.

(4) No penalty or strictures have been imposed on the Company by Stock Exchanges or SEBI or any statutory authorities or any matter related to capital markets during the last three years.

(6) CERTIFICATION:

The Whole-time Director, Deputy Managing Director, Director Corporate Finance and Vice President Finance 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 have 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	**K. R. N. MOORTHY**
WHOLE-TIME DIRECTOR	DEPUTY MANAGING DIRECTOR

Mumbai, 31st December, 2008

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 the financial year ended as on 30th September, 2008.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

K. CHANDRAN	**K. R. N. MOORTHY**
WHOLE-TIME DIRECTOR	DEPUTY MANAGING DIRECTOR

Mumbai, 31st December, 2008

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE COMPLIANCES

TO THE MEMBERS, WANBURY LIMITED

We have examined the compliance of conditions of Corporate Governance by Wanbury Limited ("the Company") for the period ended on 30th September, 2008 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

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 Agreements.

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, 31st December, 2008

AUDITORS' REPORT

TO THE MEMBERS OF WANBURY LIMITED

1 We have audited the attached Balance Sheet of **WANBURY LIMITED** as at **30th September, 2008 ,** the Profit & Loss Account and also the Cash Flow Statement for the period 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 Without qualifying the report attention is drawn to Note No. 20 of Schedule 19 regarding non provision of mark to market loss of Rs. 3,447.53 Lacs of forex derivatives and Note No. 3 of Schedule 19 regarding preparation of accounts including that of results of erstwhile The Pharmaceutical Products of India Limited as explained in the said note.

5 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 30th September, 2008 and taken on record by Board of Directors, we report that none of the Directors is disqualified as on 30th September, 2008 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 with accounting policies and notes to the accounts 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 **30th September, 2008**
(b) In the case of the Profit & Loss Account, of the profit for the period ended on that date; and
(c) In the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

For KAPOOR & PAREKH ASSOCIATES
Chartered Accountants

Nikhil Patel
Partner
Membership No.: 37032

Mumbai, 31st December, 2008

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 period ended on **30th September, 2008**.)

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 period 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 period 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 neither granted nor 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) 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 some 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 period. According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid dues were in arrears, as at 30th September, 2008 for a period of more than six months from the date they became payable *except in respect of Income Tax Rs. 253.92 Lacs, Profession Tax Rs. 7 Lacs, Custom Duty Rs. 230 Lacs, Sales Tax Rs. 8.50 Lacs and Excise Duty Rs. 15.62 Lacs.*

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 period except the Central Sales Tax of Rs. 19.95 Lacs relating to the A.Y. 2002-2003 which is pending before the Sales Tax Appellate Tribunal, Andhra Pradesh.

10. The Company has no accumulated losses as at the end of the financial period and has not incurred cash losses during the current financial period 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, banks and debenture holders except the default in repayment of principal aggregating to Rs. 114.35 Lacs and interest aggregating to Rs. 449.98 Lacs to a financial institution, consisting of delay ranging from 1 day to 26 days, however, there are no overdue amount as at the period end.

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 given guarantees for loans taken by the subsidiaries and other company, from bank and financial institutions, and the terms and conditions thereof are not prejudicial to the interest of the Company.

16. To the 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 period 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 not created security or charge in respect of the debentures during the period.

20. In respect of the money raised by public issue of Foreign Currency Convertible Bonds during the period and Global Depository Receipts in earlier years, the management has disclosed the end use of the money so raised in note nos. 8 and 7 of Schedule 19 respectively, which have been verified by us with the relevant records together with the information and explanations given to us.

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, 31st December, 2008

BALANCE SHEET AS AT 30TH SEPTEMBER, 2008

	Schedule No.	As At 30.09.2008 (Rs. in Lacs)	As At 31.03.2007 (Rs. in Lacs)
SOURCES OF FUNDS			
SHAREHOLDERS FUNDS			
Share Capital	1	1,468.93	1,274.74
Share Capital Suspense Account	2	-	56.26
Reserves & Surplus	3	14,222.51	11,580.90
		15,691.44	12,911.90
LOAN FUNDS			
Secured Loans	4	17,282.61	8,397.95
Unsecured Loans	5	10,027.23	4,971.41
		27,309.84	13,369.36
TOTAL		**43,001.28**	**26,281.26**
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	6	24,424.50	14,203.08
Less: Depreciation / Amortisation		6,320.42	3,450.83
Net Block		18,104.08	10,752.25
Add : Capital Work in Progress		1,534.65	1,052.03
		19,638.73	11,804.28
INVESTMENTS	7	8,511.35	4,940.83
CURRENT ASSETS			
Inventories	8	4,380.05	1,619.66
Sundry Debtors	9	9,678.78	4,576.79
Cash & Bank Balances	10	1,128.39	312.67
Loans & Advances	11	10,825.88	8,788.48
		26,013.10	15,297.60
Current Liabilities	12	9,749.59	4,556.83
Provisions	13	1,412.31	1,204.62
		11,161.90	5,761.45
Net Current Assets		14,851.20	9,536.16
TOTAL		**43,001.28**	**26,281.26**
Accounting Policies	18		
Notes to Accounts	19		

As per our attached report of even date
For KAPOOR & PAREKH ASSOCIATES
Chartered Accountants

NIKHIL PATEL
Partner
Mumbai, 31st December, 2008

For and on behalf of the Board

K. CHANDRAN
Whole-time Director

K.R.N. MOORTHY
Deputy Managing Director

ASHOK SHINKAR
Director-Corporate Finance

GIRISH JUNEJA
Vice President-Finance

PANKAJ B. GUPTA
Company Secretary

PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 30TH SEPTEMBER, 2008

	Schedule No.	For the period ended 30.09.2008 (Rs. in Lacs)	For the year ended 31.03.2007 (Rs. in Lacs)
INCOME			
Gross Sales		39,604.95	14,608.02
Less : Excise Duty		1,212.97	225.27
Net Sales		38,391.98	14,382.75
Other Income	14	1,889.19	880.77
Total Income		**40,281.17**	**15,263.52**
EXPENDITURE			
Cost of Materials	15	19,262.82	7,859.03
Personnel Cost	16	4,437.50	1,617.30
Other Expenses	17	10,563.39	3,530.30
Interest (Net)		1,985.92	415.93
Depreciation/Amortisation		1,592.22	708.52
Less : Transferred from Revaluation Reserve		602.54	401.69
		989.68	306.83
Total Expenditure		**37,239.31**	**13,729.39**
PROFIT BEFORE TAX		**3,041.86**	**1,534.13**
Less : Provision for taxation			
- Current Tax		338.36	170.65
- MAT Credit Entitlement		(337.14)	(170.00)
- Deferred Tax		-	(586.65)
- Fringe Benefit Tax		66.19	30.76
- Income Tax of Earlier Years		(3.15)	6.74
PROFIT AFTER TAX		**2,977.60**	**2,082.63**
Profit brought forward from Previous Year		3,764.74	1,481.11
Profit as on 1.4.2006 of erstwhile PPIL		-	670.15
Amount available for Appropriation		**6,742.34**	**4,233.89**
APPROPRIATIONS			
Proposed Dividend		73.45	267.49
Tax on Dividend		12.48	45.46
Short Provision of Dividend of Earlier Year		4.13	-
Tax on Dividend of Earlier Year		0.70	-
Transfer to General Reserve		-	156.20
Transfer to Debenture Redemption Reserve		412.25	-
Balance carried to Balance Sheet		6,239.33	3,764.74
		6,742.34	**4,233.89**
Earning Per Share			
- Basic and Diluted (in Rs)		20.54	15.65
- Face Value of Equity Share (in Rs.)		10.00	10.00
Accounting Policies	18		
Notes to Accounts	19		

As per our attached report of even date
For KAPOOR & PAREKH ASSOCIATES
Chartered Accountants

NIKHIL PATEL
Partner
Mumbai, 31st December, 2008

ASHOK SHINKAR
Director-Corporate Finance

For and on behalf of the Board

K. CHANDRAN
Whole-time Director

K.R.N. MOORTHY
Deputy Managing Director

GIRISH JUNEJA
Vice President-Finance

PANKAJ B. GUPTA
Company Secretary

CASH FLOW STATEMENT FOR THE PERIOD ENDED 30TH SEPTEMBER, 2008

		30.09.2008 (Rs. in Lacs)	31.03.2007 (Rs. in Lacs)
A	**Cash flows from Operating Activities**		
	Net Profit before Tax	3,041.86	1,534.13
	Adjustments for:		
	Depreciation	989.68	306.83
	Loss on Sale of Assets	2.35	3.58
	Provision for Doubtful Debts	9.55	14.90
	Interest charges	1,985.92	415.93
	Amounts Written Off	42.32	3.47
	Operating Profit before Working Capital Changes	**6,071.69**	**2,278.84**
	Adjustments for:		
	Trade & Other Receivables	(5,077.52)	(3,989.32)
	Inventories	(2,084.72)	(293.30)
	Trade Payables	3,231.01	(116.93)
	Cash Generated from Operations	**2,140.47**	**(2,120.71)**
	Direct Taxes (Paid) Refund-Net	(325.57)	(188.61)
	Net Cash from Operating Activities	**1,814.90**	**(2,309.32)**
B	**Cash flows from Investing Activities**		
	Purchase of Fixed Assets	(3,250.64)	(1,063.15)
	Sale of Fixed Assets	4.16	18.50
	Purchase of Investments	(3,077.50)	(10.84)
	Sale of Investments	618.83	0.63
	Advance pending allotment of shares -Net	(1,111.85)	(4,310.25)
	Net Cash from Investing Activities	**(6,817.00)**	**(5,365.11)**
C	**Cash flows from Financing Activities**		
	Interest paid	(1,985.90)	(378.97)
	Increase (Decrease) in Borrowings	8,186.69	6,257.32
	FCCB/Share/Debenture issue Expenses	(111.14)	-
	Dividend & Tax on Dividend Paid	(311.86)	(213.97)
	Net Cash from Financing Activities	**5,777.78**	**5,664.38**
	Net increase (decrease) in Cash & Cash equivalents	**775.67**	**(2,010.05)**
	Cash and Cash equivalents as at the beginning of the period	312.67	2,311.42
	Cash and Cash equivalents as at 1.4.2007 of erstwhile DOCL	40.05	-
	Cash and Cash equivalents as at 1.4.2006 of erstwhile PPIL	-	11.30
	Cash and Cash equivalents as at the end of the period	**1,128.39**	**312.67**

Notes :

1. 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. Additions to Fixed Assets (including movements in Capital Work-in-Progress) are considered as a part of investing activities.
3. 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, 31st December, 2008

ASHOK SHINKAR
Director-Corporate Finance

For and on behalf of the Board

K. CHANDRAN
Whole-time Director

K.R.N. MOORTHY
Deputy Managing Director

GIRISH JUNEJA
Vice President-Finance

PANKAJ B. GUPTA
Company Secretary

SCHEDULES FORMING PART OF THE ACCOUNTS

	As At 30.09.2008 (Rs. in Lacs)	As At 31.03.2007 (Rs. in Lacs)
SCHEDULE - 1 SHARE CAPITAL		
Authorised		
3,00,00,000 Equity Shares of Rs. 10 each	3,000.00	3,000.00
20,00,000 Preference Shares of Rs. 100 each	2,000.00	2,000.00
	5,000.00	**5,000.00**
Issued, Subscribed and Paid-Up		
1,46,89,286 (Pr. Yr. 1,27,47,358) Equity Shares of Rs. 10 each fully paid-up	1,468.93	1,274.74
	1,468.93	**1,274.74**

Notes:

1.) Out of the above Equiy Shares :
   a) 89,08,283 (Pr.Yr.75,60,108) Equity Shares were allotted as fully paid-up without payment being received in cash, pursuant to the Schemes of Merger
   b) 6,48,000 (Pr.Yr.8,88,000) are represented by 2,16,000 (Pr.Yr. 2,96,000) Global Depository Receipts.

2.) 11,25,236 warrants of the face value of Rs. Nil are allotted during the period to the shareholders of Erstwhile PPIL as per the BIFR order. The warrantholders have the right to subscribe to one Equity Share of Rs. 10/- each at the premium of Rs. 125/- per share which is excercisable within five years from 27th June, 2007, being the date of allottment of the warrants.

	As At 30.09.2008 (Rs. in Lacs)	As At 31.03.2007 (Rs. in Lacs)
SCHEDULE - 2 SHARE CAPITAL SUSPENSE ACCOUNT		
Nil (Pr. Yr. 5,62,618) Equity Shares of Rs.10 each to be issued as fully paid-up to the shareholders of erstwhile The Pharmaceutical Products of India Limited as per the scheme of Merger.	-	56.26
Nil (11,25,236) Warrants of Rs. Nil to be issued to the shareholders of erstwhile The Pharmaceutical Products of India Limited as per BIFR order. Warrantholder have right to subscribe to One Equity Share of Rs. 10 each at the premium of Rs. 125 exercisable within five years from the date of allotment against cash payment.	-	-
	-	**56.26**

SCHEDULES FORMING PART OF THE ACCOUNTS

	As At 30.09.2008 (Rs. in Lacs)	As At 31.03.2007 (Rs. in Lacs)
SCHEDULE - 3 RESERVES AND SURPLUS		
Capital Reserve Account		
Balance as per last Balance Sheet	192.63	192.63
Add : On Merger of DOCL		
(Refer Note No.4 of Schedule 19)	490.78	-
	683.41	192.63
Securities Premium Account		
Balance as per last Balance Sheet	3,941.99	3,941.99
Add : Received during the year	770.04	-
	4,712.03	3,941.99
Less : Expenses on Debentures, FCCB and Share Issue	111.14	-
Less : Pro rata Premium on FCCB	792.37	-
	3,808.52	3,941.99
Revaluation Reserve		
Balance as per last Balance Sheet	2,610.99	3,012.68
Less : Amortisation during the year	602.54	401.69
	2,008.45	2,610.99
General Reserve		
Balance as per last Balance Sheet	1,070.55	211.08
Add : Transfer from Profit & Loss Account	-	156.20
Transfer from PPIL on Merger	-	703.27
	1,070.55	1,070.55
Debenture Redemption Reserve		
Add : Transfer from Profit & Loss Account	412.25	-
Profit & Loss Account	6,239.33	3,764.74
	14,222.51	**11,580.90**

SCHEDULES FORMING PART OF THE ACCOUNTS

	As At 30.09.2008 (Rs. in Lacs)	As At 31.03.2007 (Rs. in Lacs)
SCHEDULE - 4 SECURED LOANS		
Debentures		
2,42,499 (Pr. Yr. Nil) Zero Coupon Non Convertible Redeemable Debentures (NCD) of Rs. 100/- each.	242.50	-
58,199 (Pr. Yr. Nil) Zero Coupon Optionally Fully Convertible Debentures (OFCD) of Rs. 1,000/- each.	581.99	-
	824.49	-
Term Loans		
- Rupee Loans	9,562.38	5,232.76
- Foreign Currency Loans	335.38	556.64
	9,897.76	5,789.40
Working Capital Loans		
- Rupee Loans	4,424.10	1,141.35
- Foreign Currency Loans	1,950.76	1,441.93
	6,374.86	2,583.28
Other Loans	185.50	25.27
	17,282.61	**8,397.95**

Notes :

1. The NCD are to be secured by a pari-passu charge on the fixed assets of the company situated at Patalganga and Plot No. J-17 at Tarapur.The NCD comprises of Part A of Rs. 60 and Part B of Rs. 40, which are redeemable at par at the end of two years and three years respectively from 1st May, 2007.
2. The OFCD are to be secured by a pari-passu charge on the fixed assets of erstwhile PPIL situated at Plot No. 24 at Tarapur and fixed assets at Mazgaon. OFCD are convertible between 1st November, 2008 and 30th April, 2012 into equity share at a price being higher of Rs.125/- and 67% of the three months average weekly closing price prior to the date of exercise of such right.
3. Term loans of erstwhile PPIL are secured by a pari-passu first charge on its fixed assets. Other term loans are secured by pari-passu first charge on immovable properties, present and future, of the Company situated at Patalganga ,Tarapur, Tanuku and Turbhe and second charge on current assets of the Company, fixed assets of Bravo Healthcare Ltd., pledge of shares of the Company held by Expert Chemicals (India) Private Limited and Kingsbury Investment Inc., in addition to guarantee by Expert Chemicals (India) Private Limited, Bravo Healthcare Ltd. and a director of the Company.
4. Working capital loans are secured by a pari-passu first charge on current assets, second charge on fixed assets, and pledge of shares of the Company held by Expert Chemicals (India) Limited in addition to guarantee by Expert Chemicals (India) Private Limited and a director of the Company.
5. Other loans are secured by hypothecation of assets acquired against respective loans.
6. Term loans and other loans include payable within a year Rs. 2,590.44 Lacs (Pr. Yr. Rs. 1,966.71 Lacs).

SCHEDULES FORMING PART OF THE ACCOUNTS

	As At 30.09.2008 (Rs. in Lacs)	As At 31.03.2007 (Rs. in Lacs)
SCHEDULE - 5 UNSECURED LOANS		
Foreign Currency Convertible Bonds		
672 (Pr. Yr. Nil) 1% Unsecured Foreign Currency Convertible A Bond of Euro 10,000/- each (Refer Note No.8 of Schedule19)	4,555.49	-
700 (Pr. Yr. Nil) 1% Unsecured Foreign Currency Convertible B Bond of Euro 10,000/- each (Refer Note No.8 of Schedule19)	4,745.30	-
	9,300.79	-
Inter Corporate Deposits	130.78	761.08
From Banks/Financial Institutions		
Rupee Loan	200.25	4,205.11
Foreign Currency Loan	339.97	-
Others	55.44	5.22
	10,027.23	**4,971.41**

Note : Due within a year Rs 152.19 Lacs (Pr. Yr. 2,020.82 Lacs).

	As At 30.09.2008 (Rs. in Lacs)	As At 31.03.2007 (Rs. in Lacs)
SCHEDULE - 7 INVESTMENTS		
1. Long Term		
a. Trade - Quoted		
1,800 Equity Shares of Bank of India of Rs. 10 each [Market value Rs. 5.08 Lacs (Pr. Yr. Rs 3.02 Lacs)]	0.81	0.81
b. Trade - Unquoted		
706 Equity Shares of The Saraswat Co-op. Bank Ltd. of Rs. 10 each	0.07	0.07
100 Equity Shares of The Shamrao Vithal Co-op. Bank Ltd. of Rs. 25 each.	0.03	0.03
Nil (Pr.Yr.18,98,500) Equity Shares of Erstwhile Doctors Organic Chemicals Ltd. of Rs. 10 each.	-	618.83
12,71,250 (Pr. Yr. Nil) Equity Shares of Bravo Healthcare Limited of Rs. 10 each.	53.40	-
c. Non Trade - Unquoted		
In Subsidiary Companies		
5,098 (Pr. Yr.18) Ordinary Shares of Wanbury Holding B. V. of Euro 1,000 each.	3,029.65	10.84
13,260 (Pr. Yr. Nil) Shares of Ningxia Wanbury Fine Chemicals Company Limited of USD 1 each.	5.29	-
2. Advance for Investment Pending Allotment		
Wanbury Holding B. V.	5,422.10	4,310.25
	8,511.35	**4,940.83**

SCHEDULES FORMING PART OF ACCOUNTS

SCHEDULE - 6 FIXED ASSETS

(Rs. in Lacs)

DESCRIPTION	GROSS BLOCK					DEPRECIATION/AMORTISATION					NET BLOCK	
	As at 1-Apr -07	Asset Transferred on Amalga-mation	Addi-tions	Deduc-tions	As at 30-Sep -08	As at 1-Apr -07	Asset Transferred on Amalga-mation	For the year	Deduction	As at 30-Sep -08	As at 30-Sep -08	As at 31-Mar -07
Freehold Land	2,936.25	1,803.56	-	-	4,739.81	-	-	-	-	-	4,739.81	2,936.25
Lease Hold Land & Land Development Expenses	58.57	-	-	-	58.57	6.26	-	0.91	-	7.17	51.40	52.31
Factory Buildings	978.31	800.38	56.09	-	1,834.78	208.25	102.75	91.20	-	402.20	1,432.58	770.06
Plants, Machineries & Equipments	4,027.25	3,493.91	3,496.17	7.19	11,010.14	1,012.01	1,119.52	668.98	4.70	2,795.81	8,214.33	3,015.24
Furnitures & Fixtures	312.05	18.02	24.29	-	354.36	70.15	9.22	32.09	-	111.46	242.90	241.90
Vehicles	197.34	30.69	225.23	8.37	444.89	78.77	9.50	35.38	4.34	119.31	325.58	118.56
Office Equipments	236.51	34.78	74.52	-	345.81	54.60	17.68	19.53	-	91.81	254.00	181.91
Electrical Installations	80.00	-	2.82	-	82.82	16.17	-	5.75	-	21.92	60.90	63.83
Computers	176.70	39.07	81.20	-	296.97	92.83	19.99	43.07	-	155.89	141.08	83.88
Office Premises	243.00	-	-	-	243.00	46.46	-	-	-	46.46	196.54	196.54
R & D Building	400.22	-	-	-	400.22	223.17	-	-	-	223.17	177.05	177.05
Intangibles :												
- Brands	4,386.90	-	-	-	4,386.90	1,553.92	-	658.63	-	2,212.55	2,174.35	2,832.98
- Softwares	165.55	15.56	40.69	-	221.80	85.56	7.76	35.34	-	128.67	93.13	79.99
- Technical Knowhow	4.43	-	-	-	4.43	2.67	-	1.33	-	4.00	0.43	1.76
Total	**14,203.08**	**6,235.96**	**4,001.01**	**15.55**	**24,424.50**	**3,450.83**	**1,286.42**	**1,592.22**	**9.04**	**6,320.42**	**18,104.08**	**10,752.25**
Previous Year	8,517.93	4,333.39	1,459.31	107.53	14,203.08	2,078.00	749.74	708.52	85.45	3,450.83		
Add : Capital Work in Progress & Advance for Capital Expenditure											**1,534.65**	**1,052.03**
										T O T A L	**19,638.73**	**11,804.28**

Notes:

1. The title deeds of some of the immovable properties transferred pursuant to the Scheme of Merger are yet to be transferred in the name of the Company.

2. Capital Work in Progress includes Machinery under installation, Advance against Capital Expenses, Construction material purchases and other assets under erection.

SCHEDULES FORMING PART OF THE ACCOUNTS

	As At 30.09.2008 (Rs. in Lacs)	As At 31.03.2007 (Rs. in Lacs)
SCHEDULE - 8 INVENTORIES		
(*As taken, valued and certified by the management*)		
Raw & Packing Materials	1,366.05	165.23
Work in Process	1,726.75	1,073.31
Finished / Traded Goods	1,270.46	379.20
Fuel	16.79	1.92
	4,380.05	**1,619.66**
SCHEDULE - 9 SUNDRY DEBTORS		
Over six months		
- Considered Good	1,416.05	468.71
- Considered Doubtful	24.45	14.90
	1,440.50	483.61
Other debts	8,262.73	4,108.08
	9,703.23	4,591.69
Less : Provision for Doubtful Debts	24.45	14.90
	9,678.78	**4,576.79**
Includes Sundry Debtors - Secured Rs. 278.25 Lacs (Pr. Yr. 200.16 Lacs)		
SCHEDULE - 10 CASH & BANK BALANCES		
Cash in Hand	5.28	3.99
Balance with Scheduled Banks		
In Current Accounts	339.36	195.71
In Deposit Accounts	783.75	112.97
	1,128.39	312.67
SCHEDULE - 11 LOANS AND ADVANCES		
(*Unsecured, Considered Good*)		
Loans and Advances		
Loans Given[1]	2,863.79	-
Advances recoverable in cash or in kind or for value to be received[1]	5,590.80	7,485.04
Deposits	220.99	153.41
MAT Credit Entitlement	627.14	290.00
Income Tax Paid	709.52	450.66
Balance with Excise & Custom Authorities	813.64	409.37
	10,825.88	8,788.48

[1]Includes due from subsidiary companies Rs. 776.74 Lacs (Pr. Yr. Nil)

SCHEDULES FORMING PART OF THE ACCOUNTS

	As At 30.09.2008 (Rs. in Lacs)	As At 31.03.2007 (Rs. in Lacs)
SCHEDULE - 12 CURRENT LIABILITIES		
Sundry Creditors	6,613.07	3,498.78
Other Liabilities	3,118.03	1,045.48
Unpaid Dividend [1]	18.49	12.57
	9,749.59	4,556.83
Sundry Creditors include due to subsidiary company Rs 76.52 Lacs (Pr. Yr. Nil)		
[1]There are no amounts due and outstanding to be credited to 'Investor Education and Protection Fund' as on 30.09.2008		
SCHEDULE - 13 PROVISIONS		
For Leave Benefits	185.88	84.89
For Gratuity	135.94	135.92
For Proposed Dividend	73.45	267.49
For Tax on Dividend	12.48	45.46
For Income Tax	1,001.19	668.71
For Wealth Tax	3.37	2.15
	1,412.31	1,204.62
SCHEDULE - 14 OTHER INCOME		
Insurance Claim	9.12	5.00
Exchange Fluctuation	-	103.66
Export Incentives	698.88	281.22
Technical Know How	250.00	250.00
Interest from Banks	108.95	14.85
[Tax deducted at source Rs. 1.25 Lacs (Pr. Yr. Rs. 2.64 Lacs)]		
Processing Charges	454.58	217.67
[*Tax deducted at source Rs. 8.49 Lacs (Pr. Yr. Rs. 4.00 Lacs)*]		
Interest from Others	0.02	3.33
Gain on One Time Settlement of SBI dues	280.51	-
Miscellaneous Income	87.13	5.05
	1,889.19	**880.77**

SCHEDULES FORMING PART OF THE ACCOUNTS

	As At 30.09.2008 (Rs. in Lacs)	As At 31.03.2007 (Rs. in Lacs)
SCHEDULE - 15 COST OF MATERIALS		
A) Raw & Packing Materials		
Opening Stock	165.23	147.19
Add: Taken over on Merger with DOCL	206.22	-
Add: Purchases	16,202.43	4,144.66
	16,573.88	4,291.85
Less: Closing Stock	1,366.05	165.23
	15,207.83	4,126.62
B) Purchase of Traded Goods	5,172.40	4,009.14
C) (Increase)/Decrease in Inventories		
Opening Stock		
- Work in Process	1,073.31	894.88
Add: Taken over on Merger with DOCL	288.69	-
- Finished/Traded Goods	379.20	280.90
Add: Taken over on Merger with DOCL	138.60	-
	1,879.80	1,175.78
Closing Stock		
- Work in Process	1,726.75	1,073.31
- Finished/Traded Goods	1,270.46	379.20
	2,997.21	1,452.51
(Increase)/Decrease	(1,117.41)	(276.73)
	19,262.82	7,859.03

	As At 30.09.2008 (Rs. in Lacs)	As At 31.03.2007 (Rs. in Lacs)
SCHEDULE - 16 PERSONNEL COST		
Salaries, Wages, Bonus and Allowances	4,038.75	1,426.09
Contribution to Provident and Other Funds	262.16	126.14
Staff Welfare Expenses	136.59	65.07
	4,437.50	**1,617.30**

SCHEDULES FORMING PART OF THE ACCOUNTS

	As At 30.09.2008 (Rs. in Lacs)	As At 31.03.2007 (Rs. in Lacs)
SCHEDULE - 17 OTHER EXPENSES		
Processing Charges	103.81	-
Power & Fuel	1,830.74	506.03
Stores & Spares	338.29	203.67
Water Charges	67.59	32.12
Repairs & Maintenance		
- Buildings	149.44	14.88
- Plant & Machinery	89.12	31.21
- Others	164.75	103.44
Commission on Sales	480.05	151.82
Excise Duty	109.97	3.50
Delivery & Packing Charges	301.92	211.41
Carriage Outward	1,229.96	589.21
Advertisement & Sales Promotional Expenses	955.42	305.67
Cash Discount	70.81	37.71
Breakages & Expiry	262.42	123.17
Rent, Rates & Taxes	317.89	189.57
Travelling & Conveyance	1,113.95	456.13
Postage, Telegram & Telephone	170.63	76.44
Printing & Stationery	52.50	44.57
Provision for Doubtful Debts	9.55	14.90
Donation	1.36	1.28
Insurance	59.84	21.47
Legal & Professional Charges	656.82	166.27
Analytical Charges	5.34	1.56
Loss on Assets Sold	2.35	3.58
Merger Expenses	-	2.79
Amounts Written Off (Net)	42.32	3.47
Exchange Fluctuation	1,177.39	-
Miscellaneous Expenses	799.16	234.43
	10,563.39	**3,530.30**

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE - 18
ACCOUNTING POLICIES

a) Basis of preparation of Financial Statements:

The financial statements are prepared under the historical cost convention on accrual basis and in accordance with the generally accepted accounting principles in India and comply with the mandatory Accounting Standard issued by the Institute of Chartered Accountants of India and the relevant provisions of the Company Act, 1956 unless otherwise specified hereinafter.

b) Use of Estimates:

Preparation of financial statements in conformity with generally accepted accounting principles, requires estimates and assumption to be made, that affect reported amounts of assets and liabilities on the date of financial statements and reported amount of revenues and expenses during the reported period. Actual results could differ from these estimates and differences between the actual results and estimates are recognized in the period in which results are known / materialized.

c) Fixed Assets:

Tangible assets are stated at cost of acquisition, installation or construction including other direct expenses, less accumulated depreciation.

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 except some of the brands which are revalued, are recorded at cost and are carried at cost / revalued amount less accumulated amortisation and accumulated impairment losses, if any.

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) 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% p.a.

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.

v) Depreciation is not provided in respect of assets held for sale.

f) 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 period 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.

g) Borrowing Costs:

Borrowing cost attributable to the acquisition or construction of qualifying assets is capitalised 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.

h) Inventories:

i) Raw materials, packing materials, finished/traded goods are valued at cost or net realisable value whichever is lower.
ii) Works in process are valued at estimated cost.
iii) Fuels are valued at cost.

SCHEDULES FORMING PART OF THE ACCOUNTS

iv) Samples are valued at cost.

i) 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) Expenses incurred for acquisition of investment has been added to cost of investment.

iii) Investments in foreign currency are stated at cost by converting at exchange rate prevailing, at the time of acquisition/ remittance.

j) Foreign Currency Transactions:

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction.

The net gain or loss on account of exchange differences arising on settlement of foreign currency transactions are recognised as income or expenses of the period in which they arise.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported using the rate prevailing as on that date. The resultant exchange differences are recognised in the profit and loss account.

Exchange difference on derivative contracts is recognised in the profit and loss account to the extent amount paid / payable under such contracts during the period.

k) Revenue Recognition:

Revenue on sales is recognised when risk and rewards of ownership of products are passed on to customers, which are generally on dispatch of goods. Incomes from services are recognised when services are rendered. Sales are net of discounts, sales tax and returns; excise duty collected on sales is shown by way of deduction from sales.

Dividend income is recognised when right to receive dividend is established and there is no uncertainty as to its realisability.

Revenue in respect of other income is recognised when a reassonable certainty as to its realisation exists

l) Export Benefits:

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

m) Excise and Custom Duty:

Excise and custom duty is accounted on the basis of payment made in respect of goods cleared and provision is made for goods lying in bonded warehouse.

n) 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 utilisations.

o) Research and Development:

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

p) Employee Benefits:

i) Short Term Employee Benefits:

Short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised undiscounted during the period employee renders services.

SCHEDULES FORMING PART OF THE ACCOUNTS

ii) Post Employment Benefits:

Company's contribution for the period paid / payable to defined contribution retirement benefit schemes are charged to Profit and Loss Account.

Company's liability towards defined benefit plan viz. gratuity is determined using the Projected Unit Credit Method as per the actuarial valuation carried out at the balance sheet date.

q) Operating Leases:

Assets taken on lease under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating leases are recognised as expenses on accrual basis in accordance with respective lease agreements.

r) Accounting for Tax:

Current tax and Fringe benefit tax are accounted on the basis of Income Tax Act, 1961.

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 crystallise. Deferred tax assets are recognized to the extent of deferred tax liabilities, if any, as a matter of prudence.

MAT Credit Entitlement as per the provisions of Income Tax Act, 1961 is treated as an asset by credit to the Profit & Loss Account.

s) 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.

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE – 19

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.74. 98 Lacs (Rs. 2.15 Lacs).

b) Bank Guarantees issued Rs. 2.70 Lacs (Rs. 1.55 Lacs).

c) Disputed demands by Income Tax Authorities Rs. 62.13 Lacs (Rs. 62.13 Lacs). Amount paid there against and included under the head Loans and Advances Rs. 62.13 Lacs (Rs. 62.13 Lacs).
Disputed demands by Sales Tax Authorities Rs. 33.27 Lacs paid under protest Rs.13.32 Lacs.

d) Bank Letter of Credit outstanding at the period-end Rs. 2,170.54 Lacs (Rs. 284.23 Lacs).

e) Claims against the Company not acknowledged as debts Rs. 660.55 Lacs (Rs. 1,150.18 Lacs).

f) Export obligation for import under 'Advance License' Rs. Nil (Rs. 44.09 Lacs).

g) Guarantees given to banks/financial institutions for loans given to subsidiaries Rs 27,116.00 Lacs (Rs. 19,767.60 Lacs).

h) Guarantees given to banks/financial institution for loans given to Associate Company Rs 2,700 Lacs (Rs. Nil). Loans outstanding at the period end Rs.1,925.25 Lacs (Rs. Nil).

2. The Company operates solely in the pharmaceuticals segment and hence no separate disclosure for segment wise information is required.

3. Merger of The Pharmaceutical Products of India Limited:

Pursuant to the scheme of Revival cum Merger (the Scheme) approved vide order Dated 24th April, 2007 by the Board for Industrial and Financial Reconstruction (BIFR) u/s.18 and other applicable provisions of the Sick Industrial Companies (special provisions) Act, 1985 (SICA) in the previous year ended 31st March, 2007, The Pharmaceutical Products of India Ltd (PPIL) had been merged with the Company w.e.f. 1st April, 2006, being the appointed date.

Subsequently in response to a suit filed by one of the unsecured creditors of erstwhile PPIL, challenging the scheme, the Honorable Supreme Court vide its order dated 16th May,2008 has set aside the above referred BIFR order and remitted the matter back to the BIFR for considering afresh as per the provisions of SICA. The Company has filed a review petition before the Supreme Court against the above referred order and is awaiting a response from the Supreme Court.

The Company has been legally advised to maintain status quo with respect to the merger under the said scheme and should take further steps as per the fresh BIFR order/directives.

In view of the above, the Company has maintained a status quo and the accounts continue to be drawn as per the Scheme and include the operations of erstwhile PPIL. All actions taken by the Company pursuant to the sanctioned scheme shall remain subject to and without prejudice to the orders that may be passed by the BIFR while considering the case afresh pursuant to the directions of the Honorable Supreme Court in its order dated 16th May, 2008.

4. **Merger of Doctors Organic Chemicals Limited**:

a) Pursuant to the Scheme of Revival cum Amalgamation (the Scheme) u/s 18 and other applicable provisions of Sick Industrial Companies (Special Provision) Act, 1985 effective from 1st April, 2007 (the Appointed Date), The Doctors Organic Chemicals Limited (DOCL) has been merged in Wanbury Ltd.(the Company).

SCHEDULES FORMING PART OF THE ACCOUNTS

b) The Scheme, is approved by Board for Industrial and Financial Reconstruction, New Delhi, on 4th May, 2007 and filed with ROC on 7th May, 2007. DOCL and the Company has been in the business of Pharmaceuticals.

c) In terms of the Scheme, all the assets and liabilities of DOCL have been transferred and stand vested with the Company with effect from the Appointed Date.

d) Thereafter, Amalgamation has been accounted for under the 'Purchase Method' as prescribed by Accounting Standard 14 on 'Accounting for Amalgamation' issued by the Institute of Chartered Accountants of India. Accordingly the assets and liabilities of DOCL have been taken over as on the Appointed Date, at values as determined by the Company.

e) Accordingly, the Amalgamation has resulted in transfer of assets and liabilities in accordance with the Scheme at the following summarised values:

Particulars	**(Rs. in Lacs)**
Fixed Assets (Net)	6,182.53
Current Assets	2,441.40
Total Assets	**8,623.93**
Less: Loans	6,583.21
Less: Current Liabilities & Provision	1,267.35
Total Liabilities	**7,850.56**
Net Assets Taken over	**773.37**
Consideration for Amalgamation:	
7, 85,557 Equity Shares in the ratio of 1 Equity Share of Wanbury Ltd for every 6 Equity Shares of DOCL.	78.56
	694.81
Stock of Stores and Spares written off to align with the accounting policy of the Company	204.04
Balance transfer to Capital Reserve	**490.77**

f) The Company's investments in DOCL have been sold at cost before giving effect to the scheme.

5. Interest expenses include on fixed period loan Rs. 1,351.42 Lacs (Rs. 169.95 Lacs). Interest expense is net off interest income amounting to Rs. 306.86 Lacs (Rs. 165.30 Lacs).

6. Some of the balances of debtors, creditors, loans and advances are subject to confirmation/ reconciliation and adjustments, if any.

7. The Company has fully utilised till the period end an amount of Rs. 4,402.35 Lacs (US $ 100 Lacs), which was raised through GDR issue in earlier year.

8.a) The Company has issued on 20th April 2007, 800 Nos. 1% Unsecured Foreign Currency Convertible A Bonds ("**A Bonds**")and 700 Nos. 1% Unsecured Foreign Currency Convertible B Bonds (**"B Bonds"**) of face value of EURO 10,000 each maturing on 23rd April, 2012 and 17th December, 2012 respectively.

The **A Bonds** are convertible at the option of the holders of such bonds, unless previously redeemed or purchased and cancelled, into equity shares of Rs. 10 each at a premium of Rs. 128.43, being conversion price of Rs. 138.43 at a fixed exchange rate of Rs. 57.22 to EURO 1 and such option is exercisable till 9th March, 2012.

The **B Bonds** are convertible at the option of the holders of such bonds, unless previously redeemed or purchased and cancelled, into equity shares of Rs. 10 each at a premium of Rs. 128.43, being reset conversion price of Rs. 138.43 at a fixed exchange rate of Rs. 57.22 to EURO 1 and such option is exercisable till 5th November, 2012.

The Company may, at the option of any holders of any Bonds, repurchase at the Early Redemptions Amount, together with accrued and unpaid interest.

A Bonds and the B Bonds are bearing interest @ 1 % p.a. payable semi annually and Yield To Maturity of 7.5 % p.a. compounded semi annually.

b) The pro-rata premium payable on redemption and issue expenses is charged to Securities Premium Account.

SCHEDULES FORMING PART OF THE ACCOUNTS

c) During the period holders of 128 "A Bonds" have exercised conversion option and hence 5,29,085 equity shares of Rs. 10 each have been allotted at a premium of Rs 128.43 and the balance of 672 "A bonds" & 700 "B bonds" have been included and disclosed in the schedule of "Unsecured Loans" (Schedule 5).

d) Out of the proceeds from the FCCB issue Rs. 8,092.57 Lacs have been utilised till the period end for the purposes mentioned in the offering circular dated 25th April, 2007 and balance amount of Rs. 434.93 Lacs remains deposited with the bank.

9. Disclosure of Sundry Creditors under Current Liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprises Development Act, 2006" and relied upon by the auditors. Amount outstanding (not overdue) as on 30th September, 2008, to Micro, Small and Medium Enterprises on account of principal amount aggregate to Rs. 180.01 Lacs (Rs. Nil) and interest Rs. Nil (Rs. Nil) and interest paid during the period Rs. Nil (Rs. Nil).

10. Considering deductions available under the provisions of the Income Tax Act, 1961 during the year MAT liability has been provided, which is eligible for setoff in subsequent years. The same has been treated as recoverable and shown as MAT Credit Entitlement. Provision for the current tax includes Rs.1.22 Lacs (Rs. 0.65 Lac) for wealth tax.

11. The deferred tax assets/(liabilities) arising out of timing differences comprise of the followings major components:

	30.09.2008 (Rs. in Lacs)	31.03.2007 (Rs. in Lacs)
Liabilities:		
Depreciation	(592.40)	(926.40)
Assets:		
Leave Encashment	63.18	9.62
Gratuity	46.21	41.91
Unabsorbed Depreciation	706.14	162.50
Unabsorbed Business Loss	909.48	1,848.75
Others	9.04	136.14
	1,734.05	2,198.92
Restricted to	(592.40)	(926.40)
Net Deferred Tax Assets (Liabilities)	Nil	Nil

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

	30.09.2008 (Rs. in Lacs)	31.03.2007 (Rs. in Lacs)
Opening Balance	Nil	15.20
Add: Incurred in the current year :		
- Salaries and allowances	92.59	41.51
- Contribution to funds	0.76	2.71
- Rent	Nil	0.90
- Interest on Fixed Period Loans	274.79	41.92
- Loan Processing Fees	10.00	Nil
Total	**378.14**	**102.24**
Less: Capitalised to fixed assets	378.14	102.24
Closing Balance	**Nil**	**Nil**

13. 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

SCHEDULES FORMING PART OF THE ACCOUNTS

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:

Year to which the Dividend relates	**2006-07**	**2005-06**
Number of non-resident shareholders	110	51
Number of shares held by them	41,45,333	46,10,989
Amount of dividend (Rs. in Lacs)	82.91	69.16

14. (a) Managerial Remunerations:

	30.09.2008 (Rs. in Lacs)	**31.03.2007** (Rs. in Lacs)
Salary & Allowances	199.97	72.48
Contribution of P.F. & Other Funds	13.38	6.12
TOTAL	**213.35**	**78.60**

Note: 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.6.06 Lacs (Rs.1.28 Lacs).

c) Computation of Net Profit u/s 349 of the Companies Act, 1956

	30.09.2008 (Rs. in Lacs)	**31.03.2007** (Rs. in Lacs)
Profit Before Tax	3,041.86	1,534.12
Add: Remuneration to Dy. Managing & Executive Director	213.35	78.60
Director' Sitting Fees	6.06	1.28
Loss on sale of Fixed Assets	2.35	3.58
Net Profit as per Section 349	3,263.62	1,617.58

15. Other Expenses includes:

	30.09.2008 (Rs. in Lacs)	**31.03.2007** (Rs. in Lacs)
a) Auditors' Remuneration		
- Audit Fees	8.50	6.00
- Tax Audit Fees	Nil	0.17
- Certification & Other Matters	9.59	2.63
- Out of Pocket Expenses	0.29	0.03
TOTAL	**18.38**	**8.83**
b) Cost Audit Fees	0.75	0.50

Note: Above figures are exclusive of service tax.

SCHEDULES FORMING PART OF THE ACCOUNTS

16. a) Earning in Foreign Currency :

	30.09.2008 (Rs. in Lacs)	31.03.2007 (Rs. in Lacs)
FOB Value of Exports	17,811.07	7,178.19
Freight, Insurance etc.	829.44	492.14
Bank Deposit Interest	88.75	5.91

b) CIF Value of Imports:

	30.09.2008 (Rs. in Lacs)	31.03.2007 (Rs. in Lacs)
Raw Materials (including High Seas purchases)	4,972.51	1,460.74
Capital Goods	66.99	10.37

c) Expenditure in Foreign Currency (Net of reimbursements):

	30.09.2008 (Rs. in Lacs)	31.03.2007 (Rs. in Lacs)
Interest	343.57	97.75
Commission expense	116.47	29.26
Legal & Professional Fees	4.25	24.10
FCCB Issue Expenses (Adjusted against Securities Premium Account)	51.17	Nil
Other Expenses (including travelling and business promotion)	116.31	68.76

17. Earning Per Share :

Calculation of basic and diluted earnings per Equity Share is as under:	30.09.2008 (Rs. in Lacs)	31.03.2007 (Rs. in Lacs)
Profit after Tax - Rs. in Lacs	2,977.60	2,082.63
Number of Equity Shares:		
- Weighted Average Number of Equity Shares	1,44,96,759	1,33,09,976
Nominal value of Equity Share in Rs.	10.00	10.00
Earning Per Share (Basic & Diluted) Rs.	20.54	15.65

The market price of the equity shares of the Company being less than the exercise price in respect of various outstanding options to subscribe to equity shares, the outstanding options as at the period end are considered to be anti dilutive.

18**. Employee Benefits**

(i) The Company has adopted Accounting Standard- 15 (Revised 2005) 'Employee Benefits' issued by the Institute of Chartered Accountants of India applicable from 1st April, 2007. There is no transitional liability as on 1st April, 2007.

(ii) **Defined Contribution Plans**

The Company offers its employees defined contribution plans in the form of Provident Fund (PF) and Employees' Pension Scheme (EPS) with the government, and certain state plans such as Employees' State Insurance (ESI). PF and EPS cover substantially all regular employees and the ESI covers certain workers. Contributions are made to the Government's funds. While both the employees and the Company pay predetermined contributions to the Provident Fund and the ESI Scheme, contributions

SCHEDULES FORMING PART OF THE ACCOUNTS

to the pension fund is made only by the Company. The contributions are normally based on a certain proportion of the employee's salary.

During the year, the Company has recognised the following amounts in the Account:

	(Rs. in Lacs)
Provident Fund, Employee's Pension Scheme and MLWF	222.05
Employees State Insurance	7.19
Super Annuation Fund	6.03
TOTAL	**235.27**

(iii) **Defined Benefit Plans**

Gratuity:

The Company makes annual contributions to the Employees' Group Gratuity-cum Life Assurance (Cash Accumulation) Scheme of the LIC, a funded defined benefit plan for qualifying employees. The scheme provides for payment to vested employees as under:

a. On normal retirement / early retirement / withdrawal / resignation:
As per the provisions of Payments of Gratuity Act, 1972 with vesting period of 5 years of service.

b. On the death in service:
As per the provisions pf Payment of Gratuity Act, 1972 without any vesting period.

iv) **Death Benefit:**

The Company provides for death benefit, a defined benefit plan ,(the death benefit plan) to certain categories of employees .The death benefit plan provides a lump sum payment to vested employees on Death, being compensation received from the insurance company and restricted to limits set forth in the said plan. The death benefit plan is non-funded.

Disclosures for defined benefit plans based on actuarial reports as on 30th September, 2008.

		Gratuity (Funded Plan) (Rs. in Lacs)
a)	Changes in Defined Benefit Obligation	
	Opening defined benefit obligation	121.46
	Current service cost	54.66
	Interest cost	14.57
	Actuarial loss / (gain)	(21.12)
	Liabilities settled on sale of business	Nil
	Benefit (paid)	(18.55)
	Closing defined benefit obligation	151.02
b)	Changes in Fair Value of Assets	
	Opening fair value of plan assets	5.67
	Expected return on plan assets	1.28
	Actuarial gain / (loss)	(0.62)
	Contributions of employer	27.30
	Assets distributed on sale of business	Nil
	Benefits (paid)	(18.55)
	Closing fair value of plan assets	15.08
c)	Amount recognised in the Balance Sheet	
	Present value of the obligations as at year end	151.02

SCHEDULES FORMING PART OF THE ACCOUNTS

	Fair value of the plan assets as at year end	15.08
	Amount not recognised as an asset	Nil
	Net (asset) / liability recognised as on 30th September, 2008	135.94
d)	Expenses recognised in the Profit and Loss Account	
	Current service cost	54.66
	Interest on defined benefit obligation	14.58
	Expected return on plan assets	(1.28)
	Net actuarial loss / (gain) recognized in the current year	(20.50)
	Effect of the limit in Para 59(b) of the revised AS 15	Nil
	Total expense	47.46
e)	Asset information	
	Government of India Securities	-
	Corporate Bonds	-
	Special Deposit Scheme	-
	Others – Policy with LIC	100%
f)	Principal actuarial assumptions used	
	Discount rate (p.a.)	8%
	Expected rate of return on plan assets (p.a.)	8.5%
	Annual increase in salary cost (p.a.)	6%

The estimate of future increase in compensation levels, considered in the actuarial valuation, have been taken on account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

As this is the first year in which AS 15 (Revised) has been applied the amounts of the present value of the obligation, fair value of the plan assets, surplus or deficit in the plan and experience adjustment arising on plan liabilities and plan assets for the previous year have not been furnished.

19. In terms of the requirements of the Accounting standards-28 on "Impairment of Assets" issued by the Institute of Chartered Accountants of India, the amount recoverable against Fixed Assets has been estimated for the period end by the management based on the present value of estimated future cash flows expected to arise from the continuing use of such assets. The recoverable amount so assessed was found to be adequate to cover the carrying amount of the assets, therefore no provision for impairment in value thereof has been considered necessary, by the management.

20. The Company has entered into Derivatives structure for hedge purpose and not intended for trading or speculation. The period end foreign currency exposures that have been hedged by a derivative instrument or otherwise are as below:

Currency	Buy or Sell	Cross Currency	Amount in US $	
			As At 30.9.2008	As At 31.3.2007
US $	Sell	Indian Rupees	489.50 Lacs	Nil

And Currency Swap for a notional amount of USD 77 Lacs (Nil).

Note: FCCB of Euro 137.20 Lacs are convertible at a fixed exchange rate (refer note no.8 above).

SCHEDULES FORMING PART OF THE ACCOUNTS

The period end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as below:

Particulars	Foreign Currency Denomination	Foreign Currency Amount in Lacs	Indian Rupees equivalent in Lacs
Assets			
Trade Receivables	US$	Nil	Nil
		(28.20)	(1,229.16)
	EURO	7.39	501.10
		(Nil)	(Nil)
	GBP	0.70	59.47
		(Nil)	(Nil)
Loans and Advances	GBP	0.04	3.19
		(0.19)	(16.54)
	EURO	10.36	702.80
		(0.22)	(12.68)
Advance pending allotment of shares	US$	Nil	Nil
		(12.97)	(591.43)
	EURO	89.61	5,378.04
		(10.38)	(3,279.25)

Particulars	Foreign Currency Denomination	Foreign Currency Amount in Lacs	Indian Rupees equivalent in Lacs
Trade Payables	US$	20.27	951.33
		(3.93)	(171.18)
	EURO	0.16	10.68
		(Nil)	(Nil)
Secured Loans	US$	7.15	335.38
		(54.83)	(2,390.04)
Unsecured Loans	EURO	137.20	9,300.79
		(Nil)	(Nil)
Interest accrued but not due	US$	0.12	5.51
		(0.55)	(23.76)

Mark to Market loss is Rs. 3,447.53 Lacs in respect of foreign currency derivative instruments outstanding as at 30th September, 2008, which has not been accounted for in the books of account. The management is of the view that application of AS-30 "Financial Instrument Recognition and Measurement" is not mandatory for the financial period under report and therefore the losses, if any, will be accounted for as and when they crystallise.

21. Disclosure for operating leases under Accounting Standard 19-"Accounting for Leases":

The Company has taken various residential /godowns / office premises (including furniture and fittings, therein as applicable) under operating lease or leave and license agreements. These are generally not non-cancellable and range between 11 months and 3 years under leave and licence, or longer for other leases and are renewable by mutual consent on mutually agreeable terms. The Company has given refundable interest free security deposits in accordance with the agreed terms. The lease payments are recognised in the Profit and Loss Account under "Rent, Rates & Taxes" under Schedule-17

SCHEDULES FORMING PART OF THE ACCOUNTS

The future lease payments and payment profile of non cancellable operating leases are as under:

	30.09.2008 Rs. in Lacs	31.03.2007 Rs. in Lacs
Not later than one year	166.78	124.04
Later than one year but not later than five years	244.33	310.50
Later than five years	Nil	Nil

22. Advance for investment to Wanbury Holding B.V, a subsidiary company, consists of expenses incurred /payment made to/ on behalf of aforesaid subsidiary amounting to Rs. 5,422.10 Lacs (Rs. 4,310.25 Lacs) which are intended to be adjusted against the value of the Ordinary Shares to be issued by the aforesaid subsidiary.

23. Disclosure required by clause 32 of the listing agreement (as certified by management) :

a) Interest free Advances in the nature of loans to:

Particulars	Outstanding as on 30.09.2008	Maximum balance outstanding during the period
Doctors Organic Chemicals Ltd.	Nil	Rs. 5,382.04 Lacs
(Merged with the Company during the period)	(Rs. 5,382.04 Lacs)	(Rs. 5,382.04 Lacs)
Cantabria Pharma SL	Rs. 702.80 Lacs	Rs. 702.80 Lacs
- a subsidiary company	(Rs. Nil)	(Rs. Nil)
Ningxia Wanbury Fine Chemicals Co. Ltd.	Rs. 67.20 Lacs	Rs. 67.20 Lacs
- a subsidiary company	(Rs. Nil)	(Rs. Nil)

b) Interest bearing Advances in the nature of loans to:

Particulars	Outstanding as on 30.09.2008	Maximum balance outstanding during the period
Bravo Healthcare Ltd.	Rs.1,272.03	Rs.1,272.03 Lacs
	(Rs. 26.01 Lacs)	(Rs. 26.01 Lacs)
Expert Chemicals India Pvt. Ltd.	Rs. 556.99 Lacs	Rs. 556.99 Lacs
	(Rs.Nil)	(Rs.Nil)

Notes:

i) Above advances are repayable on demand.

ii) Loans and Advances to employees/customers and investments by such employees/customers in the shares of the Company if any are excluded from the above disclosure.

SCHEDULES FORMING PART OF THE ACCOUNTS

c) Investment by loanee in the shares of

	No. of Shares	Amount
- the Company	25,76,630	Rs. 1,662.80 Lacs
	(Nil)	(Nil)
- its Subsidiary Company	900	Rs. 31.04 Lacs[1]
	(900)	(Rs. 31.04 Lacs[1])

[1] Equivalent to Euro 54,000

24. Related Party Disclosure: (With whom the transactions have taken place)

A. Relationship:

Category 1: Major Shareholders:
- Kingsbury Investment Inc.
- Expert Chemicals (India) Pvt. Ltd.
- Magnum Equifin Pvt. Ltd.

Category 2: Subsidiary Companies:
- Wanbury Holding B. V. (Netherlands)
- Cantabria Pharma S. L. (Spain)
- Ningxia Wanbury Fine Chemicals Co. Ltd (China)

Category 3: Associate Companies
- Wanbury Infotech Pvt. Ltd.
- Bravo Healthcare Limited (from 01.04.2007)

Category 4: Key Management Personnel and their relatives:
- Mr. K. Chandran — Whole-time Director
- Mr. K. R. N. Moorthy — Deputy Managing Director

SCHEDULES FORMING PART OF THE ACCOUNTS

B. Transactions carried out with related parties:

Sr. No	Transactions	Related Party Relation	30.09.2008 Rs. in Lacs	31.03.2007 Rs. in Lacs
1)	**Advances Given:**			
	- Doctors Organic Chemicals Ltd. (Merged with the Company during the period)	Associated Company	Nil	3,131.15
2)	**Inter Corporate Deposits Taken:**			
	- Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	80.13	150.00
3)	**Repayment of Inter Corporate Deposits Taken:**			
	- Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	291.68	618.00
4)	**Inter Corporate Deposits Given:**			
	- Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	614.42	Nil
	- Cantabria Pharma SL	Subsidiary Company	785.56	Nil
	. - Bravo Healthcare Ltd,	Associated Company	1813.95	Nil
5)	**Repayment of Inter Corporate Deposits Given:**			
	- Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	99.87	Nil
	- Cantabria Pharma SL	Subsidiary Company	431.42	Nil
	- Bravo Healthcare Limited	Associated Company	567.93	Nil
6)	**Expenses Reimbursed from:**			
	- Doctors Organic Chemicals Ltd. .	Associated Company	Nil	437.26
	(Merged with the Company during the period)			
	- Cantabria Pharma SL	Subsidiary Company	422.81	Nil
	- Ningxia Wanbury Fine Chemicals Co. Ltd	Subsidiary Company	67.20	Nil
	- Bravo Healthcare Limited	Associate Company	73.18	Nil
7)	**Remuneration paid:**			
	- Mr. K. R. N. Moorthy	Key Management Personnel	126.13	57.00
	- Mr. K. Chandran	Key Management Personnel	87.23	18.00
	- Mr. Pradeep Patil	Key Management Personnel	Nil	1.20
	- Mr. Shashi Nambiar	Key Management Personnel	Nil	1.20
	- Mr. Sunil Kotyankar	Key Management Personnel	Nil	1.20
8)	**Rent Paid:**			
	- Mrs. Prabha K. Chandran	Key Management Person's relatives	9.00	6.00
9)	**Advances given for Investment**			
	- Wanbury Holding B. V.	Subsidiary Company	1,111.85	4,310.25
10)	**Investment**			
	- Wanbury Holding B. V.	Subsidiary Company	3,018.81	10.84
	- Ningxia Wanbury Fine Chemicals Co. Ltd	Subsidiary Company	5.29	Nil
	- Bravo Healthcare Limited	Associate Company	53.40	Nil

SCHEDULES FORMING PART OF THE ACCOUNTS

11)	**Sales**			
	- Doctors Organic Chemicals Ltd. . (Merged with the Company during the period)	Associated Company	Nil	151.97
	Bravo Healthcare Limited	Associated Company	134.85	Nil
12)	**Purchase of materials**			
	- Doctors Organic Chemicals Ltd. . (Merged with the Company during the period)	Associated Company	Nil	473.68
	- Ningxia Wanbury Fine Chemicals Co. Ltd.	Subsidiary Company	592.91	Nil
	- Bravo Healthcare Limited	Associated Company	417.10	Nil
13)	**Dividend**			
	- Kingsbury Investment Inc.	Major Shareholders	60.48	45.36
	- Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	51.53	30.26
	- Magnum Equifin Pvt. Ltd.	Major Shareholders	10.01	7.50
14)	**Amount Receivable as contribution to Equity Shares**			
	- Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	Nil	750.00
15)	**Technical Know-how Fees**			
	- Doctors Organic Chemicals Ltd.	Associated Company	Nil	280.60
	- Bravo Healthcare Ltd.	Associated Company	280.90	Nil
16)	**Interest Income**			
	- Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	42.44	Nil
	- Bravo Healthcare Ltd.	Associated Company	176.98	Nil
17)	**Information Technology Services taken**			
	- Wanbury Infotech Pvt. Ltd.	Associated Company	93.80	Nil
18)	**Gain From One Time Settlement of SBI Dues**			
	- Bravo Healthcare Ltd.	Associated Company	280.51	Nil
19)	**Job work Expenses**			
	- Bravo Healthcare Ltd.	Associated Company	6.15	Nil
20)	**Allotment of Equity Shares pursuant PPIL Merger Scheme**			
	Expert Chemicals (India) Pvt. Ltd.	Associated Company	55.56	Nil
21)	**Expenses Reimbursed from:**			
	- Bravo Healthcare Limited	Associated Company	0.96	Nil

C. Balances due from / to related parties:

Sr. No	Transactions	Related Party Relation	30.09.2008 Rs. in Lacs	31.03.2007 Rs. in Lacs
1)	**Inter Corporate Deposits Taken:**			
	- Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	Nil	211.54
2)	**Inter Corporate Deposits Given:**			
	- Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	556.99	Nil
	- Cantabria Pharma SL	Subsidiary Company	381.67	Nil
	- Bravo Healthcare Ltd	Associated Company	1,272.03	Nil
3)	**Loans and Advances Given:**			
	- Ningxia Wanbury Fine Chemicals Co. Ltd	Subsidiary Company	67.20	Nil
	- Cantabria Pharma SL	Subsidiary Company	321.13	Nil
4)	**Sundry Creditors / Other Liabilities:**			
	- Wanbury Infotech Pvt. Ltd.	Associated Company	6.71	Nil
	- Ningxia Wanbury Fine Chemicals Co. Ltd.	Subsidiary Company	78.27	Nil

SCHEDULES FORMING PART OF THE ACCOUNTS

5)	**Advances for Investment**			
	- Doctors Organic Chemicals Ltd. (Merged with the Company during the period)	Associated Company	Nil	5,382.05
	- Wanbury Holding B.V.	Subsidiary Company	5,422.10	4,310.25
6)	**Amount Receivable as contribution to Equity Shares**			
	- Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	Nil	750.00
7)	**Technical Know-how fees Receivable**			
	- Bravo Healthcare Ltd	Associated Company	280.90	Nil

25. Assets held for disposal:

As per the scheme of rehabilitation and merger approved by BIFR, erstwhile PPIL is required to sale office premises at Saki Naka, Mumbai and R & D premises at Turbhe, Navi Mumbai in settlement of part dues of secured and unsecured creditors mentioned in the aforesaid scheme. Consequently, the said assets are held for disposal and stated at cost since estimated realisable value is higher than cost and included in fixed assets as follows:

Particulars	Gross Block	Accumulated Depreciation	Net Block
1. Office Building	243.00	46.46	196.54
	(243.00)	(46.46)	(196.54)
2. R & D Building	400.21	223.17	177.04
	(400.21)	(223.17)	(177.04)

26. Consumption of Materials

a. Consumption of Raw Materials and Packing Materials

Item	Unit	30.09.2008		31.03.2007	
		Qty.	**Rs. in Lacs**	**Qty.**	**Rs. in Lacs**
DCDA	M.T.	6,633.22	5,394.98	2,374	1,358.86
DMA Hcl	M.T.	7,542.53	3,660.22	2,670	1,472.44
Salicylic Acid	M.T.	57.85	66.59	40	41.00
Methanol	M.T.	4,020.09	635.33	1,255	277.46
Others			5,450.71		976.86
			15,207.83		**4,126.62**
		%		%	
Imported (including High Sea purchases)		37.97	5,775.62	37.98	1,358.86
Indigenous		62.03	9,432.21	62.02	2,767.76
		100.00	**15,207.83**	**100.00**	**4,126.62**

b. Consumption of Stores & Spares :

	%		%	
Imported	0.00	Nil	0.00	Nil
Indigenous	100.00	317.72	100.00	191.99
	100.00	**317.72**	**100.00**	**191.99**

SCHEDULES FORMING PART OF THE ACCOUNTS

Details of Installed Capacity and Production:

Class of Goods	Units of Measurement	Installed Capacity Quantity	Production Quantity
Bulk Drugs	M.T.	8,134 p. a.	10,910.53
		(4,274) p. a.	(4,275.56)
Formulation			
-Tablets	No. in Lacs	5400 p.a.	Nil
		(5400) p.a.	(Nil)
- Capsules	No. in Lacs	2100 p.a.	Nil.
		(2100) p.a.	(Nil)
-Dry Syrup (60 ML)	No. of Bottles in Lacs	60 p.a.	Nil
		(60) p.a.	(Nil)
-Sachets (3&5 gm)	No. in Lacs	72 p.a	Nil.
		(72) p.a.	(Nil)
-Sachets (22 gm)	No. in Lacs	60 p.a	Nil.
		(60) p.a.	(Nil)

Notes :

1) In terms of Press Note No. 4 (1994 series) Dated 25.10.1994 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 excludes manufactured for others on job work basis.
3) Installed capacities, being a technical matter, have not been verified by the Auditors.

27. Details of Closing Stocks of Finished/ Traded Goods:-

Class of Goods	Units of Measurement	30.09.2008 Qty.	30.09.2008 Rs. in Lacs	31.03.2007 Qty.	31.03.2007 Rs. in Lacs	31.03.2006 Qty.	31.03.2006 Rs. in Lacs
Bulk Drugs	M. T.	173.09	579.49	55.95	71.37	64.96	76.34
Formulations:							
- Liquids	Kilo Ltrs.	39.95	89.99	46.71	91.35	30.68	81.07
- Tablets	No. in Million	12.12	287.71	9.04	109.24	8.29	93.03
- Vials	No. in Million	0.32	72.62	0.07	3.13	0.01	1.47
- Capsules	No. in Million	8.80	163.25	3.46	87.68	0.39	9.26
- Ampoule	No. in Million	0.26	66.28	Nil	Nil	Nil	Nil
- Powders	Tones	3.01	9.09	7.69	10.77	6.38	16.93
- Liquids	Kilo Ltrs.	0.84	2.03	2.20	5.66	1.00	2.80
Total			**1,270.46**		**379.20**		**280.90**

SCHEDULES FORMING PART OF THE ACCOUNTS

28.Details of Purchases & Sales of Finished/Traded Goods:

Class of Goods	Units of Measurement	Purchases		Sales	
		Quantity	Rs. in Lacs	Quantity	Rs. in Lacs
Bulk Drugs :	M. T.	152.35	322.27	11,008.58	23,036.30
		(156.51)	(1,875.44)	(4,499.03)	(9,275.57)
Formulations:					
- Liquids	Kilo Ltrs.	508.63	945.96	518.68	2,428.81
		(280.34)	(515.82)	(256.10)	(1,197.68)
- Tablets	No. in Million	126.44	1,523.90	104.43	4,716.43
		(65.18)	(694.87)	(61.19)	(2,005.78)
- Vials	No. in Million	0.79	150.66	0.50	367.07
		(0.29)	(11.29)	(0.15)	(17.72)
- Capsules	No. in Million	102.34	1,566.17	96.40	6,070.04
		(22.27)	(568.03)	(18.14)	(1,241.15)
- Ampoule	No. in Million	0.68	256.46	0.53	370.54
		(Nil)	(Nil)	(Nil)	(Nil)
Processed Foods					
- Powders	Tonnes	94.13	215.76	77.52	404.91
		(50.64)	(131.31)	(43.65)	(227.79)
- Liquids	Kilo Ltrs.	4.65	13.03	5.56	26.38
		(2.94)	(7.24)	(2.29)	(10.98)
- Others			178.19		971.51
			(205.14)		(406.08)
TOTAL			**5,172.40**		**38,391.98**
			(4,009.14)		**(14,382.75)**

Notes:

a. Purchase of Formulation goods for resale includes Rs. 115.74 Lacs (Rs. 86.63 Lacs) on account of free replacements.
b. Sales exclude free replacements / offers.

29. Figures for the current period, being for eighteen months, are not strictly comparable with those of the previous year, which are for twelve months.

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

Signatures to Schedules 1 to 19

As per our attached report of even date
For KAPOOR & PAREKH ASSOCIATES
Chartered Accountants

NIKHIL PATEL
Partner
Mumbai, 31st December, 2008

ASHOK SHINKAR
Director-Corporate Finance

For and on behalf of the Board

K. CHANDRAN
Whole-time Director

K.R.N. MOORTHY
Deputy Managing Director

GIRISH JUNEJA
Vice President-Finance

PANKAJ B. GUPTA
Company Secretary

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.	48455	State Code	11
Balance Sheet Date	30 (Date) 09 (Month) 08 (Year)		

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

Public Issue	19419	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

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

Total Liabilities	4300128	Total Assets	4300128
Sources of Funds			
Paid-up Capital	146893	Reserves & Surplus	1422251
Secured Loans	1728261	Unsecured Loans	1002723
Deffered Tax Liability	NIL	Share Cap Suspense	NIL
Application of Funds			
Net Fixed Assets	1963873	Investments	851135
Net Current Assets	1485120	Misc. Expenditure	NIL

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

Turnover	4028117	Total Expenditure	3723931
Profit Before Tax	304186	Profit After Tax	297760
Earning Per Share in Rs.	20.54	Dividend Rate %	5%

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

Product Description	Item Code No. (ITC Code)
METFORMIN	2942.08
SALSALATE	2942.08
FORMULATION	2108.99

For and on behalf of the Board

K. CHANDRAN
Whole-time Director

K.R.N. MOORTHY
Deputy Managing Director

ASHOK SHINKAR
Director-Corporate Finance

GIRISH JUNEJA
Vice President-Finance

PANKAJ B. GUPTA
Company Secretary

Mumbai, 31st December, 2008

CONSOLIDATED FINANCIAL STATEMENT FOR THE PERIOD ENDED ON 30TH SEPTEMBER, 2008

AUDITORS' REPORT ON CONSOLIDATED ACCOUNTS

To,

The Board of Directors

WANBURY LIMITED

1. We have audited the attached Consolidated Balance Sheet of **Wanbury Limited** ("the Company") and its Subsidiaries as at **30th September, 2008** and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the period ended on that date both annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining on test basis, evidence supporting the amounts and disclosures in 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of subsidiaries, whose financial statements reflect total assets of Rs. 43,793.75 Lacs as at 30th September, 2008 and total revenues of Rs. 23,002.91 Lacs for the period then ended. The financial statements of the subsidiaries viz. Wanbury Holding B.V. and Cantabria Pharma S.L. are certified and converted by the management as per the requirement of Indian GAAP and are unaudited. Our opinion insofar as it relates to the amount included in respect of the aforesaid subsidiaries, are based solely on these unaudited certified financial statements.

4. a) Without qualifying the report attention is drawn to Note No. 20 of Schedule 19 regarding non provision of mark to market loss of Rs. 3,447.53 Lacs of forex derivatives and Note No. 4 of Schedule 19 regarding preparation of accounts including that of results of erstwhile The Pharmaceutical Products of India Limited as explained in the said note.

   b) Attention is invited to Note No. 1 of Schedule 19 stating that the Consolidated Financial Statements does not include accounts of following subsidiaries namely, Laboratories Wanbury S.L., Spain and Ningxia Wanbury Fine Chemicals Company Limited, China as accounts of the said subsidiaries are not drawn up.

5. We report that the Consolidated Financial Statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS-21) , Consolidated Financial Statements , issued by the Institute of Chartered Accountants of India and on the basis of separate audited financial statements of the Company and unaudited financial statements certified by the management , included in Consolidated Financial Statements.

6. Subject to the matters referred to in paragraphs 4(b) and 5 above, based on our audit and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements, give a true and fair view in conformity with the accounting principles generally accepted in India:

   i. In the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Company and it's Subsidiaries as at 30th September, 2008 ;

   ii. In the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Company and it's Subsidiaries for the period then ended ;

   iii. In the case of the Consolidated Cash Flow Statement of the Company and it's Subsidiaries for the period then ended.

For KAPOOR & PAREKH ASSOCIATES

Chartered Accountants

Nikhil Patel
Partner
Membership No.: 37032

Mumbai, 31st December, 2008

CONSOLIDATED BALANCE SHEET

AS AT 30TH SEPTEMBER, 2008

	Schedule No.	As At 30.09.2008 (Rs. in Lacs)
SOURCES OF FUNDS		
SHAREHOLDERS FUNDS		
Share Capital	1	1,468.93
Preference Share Appilcation Money	2	2,129.46
Reserves & Surplus	3	15,680.04
		19,278.43
LOAN FUNDS		
Secured Loans	4	34,917.61
Unsecured Loans	5	10,027.24
		44,944.85
DEFERRED TAX LIABILITY		551.82
MINORITY INTEREST		764.05
(Refer Note 23 of Schedule 19)		
TOTAL		**65,539.15**
APPLICATION OF FUNDS		
FIXED ASSETS		
Gross Block	6	53,560.35
Less: Depreciation / Amortisation		7,438.17
Net Block		46,122.18
Add : Capital Work in Progress		1,841.90
		47,964.08
GOODWILL ON CONSOILDATION		29.85
(Refer Note 22 of Schedule 19)		
INVESTMENTS	7	61.63
CURRENT ASSETS		
Inventories	8	7,240.26
Sundry Debtors	9	17,818.83
Cash & Bank balances	10	1,481.59
Loans & Advances	11	11,070.44
		37,611.12
Current Liabilities	12	18,715.22
Provisions	13	1,412.31
		20,127.53
Net Current Assets		17,483.59
TOTAL		**65,539.15**
Accounting Policies	18	
Notes to Accounts	19	

As per our attached report of even date
For KAPOOR & PAREKH ASSOCIATES
Chartered Accountants

For and on behalf of the Board

K. CHANDRAN
Whole-time Director

K.R.N. MOORTHY
Deputy Managing Director

NIKHIL PATEL
Partner
Mumbai, 31st December, 2008

ASHOK SHINKAR
Director-Corporate Finance

GIRISH JUNEJA
Vice President-Finance

PANKAJ B. GUPTA
Company Secretary

CONSOLIDATED PROFIT & LOSS ACCOUNT

FOR THE PERIOD ENDED 30TH SEPTEMBER, 2008

	Schedule No.	For the period ended 30.09.2008 (Rs. in Lacs)
INCOME		
Gross Sales		62,607.86
Less : Excise Duty		1,212.97
Net Sales		61,394.89
Other Income	14	1,889.20
Total Income		**63,284.09**
EXPENDITURE		
Cost of Materials	15	27,365.59
Personnel Cost	16	9,776.20
Other Expenses	17	17,230.18
Interest (Net)		3,693.98
Depreciation/Amortisation		2,391.17
Less : Transferred from Revaluation Reserve		602.54
		1,788.63
Total Expenditure		**59,854.58**
PROFIT BEFORE TAX		**3,429.51**
Less : Provision for taxation		
- Current Tax		338.36
- MAT Credit Entitlement		(337.14)
- Deferred Tax		211.50
- Fringe Benefit Tax		66.19
- Income Tax of Earlier Years		(3.15)
PROFIT AFTER TAX		**3,153.75**
Profit brought forward from Previous Year		3,733.45
Amount available for Appropriation		**6,887.20**
APPROPRIATIONS		
Proposed Dividend		73.45
Tax on Dividend		12.48
Short Provision of Dividend of Earlier Year		4.13
Tax on Dividend of Earlier Year		0.70
Transfer to Statutory Reserve		0.22
Transfer to Debenture Redemption Reserve		412.25
Balance carried to Balance Sheet		6,383.97
		6,887.20
Earning Per Share		
- Basic and Diluted (in Rs.)		21.75
- Face Value of Equity Share (in Rs.)		10.00
Accounting Policies	18	
Notes to Accounts	19	

As per our attached report of even date
For KAPOOR & PAREKH ASSOCIATES
Chartered Accountants

NIKHIL PATEL
Partner
Mumbai, 31st December, 2008

ASHOK SHINKAR
Director-Corporate Finance

For and on behalf of the Board

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PANKAJ B. GUPTA
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT

FOR THE PERIOD ENDED 30TH SEPTEMBER, 2008

		30.09.2008 (Rs. in Lacs)
A	**Cash flows from Operating Activities**	
	Net Profit before Tax	3,429.51
	Adjustments for:	
	Depreciation	1,788.63
	Loss on Sale of Assets	2.35
	Provision for Doubtful Debts	42.14
	Interest charges	3,693.98
	Amounts Written Off	42.32
	Operating Profit before Working Capital Changes	**8,998.93**
	Adjustments for:	
	Trade & Other Receivables	(4,356.08)
	Inventories	(3,094.01)
	Trade Payables & Other Current Liabilities	(11,193.22)
	Cash Generated from / (used in) Operations	**(9,644.38)**
	Direct Taxes (Paid) Refund-Net	(325.57)
	Net Cash from / (used in) Operating Activities	(9,969.95)
B	**Cash flows from Investing Activities**	
	Purchase of Fixed Assets	(5,765.77)
	Sale of Fixed Assets	1,335.76
	Purchase of Investments	(111.85)
	Sale of Investments	618.83
	Net Cash from / (used in) Investing Activities	(3,923.03)
C	**Cash flows from Financing Activities**	
	Preference Share / Application Money	435.34
	Interest paid	(3,693.97)
	Increase / (Decrease) in Borrowings	16,803.45
	FCCB/Share/Debenture issue Expenses	(111.14)
	Dividend & Tax on Dividend Paid	(311.86)
	Net Cash from / (used in) Financing Activities	13,121.82
	Net increase / (decrease) in cash & cash equivalents	(771.16)
	Cash and Cash equivalents as at the beginning of the period	2,212.70
	Cash and Cash equivalents as at 1.4.2007 of erstwhile DOCL	40.05
	Cash and Cash equivalents as at the end of the period	**1,481.59**

Notes:

1. 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. Additions to Fixed Assets (including movements in Capital Work-in-Progress) are considered as a part of investing activities.
3. This being the first year of Consolidated Financial Statements, figures for the previous year are not given.

As per our attached report of even date
For KAPOOR & PAREKH ASSOCIATES
Chartered Accountants

NIKHIL PATEL
Partner
Mumbai, 31st December, 2008

For and on behalf of the Board

K. CHANDRAN
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PANKAJ B. GUPTA
Company Secretary

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	30.09.2008 (Rs. in Lacs)
SCHEDULE - 1 SHARE CAPITAL	
Authorised	
3,00,00,000 Equity Shares of Rs.10 each	3,000.00
20,00,000 Preference Shares of Rs. 100 each	2,000.00
	5,000.00
Issued, Subscribed and Paid-Up	
1,46,89,286 Equity Shares of Rs. 10 each fully paid-up	1,468.93
	1,468.93

Notes:

1) Out of the above Equiy Shares :

a) 89,08,283 Equity Shares were allotted as fully paid-up without payment being received in cash, pursuant to the Schemes of Merger.

b) 6,48,000 Equity Shares are represented by 2,16,000 Global Depository Receipts.

2) 11,25,236 warrants of the face value of Rs. Nil are allotted during the period to the shareholders of Erstwhile PPIL as per the Scheme of Merger. The warrantholders have the right to subscribe to one Equity Share of Rs. 10/- each at the premium of Rs. 125/- per share which is excercisable within five years from 27th June, 2007, being the date of allotment of the warrants.

SCHEDULE-2 PREFERENCE SHARE APPLICATION MONEY	
Preference Share Application Money	2,129.46
	2,129.46

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	30.09.2008 (Rs. in Lacs)
SCHEDULE - 3 RESERVES & SURPLUS	
Capital Reserve Account	
Balance as per last Balance Sheet	192.63
Add : On Merger of DOCL	
(Refer Note No.5 of Schedule 19)	490.78
	683.41
Securities Premium Account	
Balance as per last Balance Sheet	3,941.99
Add : Received during the year	770.04
	4,712.03
Less : Expenses on Debentures, FCCB & Share Issue	111.14
Less : Pro rata Premium on FCCB	792.37
	3,808.52
Revaluation Reserve	
Balance as per last Balance Sheet	2,610.99
Less : Amortisation during the year	602.54
	2,008.45
General Reserve	
Balance as per last Balance Sheet	1,070.55
Debenture Redemption Reserve	
Transfer from Profit & Loss Account	412.25
Statutory Reserve	
Transfer from Profit & Loss Account	0.22
Foreign Currency Translation Reserve	1,312.67
Profit And Loss Account	6,383.97
	15,680.04

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	30.09.2008 (Rs. in Lacs)
SCHEDULE - 4 SECURED LOANS	
Debentures	
2,42,499 Zero Coupon Non Convertible Redeemable Debentures (NCD) of Rs. 100/- each.	242.50
58,199 Zero Coupon Optionally Fully Convertible Debentures (OFCD) of Rs. 1,000/- each.	581.99
	824.49
Term Loans	
- Rupee Loans	9,562.38
- Foreign/Local Currency Loans	14,687.04
	24,249.42
Working Capital Loans	
- Rupee Loans	4,424.10
- Foreign Currency Loans	5,234.09
	9,658.18
Other Loans	185.51
	34,917.61

Notes :

1. The NCD are to be secured by a pari-passu charge on the fixed assets of the Parent Company situated at Patalganga and Plot No. J-17 at Tarapur.The NCD comprises of Part A of Rs. 60 and Part B of Rs. 40, which are redeemable at par at the end of two years and three years respectively from 24th April, 2007.
2. The OFCD are to be secured by a pari passu charge on the fixed assets of erstwhile PPIL situated at Plot No. 24 at Tarapur and fixed assets at Mazgaon. OFCD are convertible between 1st November, 2008 and 30th April, 2012 into equity share at a price being higher of Rs.125/- and 67% of the three months average weekly closing price prior to the date of exercise of such right.
3. Term loans of erstwhile PPIL are secured by a pari-passu first charge on its fixed assets. Other term loans are secured by pari-passu first charge on immovable properties, present and future, of the Parent Company situated at Patalganga ,Tarapur, Tanuku and Turbhe and second charge on current assets of the Parent Company, fixed assets of Bravo Healthcare Ltd., pledge of shares of the Parent Company held by Expert Chemicals (India) Private Limited and Kingsbury Investment Inc., in addition to guarantee by Expert Chemicals (India) Private Limited, Bravo Healthcare Ltd. and a director of the Parent Company.
4. Term Loan of the Subsidiary Company, Cantabria Pharma S. L., is secured by mortgage on all brands owned by said Subsidiary Company, pledge on its current account with ABN Amro and also pledge on 900 Shares of Cantabria Pharma S.L. held by Wanbury Holding B.V.
5. Working capital loans of the Parent Company are secured by a pari-passu first charge on current assets, second charge on fixed assets, and pledge of shares of the Parent Company held by Expert Chemicals (India) Limited in addition to guarantee by Expert Chemicals (India) Private Limited and a director of the Parent Company.
6. Working capital loans of the Subsidiary Company are secured by hypothecation on stocks and book debts.
7. Other loans of the Parent Company are secured by hypothecation of assets acquired against respective loans.
8. Term loans and other loans include payable within a year Rs. 5,688.44 Lacs.

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	30.09.2008 (Rs. in Lacs)
SCHEDULE - 5 UNSECURED LOANS	
Foreign Currency Convertible Bonds	
672 1% Unsecured Foreign Currency Convertible A Bond of Euro 10,000/- each (Refer Note No.9 of Schedule 19)	4,555.49
700 1% Unsecured Foreign Currency Convertible B Bond of Euro 10,000/- each (Refer Note No.9 of Schedule 19)	4,745.30
	9,300.79
Inter Corporate Deposits	130.79
From Banks/Financial Institutions	
Rupee Loan	200.25
Foreign Currency Loan	339.97
Others	55.44
	10,027.24
Note : Due within a year Rs 152.19 Lacs	
SCHEDULE - 7 INVESTMENTS	
Long Term	
a. Trade - Quoted	
1,800 Equity Shares of Bank of India of Rs. 10 each	0.81
[Market value Rs. 5.08 Lacs]	
b. Trade - Unquoted	
706 Equity Shares of The Saraswat Co-op. Bank Ltd. of Rs. 10 each.	0.07
100 Equity Shares of The Shamrao Vithal Co-op. Bank Ltd. of Rs. 25 each.	0.03
12,71,250 Equity Shares of Bravo Healthcare Limited of Rs.10 each.	53.40
c. Non Trade - Unquoted	
13,260 Shares of Ningxia Wanbury Fine Chemicals Company Limited of USD 1 each.	5.29
3,010 shares of Laboratories Wanbury S. L. of Euro1 each	2.03
	61.63

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

SCHEDULE - 6 FIXED ASSETS

(Rs. in Lacs)

DESCRIPTION	GROSS BLOCK					DEPRECIATION/AMORTISATION					NET BLOCK
	As at 1-Apr-07	Asset on Amalgamation	Additions	Deductions/ Adjustment	As at 30-Sep-08	As at 1-Apr-07	Asset on Amalgamation	For the year	Deduction/ Adjustment	As at 30-Sep-08	As at 30-Sep-08
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Freehold Land	2,936.25	1,803.56	-	-	4,739.81	-	-	-	-	-	4,739.81
Lease Hold Land & Land Development Expenses	58.57	-	-	-	58.57	6.26	-	0.91	-	7.17	51.40
Factory Buildings	978.31	800.38	56.09	-	1,834.78	208.25	102.75	91.20	-	402.21	1,432.57
Plants, Machineries & Equipments	4,027.25	3,493.91	3,496.17	(7.19)	11,010.14	1,012.01	1,119.52	668.98	(4.70)	2,795.81	8,214.33
Furnitures & Fixtures	312.50	18.02	43.99	1.59	376.11	70.24	9.22	37.19	0.41	117.06	259.05
Vehicles	197.34	30.69	225.23	(8.37)	444.89	78.77	9.50	35.38	(4.34)	119.32	325.57
Office Equipments	272.61	34.78	123.74	9.76	440.90	57.47	17.68	35.24	1.68	112.07	328.83
Electrical Installations	80.00	-	2.82	-	82.81	16.17	-	5.75	-	21.91	60.90
Computers	176.70	39.07	81.20	-	296.98	92.83	19.99	43.07	-	155.89	141.09
Office Premises	243.00	-	-	-	243.00	46.46	-	-	-	46.46	196.54
R & D Building	400.22	-	-	-	400.22	223.17	-	-	-	223.17	177.05
Intangibles :											
- Goodwill	15,129.74	-	1,433.51	1,759.40	18,322.65	-	-	-	-	-	18,322.65
- Brands	13,104.52	-	882.50	942.58	14,929.61	1,771.86	-	1,420.53	94.56	3,286.95	11,642.67
- Softwares	165.56	15.56	183.40	10.94	375.46	85.56	7.76	51.59	1.24	146.16	229.29
- Technical Knowhow	4.43	-	-	-	4.43	2.67	-	1.33	-	4.00	0.43
Total	**38,087.02**	**6,235.96**	**6,528.65**	**2,708.71**	**53,560.35**	**3,671.72**	**1,286.42**	**2,391.17**	**88.85**	**7,438.17**	**46,122.18**
Add : Capital Work in Progress and Advance for Capital Expenditure											1,841.90
										T O T A L	**47,964.08**

Notes:

1. The title deeds of some of the immovable properties transferred pursuant to the Scheme of Merger are yet to be tranferred in the name of the Company.
2. Capital-Work-in Progress includes Machinery under installation, Advance against Capital Expenses, Construction material purchases and other assets under erection.
3. Deductions/adjustment in the Gross Block and Depriciation and Amortisation include adjustment on account of exchange gain on transaltion into INR.

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	30.09.2008 (Rs. in Lacs)
SCHEDULE - 8 INVENTORIES	
(As taken, valued and certified by the management)	
Raw & Packing Materials	2,097.51
Work in Process	1,726.75
Finished / Traded Goods	3,399.21
Fuel	16.79
	7,240.26
SCHEDULE - 9 SUNDRY DEBTORS	
Over six months	
- Considered Good	9,556.10
- Considered Doubtful	59.54
	9,615.64
Other debts	8,262.73
	17,878.37
Less : Provision for Doubtful Debts	59.54
	17,818.83
(Includes Sundry Debtors - Secured Rs.278.25 Lacs)	
SCHEDULE - 10 CASH & BANK BALANCES	
Cash in Hand	5.65
Balance with Scheduled Banks	
In Current Accounts	637.95
In Deposit Accounts	837.99
	1,481.59
SCHEDULE - 11 LOANS AND ADVANCES	
(*Unsecured, Considered Good*)	
Loan Given	2,482.13
Advances recoverable in cash or in kind or for value to be received	6,217.02
Deposits	220.99
MAT Credit Entitlement	627.14
Income Tax Paid	709.52
Balance with Excise & Custom Authorities	813.64
	11,070.44

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	30.09.2008 (Rs. in Lacs)
SCHEDULE - 12 CURRENT LIABILITIES	
Sundry Creditors	15,008.78
Other Liabilities	3,687.95
Unpaid Dividend[1]	18.49
	18,715.22

[1] *There are no amounts due and outstanding to be credited to 'Investor Education and Protection Fund 'as on 30.09.2008*

	30.09.2008 (Rs. in Lacs)
SCHEDULE - 13 PROVISIONS	
For Leave Benefits	185.88
For Gratuity	135.94
For Proposed Dividend	73.45
For Tax on Dividend	12.48
For Income Tax	1,001.19
For Wealth Tax	3.37
	1,412.31
SCHEDULE - 14 OTHER INCOME	
Insurance Claim	9.12
Export Incentives	698.88
Technical Know How	250.00
Interest from Banks	108.95
[Tax deducted at source Rs. 1.25 Lacs]	
Processing Charges	454.58
[Tax deducted at source Rs. 8.49 Lacs]	
Interest from Others	0.02
Gain on One Time Settlement of SBI dues	280.51
Miscellaneous Income	87.14
	1,889.20

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	30.09.2008 (Rs. in Lacs)
SCHEDULE - 15 COST OF MATERIALS	
A) Raw & Packing Materials	
Opening Stock	707.60
Add: Taken over on Merger with DOCL	206.22
Add: Purchases	18,495.95
	19,409.77
Less: Closing Stock	2,097.51
	17,312.26
	-
B) Purchase of Traded Goods	11,990.93
C) (Increase)/Decrease in Inventories	
Opening Stock	
- Work in Process	1,073.31
Add: Taken over on Merger with DOCL	288.70
- Finished/Traded Goods	1,687.75
Add: Taken over on Merger with DOCL	138.60
	3,188.36
Closing Stock	
- Work in Process	1,726.75
- Finished/Traded Goods	3,399.21
	5,125.96
(Increase)/Decrease	(1,937.60)
	27,365.59
SCHEDULE - 16 PERSONNEL COST	
Salaries, Wages, Bonus and Allowances	8,964.15
Contribution to Provident and Other Funds	560.06
Staff Welfare Expenses	251.99
	9,776.20

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	30.09.2008 (Rs. in Lacs)
SCHEDULE - 17 OTHER EXPENSES	
Processing Charges	172.72
Power & Fuel	1,865.09
Stores & Spares	338.29
Water Charges	67.59
Repairs & Maintenance	
- Buildings	149.44
- Plant & Machinery	89.12
- Others	164.75
Commission on Sales	480.05
Excise Duty	109.97
Delivery & Packing Charges	304.92
Carriage Outward	1,363.85
Advertisement and Sales Promotional Expenses	5,510.44
Cash Discount	70.81
Breakages & Expiry	297.30
Rent, Rates & Taxes	717.44
Travelling & Conveyance	1,536.99
Postage, Telegram & Telephone	203.54
Printing & Stationery	52.50
Provision for Doubtful Debts	42.14
Donation	3.81
Insurance	132.04
Legal & Professional Charges	1,322.08
Analytical Charges	5.34
Loss on Assets Sold	2.35
Amounts Written Off (Net)	42.32
Exchange Fluctuation	1,177.39
Miscellaneous Expenses	1,007.90
	17,230.18

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

SCHEDULE - 18 ACCOUNTING POLICIES

a) Basis of preparation of Financial Statements:

i) The financial statements of the subsidiaries used in the consolidation are drawn up to the same reporting date as that of the Parent Company, namely 30th September, 2008.

ii) The accompanying financial statements have been prepared under historical cost convention and on accrual basis of accounting, in accordance with the generally accepted accounting principles in India and provisions of the Companies Act, 1956, unless otherwise stated.

b) Principles of Consolidation:

i) The Financial statements of the Parent Company and its subsidiaries have been consolidated in accordance with the Accounting Standard 21 (AS 21) "Consolidated Financial Statements", on line by line basis by adding together the book value of like items of assets, liabilities, income and expenses, after fully eliminating intra-group transactions and unrealised profits/losses.

ii) The financial statements of the Parent Company and its subsidiaries have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances.

iii) The excess of cost to the Parent Company of its investment in the subsidiaries, on the acquisition dates over and above the Parent Company's share of equity in the subsidiaries, is recognized in the financial statements as Goodwill on Consolidation and carried forward in the accounts. The said Goodwill is not amortised.

c) Use of Estimates:

Preparation of financial statements in conformity with generally accepted accounting principles, requires estimates and assumption to be made, that affect reported amounts of assets and liabilities on the date of financial statements and reported amount of revenues and expenses during the reported period. Actual results could differ from these estimates and differences between the actual results and estimates are recognized in the period in which results are known / materialized.

d) Fixed Assets:

Tangible assets are stated at cost of acquisition, installation or construction including other direct expenses, less accumulated depreciation.

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 except some of the brands which are revalued, are recorded at cost and are carried at cost / revalued amount less accumulated amortisation and accumulated impairment losses, if any.

e) 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.

f) Depreciation / Amortization:

1) Parent Company

Depreciation on fixed assets is provided on straight line method in the manner and at the rates prescribed in Schedule XIV of the Companies Act, 1956, by the Parent Company except for the following fixed assets and intangible assets which are depreciated / amortised over their useful life as determined by the Management on the basis of technical evaluation, etc.

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% p.a.

iv) Depreciation is not provided in respect of assets held for sale.

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

2) **Subsidiary at Spain (Cantabria Pharma S.L.)**

i) Goodwill is not amortized.

ii) Softwares are amortized @ 16.21% p.a.

iii) Furniture and Fixtures are depreciated @10% p.a. on SLM basis.

iv) Office Equipment are depreciated @16.67% p.a. on SLM basis.

v) Brands are amortized @ 5% p.a.

g) **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 period 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.

h) **Borrowing Costs:**

Borrowing cost attributable to the acquisition or construction of qualifying assets is capitalised 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.

i) **Inventories:**

i) Raw materials, packing materials, finished/traded goods are valued at cost or net realisable value whichever is lower.

ii) Works in process are valued at estimated cost.

iii) Fuels are valued at cost.

iv) Samples are valued at cost.

j) **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) Expenses incurred for acquisition of investment has been added to cost of investment.

iii) Investments in foreign currency are stated at cost by converting at exchange rate prevailing, at the time of acquisition/remittance.

k) **Foreign Currency Transactions/Translation :**

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction.

The net gain or loss on account of exchange differences arising on settlement of foreign currency transactions are recognised as income or expenses of the period in which they arise.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported using the rate prevailing as on that date. The resultant exchange differences are recognised in the profit and loss account.

Exchange difference on derivative contracts is recognised in the profit and loss account to the extent amount paid / payable under such contracts during the period.

The financial statements of subsidiaries, whose operations are non-integral foreign operations for the Parent Company, have been translated to Indian Rupees on the following basis :

i) All income and expenses are translated at the average rate of exchange prevailing during the period.

ii) Monetary and Non-monetary assets and liabilities are translated at the closing rate on the Balance Sheet date.

iii) The resulting exchange difference is accounted in 'Foreign Currency Translation Reserve'.

l) **Revenue Recognition :**

Revenue on sales is recognised when risk and rewards of ownership of products are passed on to customers, which are generally on dispatch of goods. Incomes from services are recognised when services are rendered. Sales are net of discounts,

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

sales tax and returns, excise duty collected on sales is shown by way of deduction from sales.

Dividend income is recognised when right to receive dividend is established and there is no uncertainty as to its realisability.

Revenue in respect of other income is recognised when a reassonable certainty as to its realisation exists.

m) **Export Benefits :**

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

n) **Excise and Custom Duty :**

Excise and custom duty is accounted on the basis of payment made in respect of goods cleared and provision is made for goods lying in bonded warehouse.

o) **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 utilisations.

p) **Research and Development :**

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

q) **Employee Benefits :**

i) Short Term Employee Benefits :

Short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised undiscounted during the period employee renders services.

ii) Post Employment Benefits :

Company's contribution for the period paid / payable to defined contribution retirement benefit schemes are charged to Profit and Loss Account.

Company's liability towards defined benefit plan viz. gratuity is determined using the Projected Unit Credit Method as per the actuarial valuation carried out at the Balance Sheet date.

r) **Operating Leases :**

Assets taken on lease under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating leases are recognised as expenses on accrual basis in accordance with respective lease agreements.

s) **Accounting for Tax :**

Current tax and Fringe Benefit tax are accounted on the basis as per the tax provisions of the respective countries..

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 crystallise. Deferred tax assets are recognised to the extent of deferred tax liabilities, if any, as a matter of prudence.

In case of the Parent Company MAT Credit Entitlement as per the provisions of Income Tax Act, 1961 is treated as an asset by credit to the Profit & Loss Account.

t) **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.

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

SCHEDULE – 19 NOTES TO ACCOUNTS

1. a) Consolidated Financial Statements present the consolidated accounts of Wanbury Limited ("the Parent Company") and the following Subsidiaries, (collectively referred as "the Wanbury Group") :

Name of the Company	Country of Incorporation	% of voting power held as at 30th September, 2008	% of beneficial ownership held as at 30th September, 2008
Wanbury Holding B. V.	Netherland	100%	100%
Cantabria Pharma S.L.	Spain	90%	100%

b) Accounts of the Subsidiaries are certified and converted by Managements as per requirements of Indian GAAP and are not audited.

c) Consolidated Financial Statements does not include accounts of Laboratories Wanbury S.L., Spain and Ningxia Wanbury Fine Chemicals Company Limited, China as accounts of the said subsidiaries are not drawn up.

2. **Contingent liabilities:**
   a) Estimated amounts of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 74.98 Lacs.
   b) Bank Guarantees issued Rs. 2.70 Lacs.
   c) Disputed demands by Income Tax Authorities Rs. 62.13 Lacs Amount paid there against and included under the head Loans and Advances Rs. 62.13 Lacs .
   Disputed demands by Sales Tax Authorities Rs.33.27 Lacs paid under protest Rs. 13.32 Lacs.
   d) Bank Letter of Credit outstanding at the period-end Rs. 2,170.54 Lacs.
   e) Claims against the Company not acknowledged as debts Rs. 660.55 Lacs.
   f) Guarantees given to banks/financial institution for loans given to Associate Company Rs 2,700 Lacs. Loans outstanding at the period end Rs.1,925.25 Lacs.

3. The Wanbury Group operates solely in the pharmaceuticals segment and hence no separate disclosure for segment wise information is required.

4. **Merger of The Pharmaceutical Products of India Limited :**

Pursuant to the scheme of Revival cum Merger (the Scheme) approved vide order Dated 24th April, 2007 by the Board for Industrial and Financial Reconstruction (BIFR) u/s.18 and other applicable provisions of the Sick Industrial Companies (special provisions) Act, 1985 (SICA) in the previous year ended 31st March, 2007, The Pharmaceutical Products of India Ltd (PPIL) had been merged with the Parent Company w.e.f. 1st April, 2006, being the appointed date.

Subsequently in response to a suit filed by one of the unsecured creditors of erstwhile PPIL, challenging the scheme, the Honorable Supreme Court vide its order dated 16th May,2008 has set aside the above referred BIFR order and remitted the matter back to the BIFR for considering afresh as per the provisions of SICA. The Parent Company has filed a review petition before the Supreme Court against the above referred order and is awaiting a response from the Supreme Court.

The Parent Company has been legally advised to maintain status quo with respect to the merger under the said scheme and should take further steps as per the fresh BIFR order/directives.

In view of the above, the Parent Company has maintained a status quo and the accounts continue to be drawn as per the Scheme

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

and include the operations of erstwhile PPIL. All actions taken by the Parent Company pursuant to the sanctioned scheme shall remain subject to and without prejudice to the orders that may be passed by the BIFR while considering the case afresh pursuant to the directions of the Honorable Supreme Court in its order dated 16th May, 2008.

5. **Merger of Doctors Organic Chemicals Limited**:

a) Pursuant to the Scheme of Revival cum Amalgamation (the Scheme) u/s 18 and other applicable provisions of Sick Industrial Companies (Special Provision) Act, 1985 effective from 1st April, 2007 (the Appointed Date), The Doctors Organic Chemicals Limited (DOCL) has been merged in Wanbury Ltd.(the Parent Company).

b) The Scheme, is approved by Board for Industrial and Financial Reconstruction, New Delhi, on 30th April, 2007 and filed with ROC on 7th May, 2007. DOCL and the Parent Company has been in the business of Pharmaceuticals.

c) In terms of the Scheme, all the assets and liabilities of DOCL have been transferred and stand vested with the Parent Company with effect from the Appointed Date.

d) Thereafter, Amalgamation has been accounted for under the 'Purchase Method' as prescribed by Accounting Standard 14 on 'Accounting for Amalgamation' issued by the Institute of Chartered Accountants of India. Accordingly the assets and liabilities of DOCL have been taken over as on the Appointed Date, at values as determined by the Parent Company.

e) Accordingly, the Amalgamation has resulted in transfer of assets and liabilities in accordance with the Scheme at the following summarised values:

Particulars	Rs. in Lacs
Fixed Assets (Net)	6,182.53
Current Assets	2,441.40
Total Assets	**8,623.93**
Less: Loans	6,583.21
Less: Current Liabilities & Provisions	1,267.35
Total Liabilities	**7,850.56**
Net Assets Taken over	**773.37**
Consideration for Amalgamation:	
7, 85,557 Equity Shares in the ratio of 1 Equity Share of Wanbury Ltd for every 6 Equity Shares of DOCL.	78.56
	694.81
Stock of stores and Spares written off to align with the accounting policy of the Parent Company	204.04
Balance transferred to Capital Reserve	**490.77**

f) The Parent Company's investments in DOCL have been sold at cost before giving effect to the scheme.

6. Interest expenses include on fixed period loan Rs. 2,506.60 Lacs. Interest expense is net of interest income amounting to Rs. 306.86 Lacs.

7. Some of the balances of debtors, creditors, loans and advances are subject to confirmation/ reconciliation and adjustments, if any.

8. The Parent Company has fully utilised till the period end an amount of Rs. 4,402.35 Lacs (US $ 100 Lacs), which was raised through GDR issue in earlier year.

9.a) The Parent Company has issued on 20th April, 2007, 800 Nos. 1% Unsecured Foreign Currency Convertible A Bonds ("**A Bonds**") and 700 Nos. 1% Unsecured Foreign Currency Convertible B Bonds ("**B Bonds**") of face value of EURO 10,000 each maturing on 23rd April, 2012 and 17th December, 2012 respectively.

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

The **A Bonds** are convertible at the option of the holders of such bonds, unless previously redeemed or purchased and cancelled, into Equity Shares of Rs. 10 each at a premium of Rs. 128.43, being conversion price of Rs. 138.43 at a fixed exchange rate of Rs. 57.22 to EURO 1 and such option is exercisable till 9th March, 2012.

The **B Bonds** are convertible at the option of the holders of such bonds, unless previously redeemed or purchased and cancelled, into Equity Shares of Rs. 10 each at a premium of Rs. 128.43, being reset conversion price of Rs. 138.43 at a fixed exchange rate of Rs. 57.22 to EURO 1 and such option is exercisable till 5th November, 2012.

The Parent Company may, at the option of any holders of any Bonds, repurchase at the Early Redemptions Amount, together with accrued and unpaid interest.

A Bonds and the B Bonds are bearing interest @ 1 % p.a. payable semi annually and Yield to Maturity of 7.5 % p.a. compounded semi annually.

b) The pro-rata premium payable on redemption and issue expenses is charged to Securities Premium Account.

c) During the period holders of 128 “A Bonds” have exercised conversion option and hence 5,29,085 Equity Shares of Rs. 10 each have been allotted at a premium of Rs 128.43 and the balance of 672 “A bonds” & 700 “B bonds” have been included and disclosed in the schedule of “Unsecured Loans” (Schedule 5).

d) Out of the proceeds from the FCCB issue Rs. 8,092.57 Lacs have been utilised till the period end for the purposes mentioned in the offering circular dated 25th April, 2007 and balance amount of Rs. 434.93 Lacs remains deposited with the bank.

10. Disclosure of Sundry Creditors under Current Liabilities is based on the information available with the Parent Company regarding the status of the suppliers as defined under the “Micro, Small and Medium Enterprises Development Act, 2006” and relied upon by the auditors. Amount outstanding (not overdue) as on 30th September, 2008, to Micro, Small and Medium Enterprises on account of principal amount aggregate to Rs. 180.01 Lacs and interest Rs Nil and interest paid during the period Rs. Nil .

11. Considering deductions available under the provisions of the Income Tax Act, 1961 during the year MAT liability has been provided by Parent Company, 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.1.22 Lacs for wealth tax.

12. The deferred tax assets/(liabilities) of the Parent Company arising out of timing differences comprise of the followings major components:

	30.09.2008 (Rs. in Lacs)
Liabilities:	
Depreciation	(592.40)
Assets:	
Leave Encashment	63.18
Gratuity	46.21
Unabsorbed Depreciation	706.14
Unabsorbed Business Loss	909.48
Others	9.04
	1,734.05

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

Restricted to	(592.40)
Net Deferred Tax Assets (Liabilities)	Nil

In case of Parent Company Deferred Tax Assets are recognised to the extent of deferred tax liabilities, if any.

The deferred tax assets/(liabilities) of the Subsidiary Company arising out of timing differences comprise of the followings major components:

	30.09.2008 (Rs. in Lacs)
Liabilities:	
Depreciation	(551.82)
Deferred Tax Assets/(Liabilities)	**(551.82)**

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

	30.09.2008 Rs. in Lacs
Opening Balance	Nil
Add: Incurred in the current year :	
- Salaries and allowances	92.59
- Contribution to funds	0.76
- Rent	Nil
- Interest on Fixed Period Loans	274.79
- Loan Processing Fees	10.00
Total	**378.14**
Less: Capitalised to fixed assets	378.14
Closing Balance	**Nil**

14. Remittance in foreign currency on account of dividend: -

The Parent 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:

	30.09.2008
Year to which the Dividend relates	**2006-07**
Number of non-resident shareholders	110
Number of shares held by them	41,45,333
Amount of dividend (Rs. in Lacs)	82.91

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

15.(a) Managerial Remunerations:

	30.09.2008 Rs. in Lacs
Salary & Allowances	199.97
Contribution of P.F. & Other Funds	13.38
TOTAL	**213.35**

Note: 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.6.06 Lacs.

16. Other Expenses includes:

	30.09.2008 Rs. in Lacs
a)Auditors' Remuneration	
- Audit Fees	37.27
- Tax Audit Fees	Nil
- Certification & Other Matters	9.59
- Out of Pocket Expenses	0.29
TOTAL	**47.15**
b) Cost Audit Fees	0.75

Note: Above figures are exclusive of service tax.

17. Earning Per Share :

Calculation of basic and diluted earnings per equity share is as under:

	30.09.2008
Profit after Tax (Rs. in Lacs)	3,153.75
Number of Equity Shares:	
- Weighted Average Number of Equity Shares	1,44,96,759
Nominal value of Equity Shares (in Rs.)	10.00
Earning Per Share (Basic & Diluted) (in Rs.)	21.75

The market price of the equity shares of the Parent Company being less than the exercise price in respect of various outstanding options to subscribe to equity shares, the outstanding options as at the period end are considered to be anti-dilutive.

18**. Employee Benefits**

(i) The Parent Company has adopted Accounting Standard- 15 (Revised 2005) 'Employee Benefits' issued by the Institute of Chartered Accountants of India applicable from 1st April, 2007. There is no transitional liability as on 1st April, 2007.

(ii) **Defined Contribution Plans**

The Wanbury Group offers its employees defined contribution plans in the form of Provident Fund (PF), Employees' Pension Scheme (EPS) and Social Securities Funds with the governments, and certain state plans such as Employees' State Insurance (ESI). PF and EPS cover substantially all regular employees and the ESI covers certain workers. Contributions are made to the

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

Government's funds. While both the employees and the Company pay predetermined contributions into the Provident Fund and the ESI Scheme, contributions into the Pension Fund is made only by the Parent Company. The contributions are normally based on a certain proportion of the employee's salary.

During the year, the Wanbury Group has recognised the following amounts in the Account:

	Rs. in Lacs
Provident Fund, Employee's Pension Scheme, MLWF and Social Securities Funds	519.96
Employees State Insurance	7.19
Super Annuation Fund	6.03
TOTAL	**533.18**

(iii) **Defined Benefit Plans**

Gratuity:

The Parent Company makes annual contributions to the Employees' Group Gratuity-cum Life Assurance (Cash Accumulation) Scheme of the LIC, a funded defined benefit plan for qualifying employees. The scheme provides for payment to vested employees as under:

a. On normal retirement / early retirement / withdrawal / resignation:
   As per the provisions of Payments of Gratuity Act, 1972 with vesting period of 5 years of service.
b. On the death in service:
   As per the provisions of Payment of Gratuity Act, 1972 without any vesting period.

iv) **Death Benefit:**

The Parent Company provides for death benefit, a defined benefit plan ,(the death benefit plan) to certain categories of employees. The death benefit plan provides a lump sum payment to vested employees on Death, being compensation received from the insurance company and restricted to limits set forth in the said plan. The death benefit plan is non – funded.

Disclosures for defined benefit plans based on actuarial reports as on 30th September 2008.

	Gratuity (Funded Plan) (Rs. in Lacs)
a) Changes in Defined Benefit Obligation	
Opening defined benefit obligation	121.46
Current service cost	54.66
Interest cost	14.57
Actuarial loss / (gain)	(21.12)
Liabilities settled on sale of business	Nil
Benefit / (paid)	(18.55)
Closing defined benefit obligation	151.02
b) Changes in Fair Value of Assets	
Opening fair value of plan assets	5.67
Expected return on plan assets	1.28
Actuarial gain / (loss)	(0.62)
Contributions of employer	27.30
Assets distributed on sale of business	Nil
Benefits / (paid)	(18.55)
Closing fair value of plan assets	15.08

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	(Rs. in Lacs)
c) Amount recognised in the Balance Sheet	
Present value of the obligations as at year end	151.02
Fair value of the plan assets as at year end	15.08
Amount not recognised as an asset	Nil
Net (asset) / liability recognised as on 30th September 2008	135.94
d) Expenses recognised in the Profit and Loss Account	
Current service cost	54.66
Interest on defined benefit obligation	14.58
Expected return on plan assets	(1.28)
Net actuarial loss / (gain) recognized in the current year	(20.50)
Effect of the limit in Para 59(b) of the revised AS 15	Nil
Total expense	47.46
e) Asset information	
Government of India Securities	-
Corporate Bonds	-
Special Deposit Scheme	-
Others – Policy with LIC	100%
f) Principal actuarial assumptions used	
Discount rate (p.a.)	8%
Expected rate of return on plan assets (p.a.)	8.5%
Annual increase in salary cost (p.a.)	6%

The estimate of future increase in compensation levels, considered in the actuarial valuation, have been taken on account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

As this is the first year in which AS 15 (Revised) has been applied the amounts of the present value of the obligation, fair value of the plan assets, surplus or deficit in the plan and experience adjustment arising on plan liabilities and plan assets for the previous year have not been furnished.

19. In terms of the requirements of the Accounting Standard-28 on "Impairment of Assets" issued by the Institute of Chartered Accountants of India, the amount recoverable against fixed assets, including goodwill, has been estimated for the period end by the management based on the present value of estimated future cash flows expected to arise from the continuing use of such assets. The recoverable amount so assessed was found to be adequate to cover the carrying amount of the assets, therefore no provision for impairment in value thereof has been considered necessary, by the management.

20. The Parent Company has entered into Derivatives structure for hedge purpose and not intended for trading or speculation. The period end foreign currency exposures that have been hedged by a derivative instrument or otherwise are as below:

Currency	Buy or Sell	Cross Currency	Amount in US $ As At 30.09.2008
US $	Sell	Indian Rupees	489.50 Lacs

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

And Currency Swap for a notional amount of USD 77 Lacs.

Note: FCCB of Euro 137.20 Lacs are convertible at a fixed exchange rate (refer Note No.9 above).

The period end foreign currency exposures of the Parent Company that have not been hedged by a derivative instrument or otherwise are as below:

Particulars	Foreign Currency Denomination	Foreign Currency Amount in Lacs	Indian Rupees equivalent in Lacs
Assets			
Trade Receivables	EURO	7.39	501.10
	GBP	0.70	59.47
Loans and Advances	GBP	0.04	3.19

Particulars	Foreign Currency Denomination	Foreign Currency Amount in Lacs	Indian Rupees equivalent in Lacs
Liabilities			
Trade Payables	US$	20.27	951.33
	EURO	0.16	10.68
Secured Loans	US$	7.15	335.38
Unsecured Loans	EURO	137.20	9,300.79
Interest accrued but not due	US$	0.12	5.51

In Parent Company Mark to Market loss is Rs. 3,447.53 Lacs in respect of foreign currency derivative instruments outstanding as at 30th September, 2008, which has not been accounted for in the books of account. The management is of the view that application of AS-30 “Financial Instrument Recognition and Measurement” is not mandatory for the financial period under report and therefore the losses, if any, will be accounted for as and when they crystallise.

21. Disclosure for operating leases under Accounting Standard 19-“Accounting for Leases”:
The Wanbury Group has taken various residential /godowns / office premises (including furniture and fittings, therein as applicable) under operating lease or leave and license agreements. These are generally not non-cancelable and range between 11 months and 3 years under leave and licence, or longer for other leases and are renewable by mutual consent on mutually agreeable terms. The Wanbury Group has given refundable interest free security deposits in accordance with the agreed terms. The lease payments are recognised in the Profit and Loss Account under “Rent, Rates & Taxes” under Schedule-17.
The future lease payments and payment profile of non cancelable operating leases are as under:

	30.09.2008 (Rs. in Lacs)
Not later than one year	209.60
Later than one year but not later than five years	244.33
Later than five years	Nil

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

22. Goodwill (Net) on consolidation comprises of :
Goodwill (Capital Reserve) in respect of

	30.09.2008 Rs. in Lacs
Wanbury Holding B.V., Netherland	29.86
Cantabria Pharma S.L., Spain	(0.01)
Total	**29.85**

23. Minority interest represents the 1,370 Preference Shares of Euro 1,000 each of the Wanbury Holding B. V. The said preference shares are redeemable/ convertible into equity subject to the fulfillment of certain conditions mentioned in the agreement as per the agreed terms.

24. Related Party Disclosure: (With whom the transactions have taken place)
A. Relationship :
Category 1: Major Shareholders:
- Kingsbury Investment Inc.
- Expert Chemicals (India) Pvt. Ltd.
- Magnum Equifin Pvt. Ltd.

Category 2: Associate Companies
- Wanbury Infotech Pvt. Ltd.
- Bravo Healthcare Limited (from 01.04.2007)

Category 3: Key Management Personnel and their relatives:
- Mr. K. Chandran — Whole-time Director
- Mr. K. R. N. Moorthy — Deputy Managing Director

Sr. No.	Transactions	Related Party Relation	30.09.2008 (Rs. in Lacs)
1)	**Inter Corporate Deposits Taken:**		
	- Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	80.13
2)	**Repayment of Inter Corporate Deposits Taken:**		
	- Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	291.68
3)	**Inter Corporate Deposits Given:**		
	- Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	614.42
	. - Bravo Healthcare Ltd,	Associated Company	1,813.95
4)	**Repayment of Inter Corporate Deposits Given:**		
	- Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	99.87
	- Bravo Healthcare Limited	Associated Company	567.93
5)	**Expenses Reimbursed from:**		
	- Bravo Healthcare Limited	Associated Company	73.18
6)	**Remuneration paid:**		
	- Mr. K. R. N. Moorthy	Key Management Personnel	126.13
	- Mr. K. Chandran	Key Management Personnel	87.23
7)	**Rent Paid:**		
	- Mrs. Prabha K. Chandran	Key Management Person’s relatives	9.00

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

FOR THE PERIOD ENDED 30TH SEPTEMBER, 2008

8)	**Investment**		
	Bravo Healthcare Limited	Associated Company	53.40
9)	**Sales**		
	Bravo Healthcare Limited	Associated Company	134.85
10)	**Purchase of materials**		
	Bravo Healthcare Limited	Associated Company	417.10
11)	**Dividend**		
	- Kingsbury Investment Inc.	Major Shareholders	60.48
	- Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	51.53
	- Magnum Equifin Pvt. Ltd.	Major Shareholders	10.01
12)	**Technical Know-how Fees**		
	- Bravo Healthcare Ltd.	Associated Company	280.90
13)	**Interest Income**		
	- Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	42.44
	- Bravo Healthcare Ltd.	Associate Company	176.98
14)	**Information Technology Services taken**		
	- Wanbury Infotech Pvt. Ltd.	Associated Company	93.80
15)	**Gain From One Time Settlement of SBI Dues**		
	- Bravo Healthcare Ltd.	Associated Company	280.51
16)	**Job work Expenses**		
	- Bravo Healthcare Ltd.	Associated Company	6.15
17)	**Allotment of Equity shares pursuant PPIL Merger Scheme**		
	Expert Chemicals (India) Pvt. Ltd.	Associated Company	55.56
18)	**Expenses Reimbursed from:**		
	- Bravo Healthcare Limited	Associate Company	0.96

C. Balances due from/to related parties:

Sr. No.	Particulars	Related Party Relation	30.09.2008 (Rs. In Lacs)
1)	**Inter Corporate Deposits Given:**		
	- Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	556.99
	- Bravo Healthcare Ltd	Associated Company	1,272.03
2)	**Sundry Creditors / Other Liabilities:**		
	- Wanbury Infotech Pvt. Ltd.	Associated Company	6.71
3)	**Technical Know how fees Receivable**		
	- Bravo Healthcare Ltd	Associated Company	280.90

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

25. Assets held for disposal:

As per the scheme of rehabilitation and merger approved by BIFR, erstwhile PPIL is required to sale office premises at Saki Naka, Mumbai and R & D premises at Turbhe, Navi Mumbai in settlement of part dues of secured and unsecured creditors mentioned in the aforesaid scheme. Consequently, the said assets are held for disposal and stated at cost since estimated realisable value is higher than cost and included in fixed assets as follows:

Particulars	Gross Block	Accumulated Depreciation	Net Block
1. Office Building	243.00	46.46	196.54
2. R & D Building	400.21	223.17	177.04

26. This being the first year of consolidated financial statement, figures for the previous year are not given.

As per our attached report of even date
For KAPOOR & PAREKH ASSOCIATES
Chartered Accountants

NIKHIL PATEL
Partner
Mumbai, 31st December, 2008

For and on behalf of the Board

K. CHANDRAN
Whole-time Director

K.R.N. MOORTHY
Deputy Managing Director

ASHOK SHINKAR
Director-Corporate Finance

GIRISH JUNEJA
Vice President-Finance

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 - 400705, 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 Twentieth Annual General Meeting of the Company to be held on Monday, 23rd March, 2009 at :

Hotel Tunga Regency, Plot No. 37, Sector No. 30 A, Vashi, Navi Mumbai -400705, Maharashtra

and at any adjournment thereof.

Signed this __________ day of ____________________ 2009.

Affix Re. 1/- Revenue Stamp

____

Signature of Member (s)

ATTENDANCE SLIP

WANBURY LIMITED

Registered Office : BSEL Tech Park, B-Wing, 10th Floor, Sector 30 A, Opp. Vashi Railway Station, Vashi, Navi Mumbai - 400705, Maharashtra

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 Twentieth Annual General Meeting of the Company held on Monday, 23rd March, 2009 at Hotel Tunga Regency, Plot No. 37, Sector No. 30 A, Vashi, Navi Mumbai -400705, Maharashtra

____

Member's / Proxy's Signature*

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