



22<sup>nd</sup> Annual Report  
2009-2010

 **WANBURY**  
*Towards Better Healthcare*

[www.wanbury.com](http://www.wanbury.com)





# WANBURY LIMITED

## 22<sup>ND</sup> Annual Report 2009-2010

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### Board of Directors

|                      |                                    |
|----------------------|------------------------------------|
| Mr. A. L. Bongirwar  | Non-executive Independent Director |
| Mr. N. K. Puri       | Non-executive Independent Director |
| Dr. P. L. Tiwari     | Non-executive Independent Director |
| Mr. P. R. Dalal      | EXIM Bank Nominee                  |
| Mr. K. Chandran      | Vice Chairman                      |
| Mr. K. R. N. Moorthy | Joint Managing Director            |
| Mr. A. N. Shinkar    | Executive 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, Mazgaon (Mah) and Tanaku (AP)

### Auditors

#### Kapoor & Parekh Associates

Chartered Accountants, Mumbai

### Bankers

Bank of India  
EXIM Bank  
State Bank of India  
State Bank of Mysore  
State Bank of Indore  
Axis Bank  
Andhra Bank  
IDBI Bank

### Registrars and Transfer Agents

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

Unit – 1, Luthra Industrial Premises,  
Safed Pool, Andheri-Kurla Road, Andheri (E), Mumbai – 400 072, India  
Telephone : +91-22-28516338, 28528087  
Fax : +91-22-28512885

## FIVE YEARS FINANCIAL PERFORMANCE

| Rs. in Lacs                         |                  |                  |                  |                  |                  |
|-------------------------------------|------------------|------------------|------------------|------------------|------------------|
| Particular                          | 2009-2010        | 2008-2009*       | 2007-2008**      | 2006-2007        | 2005-2006        |
| Total Income                        | 37,587.47        | 17,205.23        | 40,278.60        | 15,263.52        | 11,492.54        |
| Total Expenditure                   | 34,433.24        | 20,308.56        | 37,236.74        | 13,729.39        | 10,049.91        |
| Profit / (Loss) Before Tax          | 3,154.23         | (3,103.33)       | 3,041.86         | 1,534.13         | 1,442.63         |
| Provision for Taxation              | 162.08           | 25.17            | 64.26            | (548.50)         | 369.60           |
| Profit / (Loss) After Tax           | 2,992.15         | (3,128.50)       | 2,977.60         | 2,082.63         | 1,073.03         |
| Outstanding Number of Shares        | 14,689,286       | 14,689,286       | 14,689,286       | 12,747,358       | 12,747,358       |
| Earning Per Share (in Rs.)          | 20.37            | (21.30)          | 20.54            | 15.65            | 9.67             |
| Face Value of Equity Share (in Rs.) | 10.00            | 10.00            | 10.00            | 10.00            | 10.00            |
| <b>Sources of Funds:</b>            |                  |                  |                  |                  |                  |
| Share Capital                       | 1,468.93         | 1,468.93         | 1,468.93         | 1,274.74         | 1,274.74         |
| Share Capital Suspense Account      | -                | -                | -                | 56.26            | -                |
| Reserve & Surplus                   | 17,024.48        | 10,192.05        | 14,222.51        | 11,580.90        | 8,839.49         |
| Secured Loan                        | 26,326.93        | 19,990.02        | 17,282.61        | 8,397.95         | 2,801.89         |
| Unsecured Loan                      | 5,791.34         | 9,585.13         | 9,971.79         | 4,971.41         | 2,731.10         |
| Deferred Sales Tax Liability        | 31.94            | 53.25            | 55.44            | -                | 586.65           |
| <b>Total</b>                        | <b>50,643.62</b> | <b>41,289.38</b> | <b>43,001.28</b> | <b>26,281.26</b> | <b>16,233.87</b> |
| <b>Application of Funds:</b>        |                  |                  |                  |                  |                  |
| Fixed Assets (Net)                  | 23,550.18        | 19,562.96        | 19,638.73        | 11,804.28        | 6,992.13         |
| Investment                          | 10,172.31        | 12,432.29        | 8,511.35         | 4,940.83         | 2,871.28         |
| Inventories                         | 3,235.61         | 3,608.85         | 4,380.05         | 1,619.66         | 1,326.36         |
| Sundry Debtors                      | 8,722.68         | 8,352.70         | 9,678.78         | 4,576.79         | 3,835.29         |
| Cash & Bank Balances                | 1,042.20         | 2,517.55         | 1,128.39         | 312.67           | 2,311.42         |
| Loan and Advances                   | 14,465.79        | 8,571.99         | 10,825.88        | 8,788.48         | 2,154.84         |
| Current Liabilities                 | 9,035.99         | 9,010.54         | 9,749.59         | 4,556.83         | 2,584.67         |
| Provisions                          | 1,509.16         | 4,746.42         | 1,412.31         | 1,204.62         | 672.78           |
| Net Current Assets                  | 16,921.13        | 9,294.13         | 14,851.20        | 9,536.15         | 6,370.46         |
| <b>Total</b>                        | <b>50,643.62</b> | <b>41,289.38</b> | <b>43,001.28</b> | <b>26,281.26</b> | <b>16,233.87</b> |

\* Financial Year 2008-2009 was of six months from 1st October 2008 to 31st March 2009.

\*\* Financial Year 2007-2008 was of eighteen months from 1st April 2007 to 30th September 2008.

## NOTICE

Notice is hereby given that the **Twenty-Second Annual General Meeting** of the Members of Wanbury Limited will be held on Thursday the 12<sup>th</sup> day of August, 2010 at 12:00 Noon at Silk Lounge, Imperial Banquets, Raghuleela Arcade, Opp. Vashi Railway Station, 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 31<sup>st</sup> March, 2010 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. N. K. Puri – 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. K. Chandran – 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 applicable provisions, 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 applicable provisions, if any, of the Companies Act, 1956, M/s. Brahmayya & Co., Chartered Accountants, Vijayawada, be and are hereby re-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.”

### SPECIAL BUSINESS:

6. To consider and if thought fit, to pass with or without modification(s) the following resolution as a special resolution.

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act, consent of the members of the Company be and is hereby accorded to the re-appointment of and the payment of remuneration & perquisites to Mr. K. Chandran as Whole Time Director of the Company for a period of three years with effect from 1<sup>st</sup> September, 2010 on the following terms and conditions (including the terms regarding the payment of remuneration to be paid in the event of loss or inadequacy of profit in any financial year during the aforesaid period):

#### A. Period

Three Years w.e.f. 1<sup>st</sup> September, 2010, with liberty to either party to terminate the appointment on three months notice in writing to the other.

#### B. Remuneration:

##### Basic Salary:

Basic Salary of Rs. 3,63,000/- (Rs. Three Lac Sixty Three Thousand only) per month with such increments as may be decided by the Board from time to time, subject however to a ceiling of Rs. 6,00,000/- (Rs. Six Lac only) per month.

##### House Rent Allowance:

House Rent Allowance of Rs. 1,40,190/- (Rs. One Lac Forty Thousand One Hundred Ninety only) per month with such increments as may be decided by the Board from time to time, subject however to a ceiling of Rs. 3,00,000/- (Rs. Three Lac only) per month.

##### Special Allowance:

Special Allowance of Rs. 50,000/- (Rs. Fifty Thousand only) per month with such increments as may be decided by the Board from time to time, subject however to a ceiling of Rs. 2,00,000/- (Rs. Two Lac only) per month.

**Leave Travel Allowance:**

Leave Travel Allowance of Rs. 7,000/- (Rs. Seven Thousand only) per month with such increments as may be decided by the Board from time to time, subject however to a ceiling of actual expenses.

**Medical Allowance:**

Medical Allowance of Rs. 1,250/- (Rs. One Thousand Two Hundred Fifty only) per month with such increments as may be decided by the Board from time to time, subject however to a ceiling of actual expenses.

**Annual Performance Bonus:**

Annual Performance Bonus linked to the achievement of targets and Long-Term Incentive Compensation as per the scheme applicable to Senior Executives of the Company as may be decided by the Board subject to a maximum of Rs. 75,00,000/- (Rs. Seventy Five Lac only) per annum.

**C. Perquisites**

1. Reimbursement of expenses on actual, pertaining to gas, fuel, electricity and telephones.
2. Personal Accident Insurance coverage for self as per the Rules of the Company.
3. Company's Contribution towards Provident Fund and Superannuation Fund on basic salary as per the Rules applicable to Senior Executives of the Company.
4. Gratuity as applicable to Senior Executives of the Company including continuity of service for time served elsewhere, within the Group.
5. A Car for use of Company's business.
6. Leave and encashment of leave, in accordance with the Rules of the Company.
7. Spouse accompanying on any official domestic and overseas trip will be governed as per the policy of the Company, as applicable to Whole-time Directors / Senior Executives of the Company.
8. Club Fees: Fees of One Corporate Club in India (including admission and membership fees.)
9. Any other policies / benefits that are introduced by the Group from time to time, as applicable at his level.

AND THAT the terms and conditions of the said re-appointment be altered and/or varied from time to time by the Board, as it may, at its discretion, deem fit, within the maximum amount payable as mentioned aforesaid and the provisions of Companies Act, 1956, read with Schedule XIII to the said Act or any amendments made hereinafter in this regard.

AND THAT the aggregate of the salary, allowances and perquisites in any financial year shall be subject to the limits prescribed from time to time under Section 198, 309 and other applicable provisions of the Companies Act, 1956, read with Schedule XIII to the said Act as may for the time being, be in force, or otherwise as may be permissible at law.

AND THAT where in any financial year comprised by the period of appointment, the Company has no profit or its profits are inadequate, the aforesaid remuneration will be minimum remuneration subject to the approval of the Central Government, wherever required.

AND THAT subject as aforesaid, Mr. K. Chandran shall be governed by such other Rules as are applicable to the Senior Executives of the Company from time to time.

AND THAT the period of office shall be liable to determination by retirement of Directors by rotation.

AND THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution.

AND THAT the explanatory statement together with the accompanying Notice should be treated as an abstract of the terms of the respective Agreements and Memorandum of concern or interest under Section 302 of the Companies Act, 1956."



7. To consider and if thought fit, to pass with or without modification(s) the following resolution as an ordinary resolution.

“RESOLVED THAT pursuant to the provisions of Section 190 read with provisions of Section 284 and other applicable provisions of Companies Act, 1956, Dr. Rajaram Samant, a Director of the Company, whose office is liable for retirement by rotation, be and is hereby removed as a Director of the Company.”

**Registered Office:**  
BSEL Tech Park, B Wing,  
10<sup>th</sup> Floor, Sector 30-A, Vashi  
Navi Mumbai – 400 705  
**Date:** 28<sup>th</sup> May, 2010  
**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 – 400 072, in respect of the Shares held in Physical Form, and (ii) to their Depository Participants (DPs) in respect of Shares held in Dematerialised Form.
3. In case the mailing address mentioned on this Annual Report is without the PINCODE, shareholders are requested to kindly inform their PINCODE 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 Dematerialised 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, 2<sup>nd</sup> August, 2010 to Thursday, 12<sup>th</sup> August, 2010 (both days inclusive) for the purpose of Annual General Meeting and payment of dividend for the financial year ended on 31<sup>st</sup> March, 2010.
6. At the ensuing Annual General Meeting Mr. N. K. Puri and Mr. K. Chandran, retire by rotation and being eligible offer themselves for re-appointment. Their brief resume are as under:

|  |  |
|--|--|
| Name   | Mr. N. K. Puri   |
| Age  | 67 Years   |
| Qualification  | M Sc (Physics)   |
| Expertise in Specific Area   | Banking  |
| Date of First Appointment on the Board of the Company  | 09.03.2005   |
| No. of Shares held in the Company  | NIL  |
| Name of the other public limited companies in which<br>Directorship held and Committee Membership/ Chairmanship<br>held. | <b>Director:</b> NIL<br><b>Committee Membership:</b> NIL<br><b>Committee Chairmanship:</b> NIL |

|  |   |
|--|---|
| Name   | Mr. K. Chandran   |
| Age  | 51 Years  |
| Qualification  | Graduate  |
| Expertise in Specific Area   | 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. | <b>Director:</b> ( 1 ) Magnum Equifin Pvt. Ltd.<br>( 2 ) Cantabria Pharma S.L., Spain<br><b>Committee Membership:</b> NIL<br><b>Committee Chairmanship:</b> 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 of nomination by the Shareholders of the Company in the prescribed Form No. 2B. Shareholders are requested to avail this facility.

**Registered Office:**  
BSEL Tech Park, B Wing,  
10<sup>th</sup> Floor, Sector 30-A, Vashi  
Navi Mumbai – 400 705  
**Date:** 28<sup>th</sup> May, 2010  
**Place:** Vashi, Navi Mumbai

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

**Pankaj B. Gupta**  
**Company Secretary**

## **ANNEXURE TO THE NOTICE DATED 28.05.2010**

Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956.

### **Item No. 6:**

The Members of the Company had approved the appointment of Mr. K. Chandran as Whole Time Director for a period of 3 years w.e.f 1<sup>st</sup> September, 2007, at their 19<sup>th</sup> Annual General Meeting held on 27<sup>th</sup> September, 2007.

Mr. K. Chandran has rich experience and knowledge of pharmaceutical industry and has contributed substantially to the growth of the Company. Keeping this in view, the Board of Directors at its meeting held on 28<sup>th</sup> May, 2010, has approved the re-appointment of Mr. K. Chandran as Whole-time Director of the Company for a period of 3 years with effect from 1<sup>st</sup> September, 2010, subject to approval of shareholders in General Meeting. Mr. K. Chandran fulfills the eligibility criteria set out under part I of Schedule XIII to the Companies Act, 1956.

The information as required under Schedule XIII of the Companies Act, 1956, is as under:

#### **I. GENERAL INFORMATION:**

- (1) Nature of Industry – Pharmaceutical Industry
- (2) Date of commencement of commercial production – The Company commenced its pharmaceutical business from 1988 onwards.



- (3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus – Not Applicable

(4) **Financial Performance:**

(Amount Rs. in Lacs)

| Financial Parameters                      | 2009-2010 | *2008-2009 | **2007-2008 | 2006-2007 | 2005-2006 | 2004-2005 |
|---|-----------|------------|-------------|-----------|-----------|-----------|
| Total Income                              | 37,587.47 | 17,205.23  | 40,278.60   | 15,263.52 | 11,492.54 | 7,524.31  |
| Total Expenditure                         | 34,433.24 | 20,308.56  | 37,236.74   | 13,729.39 | 10,049.91 | 6,657.58  |
| Profit / (Loss) Before Tax                | 3,154.23  | (3,103.33) | 3,041.86    | 1,534.13  | 1,442.63  | 866.73    |
| Profit / (Loss) After Tax                 | 2,992.15  | (3,128.50) | 2,977.60    | 2,082.63  | 1,073.03  | 701.25    |
| Rate of Dividend recommended/<br>declared | 10%       | 0%         | 5%          | 20%       | 20%       | 10%       |

\* Financial Year 2008-2009 was of 6 months from 1<sup>st</sup> October, 2008 to 31<sup>st</sup> March, 2009.

\*\* Financial Year 2007-2008 was of 18 months from 1<sup>st</sup> April, 2007 to 30<sup>th</sup> September, 2008.

(5) **Export Performance and net foreign exchange collaborations:**

(Amount Rs. in Lacs)

| Year         | Foreign Exchange Earnings (Income) | Foreign Exchange Outgo (Expenditure) |
|--------------|------------------------------------|--------------------------------------|
| 2009-2010    | 13,945.56                          | 4,175.40                             |
| 2008-2009 *  | 8,751.31                           | 2,442.57                             |
| 2007-2008 ** | 18,729.26                          | 5,671.27                             |
| 2006-2007    | 7,676.24                           | 1,690.98                             |
| 2005-2006    | 5,941.35                           | 1,188.33                             |

\* Financial Year 2008-2009 was of 6 months from 1<sup>st</sup> October, 2008 to 31<sup>st</sup> March, 2009.

\*\* Financial Year 2007-2008 was of 18 months from 1<sup>st</sup> April, 2007 to 30<sup>th</sup> September, 2008.

(6) **Foreign investments or collaborators, if any**

The Company has five foreign subsidiaries namely Wanbury Holdings B.V., Cantabria Pharma S. L., Laboratories Wanbury S. L., Ningxia Wanbury Fine Chemicals Company Limited and Wanbury Global FZE. Kindly refer to the Statement pursuant to the provisions of Section 212 (1) (e) of the Companies Act, 1956 for the investment made by the Company in the subsidiaries and the financials of the subsidiary companies, which forms part of Annual Report.

**II. INFORMATION ABOUT THE APPOINTEE**

- (1) Background details: Mr. K. Chandran aged about 51 years, is a Science Graduate and has rich experience and knowledge of pharmaceutical industry and has contributed substantially to the growth of the Company.
- (2) Past Remuneration – Remuneration of Rs. 103.63 Lacs including performance pay was paid to Mr. K. Chandran for the year 2009-2010.
- (3) Job profile and his suitability – Mr. K. Chandran is in-charge of the overall administration of the Company and its Subsidiary Companies, subject to the superintendence, direction and control of the Board the Company.
- (4) Remuneration proposed – As set out in the Resolution, the remuneration of Mr. K. Chandran has the approval of Board and Remuneration Committee.
- (5) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin) – Taking into consideration size of the Company, the profile of Mr. K. Chandran, an Indian National, the responsibility shouldered by him, the remuneration package set out in resolution is commensurate with the remuneration package paid to managerial position in other Companies.

- (6) Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel if any – Besides, the remuneration proposed, Mr. K. Chandran does not have any other pecuniary relationship with the Company.

**III. OTHER INFORMATION**

- (1) Reason of loss or inadequate profits:

The Company is profit making Company.

- (2) Steps taken or proposed to be taken for improvement

The Company has taken a number of initiatives to improve the yield and other cost reduction by improving the manufacturing process. The Company is also focusing the high margin business of Contract Research and Manufacturing Services (CRAMS) and significant growth is planned in the formulation division of the Company by launching new products / divisions.

- (3) Expected increase in productivity and profits in measurable terms

The Company's operations continue to remain profitable. The Company is targeting a sales growth of over 50% in domestic formulations on the back of strong growth of its existing products, new product launches in its existing divisions and addition of new divisions. Over the past three years the Company has ranked as the fastest growing Company in the top 50 companies in India as per ORG IMS. Productivity per capita is increasing across divisions.

The Company continues to add new products APIs and new customers across domestic and global market. The Company is nearly doubling the revenues from its CRAMS business.

Over the next three years the Company is targeting an overall compounded annual growth rate of 33%, which as aforesaid would be laid by growth in existing products, new product introductions, foray in new divisions and markets, increased geographical spread of the Company and expansion of its manufacturing and research capacities.

The Board of Directors recommends the resolution for approval of Shareholders.

None of the Directors except Mr. K. Chandran is concerned or interested in the said resolutions.

This resolution and explanatory statement should be treated as an abstract of the terms of the respective Agreements and Memorandum of concern or interest under Section 302 of the Companies Act, 1956.

**Item No. 7:**

The Company has received a special notice from a shareholder of the Company, pursuant to the provisions of Section 190 read with provisions of Section 284 and other applicable provisions of Companies Act, 1956, for the purpose of removal of Dr. Rajaram Samant as Director of the Company. The Shareholder requested the Company for putting the matter before the Shareholders of the Company in the General Meeting for their consideration.

A copy of the special notice received from the shareholder has been sent to Dr. Rajaram Samant. If Dr. Rajaram Samant sends his representations in writing to the Company well within time then a copy of the representation will be sent to the Shareholders of the Company, otherwise the representation shall be read out at the Annual General Meeting.

**Registered Office:**

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

**Date:** 28<sup>th</sup> May, 2010

**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 Twenty-Second Annual Report together with the Audited Accounts of the Company for the year ended on 31<sup>st</sup> March, 2010.

### FINANCIAL HIGHLIGHTS:

|   | (Rs. in Lacs)                       |  |
|---|-------------------------------------|--|
|   | For the Year<br>ended on 31.03.2010 | For the 6 months period<br>ended on 31.03.2009 |
| Turnover                                    | 35,475.00                           | 17,196.76                                      |
| Less: Excise Duty & Sales Tax               | 364.18                              | 431.20   |
| Net Sales                                   | 35,110.82                           | 16,765.56                                      |
| Other Income                                | 2,476.65                            | 439.67   |
| Total Income                                | 37,587.47                           | 17,205.23                                      |
| Total Expenditure                           | 34,433.24                           | 20,308.56                                      |
| Profit / (Loss) before Taxation             | 3,154.23                            | (3,103.33)                                     |
| Provision for Taxation:                     |                                     |  |
| - Current Tax                               | 573.77                              | 0.58   |
| - Mat Credit Entitlement                    | (536.06)                            | -  |
| - Fringe Benefit Tax                        | -                                   | 28.52  |
| - Income Tax of earlier years               | 124.37                              | (3.93)   |
| Net Profit after Tax                        | 2,992.15                            | (3,128.50)                                     |
| Balance b/f from Previous Year              | 3,110.82                            | 6,239.33                                       |
| Amount available for Appropriation          | 6,102.97                            | 3,110.83                                       |
| APPROPRIATION                               |                                     |  |
| Proposed Dividend                           | 146.89                              | -  |
| Tax on Dividend                             | 24.40                               | -  |
| Short Provision of Dividend of Earlier Year | -                                   | 0.01   |
| Balance Carried to Balance Sheet            | 5,931.68                            | 3,110.82                                       |

### OPERATIONAL REVIEW:

The figures given above are not strictly comparable because the current financial year covers 12 months against the previous financial year of 6 months. However the highlights are as under:

The Total Income for the financial year under review was Rs. 37,587.47 Lac as against Rs. 17,205.23 Lac in the previous year. The Total Expenditure was Rs. 34,433.24 Lac as against Rs. 20,308.56 Lac.

The Profit before Tax for the Financial Year under review was Rs. 3,154.23 Lac as against a loss of Rs. 3,103.33 Lac.

The Profit after Tax for the Financial Year under review was Rs. 2,992.15 Lac as against a loss of Rs. 3,128.50 Lac.

Exports of the Company during the year under review were Rs. 13,938.84 Lac and were Rs. 8,750.60 Lac for the 6 Months period ended as on 31<sup>st</sup> March, 2009. The Company has been exporting its products to approx. 50 Countries.

### DIVIDEND

Your Company's Directors are pleased to recommend dividend @ 10 % i.e. Rs. 1/- per equity share for the year ended on 31<sup>st</sup>

March, 2010. Total cash outflow on account of dividend payment will be Rs. 146.89 Lac excluding dividend tax. 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 12<sup>th</sup> August, 2010.

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

The Hon'ble Board for Industrial and Financial Reconstruction (BIFR) is considering the Rehabilitation and Revival cum Merger of the Pharmaceutical Products of India Limited (PPIL) with the Company afresh, pursuant to the Order of Hon'ble Supreme Court of India dated 16<sup>th</sup> May, 2008.

The PPIL has submitted proposal for rehabilitation cum merger of PPIL with Wanbury Limited, with Operating Agency, IDBI and after considering the same in the joint meeting of all concern, Operating Agency, IDBI has submitted "Draft Rehabilitation Proposal" with Hon'ble BIFR for their consideration. The Hon'ble BIFR is considering the "Draft Rehabilitation Proposal" submitted by the IDBI, Operating Agency and we expect that the "Draft Rehabilitation Proposal" will be circulated by Hon'ble BIFR shortly for the consideration of the all concerns.

#### **FOREIGN CURRENCY CONVERTIBLE BONDS ISSUE:**

Your Company had issued Foreign Currency Convertible Bonds (FCCB) aggregating EURO 15 Million (EURO Fifteen Million only) on 20<sup>th</sup> April, 2007, in two parts. First part consists of 800 nos. Foreign Currency Convertible "A" Bonds {FCCB(A)} of face value of EURO 10,000 each i.e. size of Bond A was EURO 8 Million and second part consists of 700 nos. Foreign Currency Convertible "B" Bonds {FCCB(B)} of face value of EURO 10,000 each i.e. size of Bond B was EURO 7 Million, in accordance with the terms and conditions mentioned in the offering circular dated 25<sup>th</sup> April, 2007.

During the year under review the Company has not received any application for conversion of FCCB into equity shares of the Company. However till date 5,29,085 fully paid equity shares of face value of Rs. 10/- each have been issued at a conversion price of Rs. 138.43 per equity share upon conversion of 128 Foreign Currency Convertible A Bonds of face value of EURO 10,000 each.

During the year the Company has bought back 424 Foreign Currency Convertible "A" Bonds of face value of EURO 10,000 each at 90% of their face value.

The book value of 424 Foreign Currency Convertible "A" Bonds bought back by the Company was approx. EURO 5.07 Million, which were bought back by the Company at EURO 3.82 Million. Your Company has saved EURO 1.25 Million i.e. approx. Rs. 8.40 Crore by buying back of aforesaid FCCB.

Total numbers of FCCB(A) outstanding as on 31<sup>st</sup> March, 2010 were 248 and Total No. of FCCB(B) outstanding as on 31<sup>st</sup> March, 2010 were 700.

#### **SUBSIDIARY COMPANIES**

The Company does not have a non listed Indian subsidiary.

However, the Company had 5 foreign subsidiaries as on 31<sup>st</sup> March, 2010. 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.

Pursuant to the exemption given by the Central Government, Ministry of Corporate Affairs, vide its Order dated 6<sup>th</sup> April, 2010, the Company is not attaching along with its Annual Report, detailed financial statement of accounts comprising of Balance Sheet, Profit & Loss Account, reports of Directors & the Auditors and other information of its subsidiary companies.

Any Shareholder interested in obtaining the Balance Sheet, Profit & Loss Account, Directors' Report and Auditors' Report of the subsidiaries of the Company may write to the Company Secretary at the Registered Office of the Company.

#### **DIRECTORS:**

Mr. K. Chandran and Mr. N. K. Puri Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offers themselves for re-appointment. Your Directors recommend their re-appointment.

Your Company has terminated the appointment of Dr. Rajaram Samant as Whole Time Director of the Company w.e.f. 20<sup>th</sup> May, 2010.

The Company also has received a special notice from a shareholder of the Company to remove Dr. Rajaram Samant as Director of

the Company. The Shareholders are requested to refer Notice of Annual General Meeting for more details.

**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.

M/s. Brahmayya & Co., Chartered Accountants, Vijayawada, retire as Branch Auditors of the Company at the conclusion of ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept the office of the Branch Auditor, to audit the accounts of the Company's Plant situated at Tanaku, West Godavari District, Andhra Pradesh, 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.

**COST AUDITOR:**

The report of Mr. Hemant V. Shah, Cost Accountant, in respect of audit of cost accounts for bulk drug business of the Company for the year ended on 31<sup>st</sup> March, 2010, will be submitted to the Central Government in due course.

The Board of Directors of the Company has approved the appointment of Mr. Hemant V. Shah, Cost Accountant in respect of audit of cost accounts for bulk drug business of the Company for the financial year 2010-2011 i.e. from 1<sup>st</sup> April, 2010 to 31<sup>st</sup> March 2011. An application for the approval of Central Government has been made towards the appointment of Mr. Hemant V. Shah as Cost Auditor for the financial year 2010-2011.

**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 judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the Profit of the Company for the period.
- 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 Earning and Outgo as stipulated under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is set out in the separate statement, attached to this report & forms part of it.

**ACKNOWLEDGEMENTS:**

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

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

**K. CHANDRAN**

Vice Chairman

**K. R. N. MOORTHY**

Joint Managing Director

Mumbai, 28<sup>th</sup> May, 2010



## 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) The Company has installed multiple effect evaporator of the capacity 75,000 Litre per day at Manufacturing Site, Tanaku. It has reduced the consumption of steam by approx. 80% as it has very high steam economy 4.16 (per kg water / per kg steam) in comparison to 0.80 in conventional water evaporation system.
- (2) The Company has optimized process conditions of Metformin, which are giving approx. 30% power saving (0.65 KWh now against 0.93 KWh earlier) and approx. 34% Furnace Oil saving (0.45 Kg now against 0.68 Kg earlier) on per kg of Metformin production.
- (3) The Company has implemented condensate water recycling in the boiler at Manufacturing Site, Tarapur, which is giving saving of 4.50% of fuel. The condensate water recycling in the boiler is being planned at Manufacturing Site, Patalganga and Tanaku.

### INFORMATION AS PER PRESCRIBED FORM A:

|                                 | For the Year<br>ended on 31.03.2010 | For the 6 months period<br>ended on 31.03.2009 |
|---------------------------------|-------------------------------------|--|
| <b>1. Electricity</b>           |                                     |  |
| (a) Purchased                   |                                     |  |
| Unit (KWH)                      | 12,260,269                          | 5,828,723                                      |
| Total Amount (in Rupees)        | 49,688,863                          | 23,378,280                                     |
| Rate / Unit (in Rupees)         | 4.05                                | 4.01   |
| (b) Own Generation              |                                     |  |
| Unit (KWH)                      | 1,037,864                           | 566,775  |
| Total Amount (in Rupees)        | 12,602,047                          | 6,669,581                                      |
| Rate / Unit (in Rupees)         | 12.14                               | 11.77  |
| <b>2. Furnace Oil &amp; LDO</b> |                                     |  |
| Quantity (Litres)               | 2,712,893                           | 1,473,829                                      |
| Total Amount (in Rupees)        | 55,134,000                          | 26,622,235                                     |
| Average Rate (Rs. per Litre)    | 20.32                               | 18.06  |
| <b>3. Coal</b>                  |                                     |  |
| Quantity (MT)                   | 4,301                               | 2,041  |
| Total Amount (in Rupees)        | 17,385,420                          | 7,208,507                                      |
| Average Rate (Rs. per MT)       | 4,041.83                            | 3,531.23                                       |

### (B) CONSUMPTION PER UNIT OF PRODUCTION

The Company manufactures APIs having varied product cycles. 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**

Research and Development (R & D) Centre has improved its strength to a team of over 40 scientists, who continue to offer dedicated services for R&D projects such as Process Research, Contract Research & Manufacturing (CRAMS) etc.

During the year, the R & D Center of your Company has developed lab scale processes for 6 Active Pharmaceutical Ingredients (APIs), completed four cost reduction projects and CRAMs (12 Nos.). In addition to this Drug Master File (DMF) for 2 APIs in US and Common Technical Document (CTD) for 2 APIs in Europe have been filed.

The synthesis of APIs today is governed by stringent norms as the process chemistry employed needs to be cost effective, hazard-free, non-infringing, adhering to Pharmacopoeia quality and eco-friendly. R&D Centre has successfully improved the process through backward integration for its key API wherein nearly a 10 % cost reduction has been achieved. It has also improved the yields of another key API of your Company by 10%, there-by not only reducing the cost but also minimizing the ecological load.

Our CRAMs business is about customized solutions – providing advance intermediates, fine chemicals and API to our customers after understanding their requirements. Your Company has a very strong pipeline with more than 30 products and 8 out of these have already been on lab development and 10 ready for plant scale.

### **FORMULATION DIVISION**

R&D Centre is working with Canadian Company to develop four ANDA's for the Canadian market.

R&D Centre has also started work on 4 novel fixed dose combinations and Novel Drug Delivery Systems (NDDS) projects for domestic market.

Many new products with novel technology or compositions have been developed. One such technology of quick release formulation of Lornoxicam has been launched (Lornoxicam is analgesic drug, normally it starts action after 1 to 2 hours but through quick release technology it starts action only after 15 minutes). Also the formulation having quick release part & sustained release part for Lornoxicam has been launched as unique Bilayered Tablet. Further 2 more Novel formulations have been developed and are awaiting launch.

R&D Centre has developed sustained release Direct Compressible Granules (DC Granules) ready for compression of Metformin. The formulation is being supplied to Domestic market and is also exported to Semi Regulated markets.

Meanwhile research work continues in the field of Novel Drug Delivery Systems and many new concepts are on an exploratory stage.

| <b>Expenditure on R&amp;D</b>                                 | <b>(Rs. in Lacs)</b> |
|---|----------------------|
| Capital   | 28.33                |
| Recurring   | 576.87               |
| <b>Total</b>  | <b>605.20</b>        |
| <b>Total R&amp;D expenditure as a percentage of net sales</b> | <b>1.72%</b>         |

**(3) FOREIGN EXCHANGE EARNINGS AND OUTGO:**
**(Rs. In Lacs)**

|  | <b>For the Year<br/>ended on 31.03.2010</b> | <b>For the 6 months period<br/>ended on 31.03.2009</b> |
|--|---|--|
| <b>INCOME:</b>                               |   |  |
| Foreign Exchange earned by the Company:      |   |  |
| F.O.B. Value of Exports.                     | 13,731.94                                   | 8,642.36   |
| Freight, Insurance etc.                      | 206.90                                      | 108.24   |
| Fixed Deposit Interest                       | -   | 0.71   |
| Others                                       | 6.72  | -  |
| <b>Total Income</b>                          | <b>13,945.56</b>                            | <b>8,751.31</b>  |
| <b>EXPENDITURE:</b>                          |   |  |
| C.I.F. Value of Imports                      |   |  |
| Raw Material (including High Seas purchases) | 3,243.73                                    | 2,061.65   |
| Capital Goods                                | 22.48                                       | 18.15  |
| Interest                                     | 286.60                                      | 158.45   |
| Commission Paid                              | 129.03                                      | 34.37  |
| Legal & Professional Fees                    | 92.87                                       | 27.29  |
| Travelling & Other Expenses                  | 400.69                                      | 142.66   |
| <b>Total Expenditure</b>                     | <b>4,175.40</b>                             | <b>2,442.57</b>  |

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**
**K. CHANDRAN**

Vice Chairman

**K. R. N. MOORTHY**

Joint Managing Director

Mumbai, 28<sup>th</sup> May, 2010

**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 |  | b) extent of holding | 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   |  |                      | Current year / period   | Previous year / period | Current year / period   | Previous year / period |
| Wanbury Holdings B. V., Netherlands            | 1 <sup>st</sup> April, 2009 to 31 <sup>st</sup> March, 2010      | 15 <sup>th</sup> September, 2006     | 6,489 Ordinary Equity Shares of Face Value of Euro 1000 each.  |  | 100%                 | NIL   | NIL                    | (178.50)  | (207.72)               |
| Cantabria Pharma S. L., Spain                  | 1 <sup>st</sup> April, 2009 to 31 <sup>st</sup> March, 2010      | 2 <sup>nd</sup> October, 2006        | 1,000 shares of Face Value of Euro 60 each. (Refer Note 1)   |  | 100%                 | NIL   | NIL                    | (3,383.04)  | 50.37                  |
| Laboratories Wanbury S. L., Spain              | 1 <sup>st</sup> January, 2009 to 31 <sup>st</sup> December, 2009 | 28 <sup>th</sup> September, 2007     | 2,709 shares of Face Value of Euro 1 each. (Refer Note 2)  |  | 100%                 | NIL   | NIL                    | -   | (1.55)                 |
| Ningxia Wanbury Fine Chemicals Co. Ltd., China | 1 <sup>st</sup> January, 2009 to 31 <sup>st</sup> December, 2009 | 24 <sup>th</sup> October, 2007       | 13,260 shares of Face Value of USD 1 each.   |  | 100%                 | NIL   | NIL                    | (15.43)   | 73.35                  |
| Wanbury Global FZE                             | 24 <sup>th</sup> August, 2009 to 31 <sup>st</sup> December, 2009 | 6 <sup>th</sup> April, 2009          | 5 shares of Face Value of AED 1,00,000/- each.   |  | 100%                 | NIL   | NIL                    | 1.72  | N.A.                   |

**Notes:**

- (1) Shares are held by Wanbury Holdings B. V., Netherlands, a wholly owned subsidiary of the Company.
- (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 financial 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.
- (4) Pursuant to the exemption given by the Central Government, Ministry of Corporate Affairs, under section 212(8) of the Companies Act, 1956, vide its Order dated 6<sup>th</sup> April, 2010, the Company is not attaching along with its Annual Report, detailed financial statement of accounts comprising of Balance Sheet, Profit & Loss Account, reports of Directors & the Auditors and other information of its above mentioned subsidiary companies. 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.

**For and on behalf of the Board**

|  |  |  |
|--|--|--|
| <b>K. CHANDRAN</b><br>Vice Chairman            | <b>K.R.N. MOORTHY</b><br>Joint Managing Director | <b>ASHOK SHINKAR</b><br>Executive Director |
| <b>GIRISH JUNEJA</b><br>Vice President-Finance | <b>PANKAJ B. GUPTA</b><br>Company Secretary      |  |

Mumbai, 28<sup>th</sup> May, 2010

# **INFORMATION ON THE FINANCIAL OF THE SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010**

(Rs. In Lacs)

| Name of the Subsidiary Company          | Wanbury Holdings<br>B. V., Netherlands | Cantabria Pharma<br>S. L., Spain | Laboratories<br>Wanbury<br>S. L., Spain | Ningxia Wanbury<br>Fine Chemicals<br>Co. Ltd., China | Wanbury Global<br>FZE, Ras Al Khaima<br>UAE |
|---|--|----------------------------------|---|--|---|
| The financial year / period ended on    | 31 <sup>st</sup> March,<br>2010        | 31 <sup>st</sup> March,<br>2010  | 31 <sup>st</sup> December,<br>2009      | 31 <sup>st</sup> December,<br>2009                   | 31 <sup>st</sup> December,<br>2009          |
| Capital                                 | 4,613.07                               | 34.49                            | 2.03                                    | 5.29   | 68.33                                       |
| Ordinary Share Application Money        | 4,957.87                               | -                                | -                                       | -  | -   |
| Preference Share Application Money      | 1,902.19                               | -                                | -                                       | -  | -   |
| Quasi Share Capital                     | -                                      | -                                | -                                       | -  | 1,218.13                                    |
| Reserves                                | (293.23)                               | (2,420.81)                       | (1.71)                                  | (4.23)   | (27.89)                                     |
| Total Liabilities                       | 11,179.90                              | 26,048.35                        | 0.32                                    | 1.06   | 40.43                                       |
| Total Assets                            | 11,179.90                              | 26,048.35                        | 0.32                                    | 1.06   | 40.43                                       |
| Investment (other than in subsidiaries) | -                                      | -                                | -                                       | -  | -   |
| Turnover (net)                          | 29.00                                  | 12,688.02                        | -                                       | 413.56   | 10.35                                       |
| Profit / (Loss) before Tax              | (178.50)                               | (3,326.64)                       | -                                       | (15.43)  | 1.72  |
| Provision for Tax                       | -                                      | 56.40                            | -                                       | -  | -   |
| Profit / (Loss) after Tax               | (178.50)                               | (3,383.04)                       | -                                       | (15.43)  | 1.72  |
| Proposed Dividend                       | -                                      | -                                | -                                       | -  | -   |

**For and on behalf of the Board**

**K. CHANDRAN**  
Vice Chairman  
**GIRISH JUNEJA**  
Vice President-Finance

**K.R.N. MOORTHY**  
Joint Managing Director  
**PANKAJ B. GUPTA**  
Company Secretary

**ASHOK SHINKAR**  
Executive Director

Mumbai, 28<sup>th</sup> May, 2010

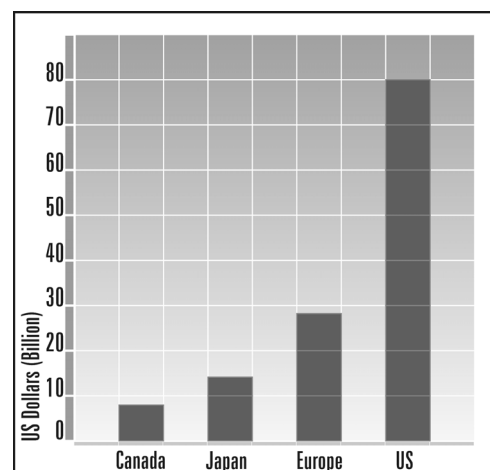
## Management Discussion and Analysis Report

### Industry: Development and Opportunities

As per ORG IMS, the global pharmaceutical market grew by 7% to reach US\$ 837 billion in 2009 and it is expected to grow by 4-6% in 2010 exceeding \$870 billion, driven by stronger near term growth in the U.S. market. The U.S. Pharmaceutical Market which constitutes 37.50% of the Global Pharmaceutical Market will continue to retain its top market slot, though growth there will be limited in the range of 3-6% for the next five years and may reach \$360-390 billion from the present \$300 billion. The five major European markets, France, Germany, the United Kingdom, Italy and Spain, registered a 3% growth in 2009.

Despite economic conditions significantly affecting some markets notably Russia, Turkey, South Korea and Mexico, the seven *pharma-emerging* countries namely China, Brazil, Mexico, South Korea, India, Turkey and Russia are expected in aggregate to grow by 12-14% in 2010 and 14-17% over the next five years.

India, with a population of over one billion, is the second largest pharmaceutical market in terms of volumes consumed and is one of the fastest growing economies of the world. In terms of value, it ranks 13<sup>th</sup> 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 to grow at a compound annual rate of 12%-15% as against a global average of 4%-6% during 2008-2013.



### Indian GDP growth over the period (%)

| GDP at Factor Cost % |     |
|----------------------|-----|
| 2005-06              | 9.5 |
| 2006-07              | 9.7 |
| 2007-08              | 9.2 |
| 2008-09              | 6.7 |
| 2009-10              | 7.2 |

Patent-protected drugs worth nearly US\$ 116 billion will go off-patent (including 30 of the best selling U.S. patent-protected drugs) by 2014. 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.

### Company Outlook

#### Domestic Formulations Business:

Your Company is set to win the 'Best Launch of the Year' award by ORG IMS for the third year in a row for its Calcium brand Cdense. The product entered the market as the 234<sup>th</sup> calcium brand in the pharmaceutical industry, but due to its unique mechanism of mineral transportation (which directly deposits the calcium in to the bone) has reached the 7<sup>th</sup> position in a very short time.

Your Company continues to be the fastest growing pharmaceutical Company in India amongst the top 100 companies and moved from 47<sup>th</sup> position in March, 2009 to 43<sup>rd</sup> position as of March, 2010 according to ORG-IMS. The Company continues to focus on Orthopedics, Gastrointestinal, Gynecology and Surgery therapeutic segments. Your Company has been able to maintain its position by focusing on some of its key existing brands. These brands have established themselves in their respective therapeutic areas and have come to be known as best in class. Key performing brands for your Company are:-

CPink – An iron supplement based on Ferrous ascorbate preparation is a Rs. 2,800 Lac (ORG MAT Apr 2010) brand and ranked



2nd in Ferrous ascorbate category. CPink has revolutionised Iron therapy by introducing the formulation prepared through patented IIC (Integrated Iron Complexation) technology. CPink with IIC technology maximizes Iron absorption & prevents GI irritation.

Adtrol Plus - A combination of Calcitriol, Calcium Carbonate, Methylcobalamin, folic acid and Pyridoxine is a 2,000 lac brand, ranked 3rd in the Calcitriol Combinations market. It's a comprehensive solution for the management of osteoporosis. Adtrol Plus can be used in all osteoporosis patients; all women above age of 40 yrs and men above 50 yrs.

Rabiplus - Our brand of Rabiprazole is Rs 2,000 Lac brand and ranked among top 5 brands in this category. Rabiplus is prepared through Optimally Stabilized Trilayered Enteric coated pallet technology. The benefit of this technology is 100% availability of drug at the site of absorption thus offers faster onset of action as compare to competitors. Pallet technology is being used for the first time in India.

Foline is a Rs. 1,200 Lac brand, growing at 57% with second rank in Rs 10,300 Lac folic acid market. Foline is a nutritional supplementation during pregnancy and contains Methylcobalamin, Folic Acid and Pyridoxine. The combination controls pregnancy complications and is recommended throughout the nine months of pregnancy. According to NIN 1998, more than 60 % young women suffer from folic acid deficiency, and over 25% women suffer from pyridoxine deficiency and thus there is huge potential in this area.

Growth has largely been fuelled by the two new divisions, WOW and Wellbone, launched by the Company in FY 2010. WOW and Wellbone, now contribute 23% of sales of the formulation division. Not only are these divisions contributing significant amount of sales to Formulations division as a whole, these divisions have the lowest Cost of Goods Sold compared to Formulations division as a whole. Products contributing significantly to the sales of these two divisions include: Foline, Bonansa, Productiv M, Productiv F and Wellbone.

The Company launched 23 new products during the year. The key products are as follows:

#### **Productiv-M and Productiv-F**

According to the World Health Organisation (WHO) 50 to 80 million couples will be affected by infertility at some stage of their reproductive life. Low sperm count, decreased motility, or abnormal shape of the sperm is responsible for (male) infertility in about 40% of couples. Female causes account for 40% of infertility cases, and 20% are attributed to a combination of both. To cater to this growing market the Company has launched two new products.

**Productiv-F** targeted at the female infertility market is a unique blend of Anti-oxidant, Multi-mineral, Vitamins and Amino acids along with Chaste berry and Green tea extract. Latest evidences show a 160% increase in the pregnancy rate with the use of a blend of Anti-oxidant, Multi-mineral, Vitamins and Amino acids.

Similarly, **Productiv-M** is a comprehensive formula containing a kit of multi-mineral and multi-vitamins tablets along with Clomiphene Citrate tablets for Male infertility market.

#### **Bonansa**

Wanbury has become the first Company in India to launch AlgaeCal, the No. 1 selling calcium in U.S.A. Targeted at the Rs. 319 Crore Calcium market, the product is promoted to pregnancy and post-menopausal osteoporosis related ailments.

Bonansa is a completely natural product, derived from a sea alga, Algas calcareas which contains in addition to calcium (in form of calcium carbonate) 12 multiminerals (Boron, Copper, Magnesium, Manganese, Phosphorus, Potassium, Selenium, Silicon, Strontium, Vanadium and Zinc).

While conventional Calciums only arrest bone loss, Bonansa is the only Calcium shown to build upon bone loss as proved by the osteoblast studies.

#### **Chymonac**

Introduced as part of the Company's Surglife division, Chymonac is a combination of Trypsin Chymotrypsin, Aceclofenac and paracetamol for inflammation and pain management. The Product has generated a Sales of Rs. 45 Lac in the very second month of the launch.

#### **API (Active Pharmaceutical Ingredients)**

Your Company continues to remain the largest manufacturer of Metformin in the world with over 30% market share. The Company registered a near 10% growth in Sales in terms of quantity. However, a significant decline in the market prices of its key product "Metformin" led to a marginal decline in Sales in value terms in FY 10. Though the Company continued to face challenge in the U.S. markets in FY 10, it has seen a revival in the U.S. markets over the last two months and expects significant revenues coming from these markets in FY 11. Meanwhile, the Company continues to grow aggressively in the non-regulated markets by exploring new

markets. FY 10 has been historical for API division on several counts. API division registered highest ever sales worth Rs. 2,057 Lac and highest ever collections worth Rs. 1,945 Lac, both in the month of March'10.

Your Company has 2 U.S.FDA approved multi-product Active Pharmaceutical Ingredients (API) facilities and one dedicated Metformin manufacturing facility for semi-regulated markets. It sells to 7 out of the top 10 generic players in the world including Apotex, Teva, Sandoz and Mylan. Several pharmaceutical majors have already approved facilities for different products to be manufactured at your Company's plants. The details are as follows:

| Product         | Pharmaceutical Company Approval                         |
|-----------------|---|
| Tramadol        | Apotex, Amneal  |
| DiPhenhydramine | McNeil, LNK, Perrigo                                    |
| Metformin       | Sandoz, Teva, Berlin Chemie, GSK, Abbott, Glenmark etc. |

Inspections of its plants are underway by a number of Pharma majors, which would result in additional orders in the due course. Your Company has added nearly 100 new customers in FY10 and has taken the total count to over 250 by end of March-2010.

Your Company has a basket of over 30 API products and exports to over 50 countries, 50% of which comprise regulated markets.

#### **Drug Master Files (DMFs):**

- |  |                                     |
|--|-------------------------------------|
| ● Ibuprofen                              | ● Ibuprofen DC grade 65%            |
| ● Metformin HCl                          | ● Ibuprofen DC grade 90%            |
| ● Mefenamic acid                         | ● Methoxsalen                       |
| ● Tramadol Hydrochloride                 | ● Paroxetine Hydrochloride          |
| ● Metformin HCl                          | ● Atenolol                          |
| ● Amitriptyline Hydrochloride            | ● Carvedilol                        |
| ● Promethazine Hydrochloride             | ● Risperidone                       |
| ● Metformin HCl DC grade 90%             | ● Clopidogrel Bisulfate             |
| ● Metformin HCl DC grade 95%             | ● Diphenhydramine Hydrochloride     |
| ● Sertraline Hydrochloride (Form-II)     | ● Metformin HCl SR Grade 70%        |
| ● Glucosamine HCl                        | ● Pantoprazole Sodium Sesquihydrate |
| ● Glucosamine sulfate potassium chloride | ● Carvedilol Phosphate Hemihydrate  |
| ● Glucosamine sulfate sodium chloride    | ● Levetiracetam                     |
| ● Sertraline hydrochloride (Form-I)      | ● Losartan Potassium                |
| ● Diphenhydramine Citrate                | ● Carvedilol Phosphate Monohydrate  |

Your Company's API Research and Development (R & D) Centre has improved its strength to a team of over 40 scientists, who continue to offer dedicated services for R&D projects such as Process Research, Contract Research & Manufacturing (CRAMS) etc.

During the year, the R & D Centre has developed lab scale processes for 6 Active Pharmaceutical Ingredients (APIs), completed four cost reduction projects and CRAMS (12 Nos.). In addition to this, Drug Master File (DMF) for 2 APIs in US and Common Technical Document (CTD) for 2 APIs in Europe have been filed.

The synthesis of APIs today is governed by stringent norms as the process chemistry employed needs to be cost effective, hazard-free, non-infringing, adhering to Pharmacopoeia quality and eco-friendly norms. The R&D Centre has successfully improved the process through backward integration for its key API products wherein nearly a 10 % cost reduction has been achieved. It has also improved the yields of another key API of your Company by 10%, there-by not only reducing the cost but also minimizing the

ecological load.

### **CRAMS (Contract Research and Manufacturing Services)**

Your Company has a well established CRAMS business. The Company's USFDA approved plant Tanuku is being continuously audited by some of the largest Pharma companies in the world, which would result in potential orders going forward. The Company's initiative of opening a Swiss office has paid rich dividend with everyday enquires and site inspections by a number of European Pharma majors.

Your **CRAMS** business is about customised solutions – providing advance intermediates, fine chemicals and APIs to customers after understanding their requirements. Presently your Company has a very strong pipeline with more than 30 products and 8 out of these being already on lab development stage and 10 ready for plant scale.

### **International Formulations Business / European Generics: Cantabria Pharma**

Last year has been tough for the European markets and Spain was no exception. Pharmaceutical industry in Spain has consistently been held back due to price cuts enforced by the Government and due to competition as a whole. Over the last year there have been two rounds of price cuts which have hampered the sales of the Company. Although the sales in volume terms have only been rising your Company has not been able to make up the loss in sales value to offset the fixed costs and hence was not able to break even last year. Several initiatives have been taken to counter the situation and loss in margin due to price cuts has been partly offset by the reduction in cost of material. Other initiatives that are being taken to improve the overall position of the Company are as follows:

### **Business Development / New Product Launches**

As part of the new strategic initiative, the Company launched Picasum, a skin ointment targeted at the pain management segment having potential annual sales of Euro 4 million in FY 10. The product enjoys gross margin of 67%.

The Company has launched 2 new branded generic products Ilufren (Quetiapine), Panproton (Pantoprazole) in the financial year 2009-2010.

- Ilufren (Quetiapine), launched in May '09 is targeted at the Schizophrenia market and adds to the basket of Epilmax (an anti-epilepsy product launched in June-2008) and Flaxen (antidepressant launched in Feb '09). The product enjoys gross margin of 68%.
- Panproton (Pantoprazole), targeted at the Anti-ulcerant market is the 12th brand to be launched in the segment. The gross margin of the product is nearly 70%

In addition the Company has launched licensed product – Nidol under a Semi Exclusive licensing arrangement with Farmasiera group. The other license holder of this product is Abbot Spain. The potential sales of this product for your Company is pegged at 2 million Euros in 2010-2011.

The Company has also entered in co-promotion arrangement with UCB for Stopcold. The sales of this brand in 2009-2010 was 3 million Euros.

The Company is planning to enter the Oral Mucositis, Migraine, Laxatives Dental pain, Central Nervous System and Osteoporosis segments in 2011.

### **Exploring In-licensing Opportunities**

Your Company focuses on creating brands from pharmaceutical generic products and either purchases or enters into contract for dossiers (marketing rights) from third parties. It also in-licenses products from innovators like Wyeth, SMB, etc. The Company shall explore with European Companies who would like to partner with it for marketing their products in the Spanish markets by providing the marketing license to Cantabria to sell in Spanish markets. The Company has a wide marketing network and covers entire Spain market with its sales force. The Company over the years has emerged as one of the preferred partners for In-licensing products by the MNC's and other large Pharma Companies. The Company has hired a resource for targeting this segment for strategic business development.

### **Human Resource Initiatives**

In order to improve productivity your Company reduced the sales force from 88 to 63 and the Area Sales Managers from 6 to 5. Performance incentive plans have been worked along with Mercer Consulting and a new ERP (Enterprise Resource Planning) system has been installed which would give real time sales force information to the management thereby improving the response time of management and increasing productivity.

### **Cost Reduction Initiative**

Your Company has hired an experienced cost management consultant to analyze the avenues of cost reduction in purchase of Inventory from the suppliers. In addition your Company has also recruited a supply chain professional to streamline the present purchase process and renegotiate terms with suppliers.

### **Process Improvement**

Your Company completed 2 phases of internal audit and SOP for sales, marketing, HR and purchases. It installed system to evaluate brick-wise potential of each sales representative and performance and a new CRM (Customer Relationship Management) system to take care of issues with legality.

### **Research & Development**

The Company's R & D is recognised by DSIR (Department for Scientific & Industrial Research) – 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

### **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 determining 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 in the world with over 30% market share. The Company is also one of the market leaders for Tramadol and Salsalate in the U.S. markets. 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 30 DMFs, 1 product patent and 21 process patents till date. Five of the 21 process patents, namely Sertraline Hydrochloride, Carvedilol, Paroxetine, Ferrous ascorbate & Folic acid (Cpink) Dietary supplement and Carvedilol phosphate monohydrate 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.

Your Company had faced significant exchange losses on derivative foreign exchange contracts due to adverse currency movement. That exposure is over. All the derivative contracts have matured before June 2010. Your Company had made adequate provisions for such losses in the past. This is therefore no continued threat on account of past derivative contracts.

### **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 at your Company is valued as the number 1 asset and accordingly all efforts and perspective focuses on “Employee First”. It is the motivated and passionate employees who serve our customers better, bring in new customers and executes our strategy. Innovation, creativity, responsiveness, vision, values reside in them who create all tangible and intangible asset for you.

The focus during last year was on up gradation of talent gene pool of the Company. We have hired number of young talents from Premier Institutes, like Indian Institute of Management, Indian Institute of Technology etc. We not only hired best Talents for new Pharma divisions, we also bolstered the Process Engineering and scale up team by adding around 10 new professional at different levels.

Towards employee learning and development, we have augmented the training cell by hiring a Top end senior Talent and starting corporate learning and development cell. During the year, employees participated in scores of development programs which includes globally acknowledged Capstone Business Simulation program, Customized Leadership Development Program at IIM, Ahmedabad etc. Our approach on employee development had been to address both hardware and software development. Hardware would include initiatives to build skill, knowledge and Process like TPM while soft aspects includes like Power of Belief, Power of Expectation, Situational Leadership etc. Our continued efforts to build leaders across all levels of the organisation continue unabated. Employee coaching finds its deserved place in your Company as tool for people development.

Your Company has also taken some unique steps of employee care which includes free employee counselling as also sessions on subjects like parenting. Your Company continues to take help of globally renowned consulting firms like SHL, Hewitt, Mercer on various people initiatives.

## Financial Review

| Particulars  | (Amount Rs. in Lacs)             |                                 |
|--------------|----------------------------------|---------------------------------|
|              | FY 09-10<br>12 Months Standalone | FY 08-09<br>6 Months Standalone |
| Net Sales    | 35,111                           | 16,766                          |
| Exports      | 13,939                           | 8,751                           |
| Total Income | 37,587                           | 17,205                          |
| Total Cost   | 34,433                           | 20,309                          |
| EBITDA       | 6,349                            | (1,761)                         |
| PBT          | 3,154                            | (3,103)                         |
| PAT          | 2,992                            | (3,129)                         |

The Company had a 12 months accounting period in the financial year 2010 as against a 6 months period for the financial year 2009; hence the results are not strictly comparable. However on an annualised basis the Company registered a strong performance in FY10.

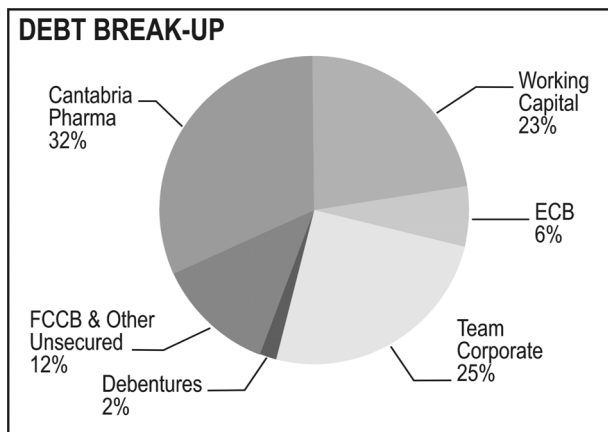
Your Company has generated Net Sales of Rs. 35,111 Lac and Exports Sales of Rs. 13,939 Lac (accounting for nearly 39% of the Total Net Sales) for the 12 months period ended March, 2010. Total Income for the period was Rs. 37,587 Lac.

The API business generated Net Sales of Rs. 18,476 Lac and accounted for 39% of the Consolidated Net Sales (Rs. 47,259 Lac) in FY10 as against 45% during FY09. On an annualised basis the Formulations business registered a 34% growth, thereby registering a Net Sale of Rs. 16,655 Lac led by new product launches and a significant growth in the new products introduced during the last fiscal. The Formulation business now accounts for nearly 35% of the consolidated Sales as against 24% in FY09. The Spanish business represented by Cantabria Pharma had a Net Sales of Rs. 12,148 Lac and accounted for nearly 26% of the Total Consolidated Sales of the Company.

Your Company generated an EBITDA of Rs. 6,349 Lac in FY10 as against a loss of Rs. 1,761 Lac in FY09. The EBITDA margin in FY10 was 18% and was led by a strong margin improvement in the API business.

The PBT for the 12 months period ended was Rs. 3,154 Lac as against a loss of Rs. 3,103 Lac in FY09. The Company had a loss in FY09 largely on account of the Rs. 3,500 Lac Derivatives provision and Exchange Fluctuation Losses of Rs. 1,406 Lac. Thus for FY10 the Company utilised the Derivative provision made in FY09 to write-off the Derivative loss incurred during the financial year FY10. The Rs. 3,500 Lac Derivatives provision was based on the MTM position for contracts maturing in 2010. At the time of provision

the USD/INR exchange rate was 47, however over the last year there have been significant fluctuations in dollar with rupee going strong. As on 31<sup>st</sup> March 2010, the MTM position for the derivatives contract that matured in FY 2010 was at Rs. 2,206 Lac, which meant that the Company was able to write back an amount of Rs. 1,274 Lac which helped increase its profits. Further, there is no negative derivative exposure for the Company as on 31<sup>st</sup> March 2010 and no provision needs to be made for Derivatives positions held by the Company.



The Company had a consolidated Debt of Rs. 46,892 Lac as of 31<sup>st</sup> March, 2010. The break-up of the Total Debt as of March 31, 2010 is as follows:

Your Company has undertaken FCCB (Foreign Currency Convertible Bonds) Buyback Program and has therefore raised US\$ 10 million ECB (External Commercial Borrowing) from a public sector bank. As of 31<sup>st</sup> March, 2010 your Company has bought back Bonds worth Euro 4.24 million (Book value Euro 5.07 million) at a flat 10% discount on the Face Value and nearly 25% discount on Book Value.

The average maturity of the Domestic Term Loans is 3-5 years and the maturity of its overseas borrowings is 5-6 years. The Company continues to generate healthy cash from

operations to repay the debt. The remaining FCCBs have a maturity of 3 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 had 52 week high of Rs. 96 as on 31<sup>st</sup> March, 2010 and 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**  
Vice Chairman

**K. R. N. MOORTHY**  
Joint Managing Director

Mumbai, 28<sup>th</sup> May, 2010



## CORPORATE GOVERNANCE REPORT

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

Your Company believes in and practices good corporate governance. Your Company's philosophy of corporate governance envisages attainment of the transparency, accountability and equity in all its dealing with all stakeholders. As a public company, your Company is committed to complete, accurate and timely disclosure in reports and documents that it files with regulatory authorities.

Your Company is fully Compliant with all the mandatory provisions of Clause 49 of the Listing Agreement of Stock Exchanges. The details of Compliances are as follows:

### (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 Outside Directorship (s) Held * | No. of Outside Committee Position Held |          |
|------------------------------|---|--|--|----------|
|                              |   |  | Member                                 | Chairman |
| Mr. K. Chandran              | Promoter Vice Chairman                          | NIL                                    | NIL                                    | NIL      |
| Mr. K. R. N. Moorthy         | Non-promoter Joint Managing Director            | 1                                      | NIL                                    | NIL      |
| Mr. Ashok Shinkar**          | Whole-time Director                             | NIL                                    | NIL                                    | NIL      |
| Dr. Rajaram Samant***        | Whole-time Director                             | NIL                                    | NIL                                    | NIL      |
| Dr. P. L. Tiwari             | Independent Director                            | NIL                                    | NIL                                    | NIL      |
| Mr. N. K. Puri               | Independent Director                            | NIL                                    | NIL                                    | NIL      |
| Mr. A. L. Bongirwar          | Independent Director                            | 3                                      | 1                                      | NIL      |
| Mr. Sudip Bhattacharyya **** | Nominee Director of Export Import Bank of India | 1                                      | 1                                      | NIL      |
| Mr. P. R. Dalal ****         | Nominee Director of Export Import Bank of India | NIL                                    | NIL                                    | NIL      |

\* Excluding Directorship in private limited companies and foreign companies.

\*\* Appointed w.e.f. 30<sup>th</sup> June, 2009

\*\*\* Appointed w.e.f. 29<sup>th</sup> September, 2009

\*\*\*\* Mr. P.R. Dalal was nominated as Director by Exim Bank, in place of Mr. Sudip Bhattacharyya, with effect from 29<sup>th</sup> September, 2009.

The Board Members meet at least once in a quarter to review the quarterly performance and the financial results. All major decisions like policy formulation, strategy and business plans, new investments, borrowing, compliance with statutory / regulatory requirements, changes in accounting policies etc. are considered by the Board.

The Board/Committee Meetings are generally scheduled well in advance after considering availability of all the Board Members. 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 / Committee 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 period under review i.e. financial year 2009-2010, 8 Board Meetings were held on 03/06/2009, 30/06/2009, 27/07/2009, 29/09/2009, 28/10/2009, 23/12/2009, 22/01/2010 and 15/02/2010. 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        | 5  | YES                       |
| Mr. Ashok Shinkar *         | 6  | YES                       |
| Dr. Rajaram Samant **       | 4  | NO                        |
| Mr. A. L. Bongirwar         | 7  | NO                        |
| Mr. N. K. Puri              | 8  | YES                       |
| Dr. P. L. Tiwari            | 7  | NO                        |
| Mr. Sudip Bhattacharyya *** | 4  | NO                        |
| Mr. P. R. Dalal ***         | 4  | NO                        |

\* Appointed w.e.f. 30<sup>th</sup> June, 2009

\*\* Appointed w.e.f. 29<sup>th</sup> September, 2009

\*\*\* Mr. P. R. Dalal was nominated as Director by Exim Bank, in place of Mr. Sudip Bhattacharyya, with effect from 29<sup>th</sup> September, 2009.

### (3) BOARD COMMITTEES:

At present, the Board has eight committees namely the Audit Committee, the Investors' Grievance Committee, the Remuneration Committee, the Borrowing Committee, the Risk Committee, the Foreign Exchange Risk Management Committee, the Share Transfer Committee and the Day to Day Affairs Committee.

#### (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 period under review, the Audit Committee met 5 times on 30/06/2009, 27/07/2009, 29/09/2009, 28/10/2009 and 22/01/2010.

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

| Name of Director                   | No. of Meetings Attended |
|------------------------------------|--------------------------|
| Mr. N. K. Puri – Chairman          | 5                        |
| Mr. A. L. Bongirwar – Member       | 4                        |
| Dr. P. L. Tiwari – Member          | 5                        |
| Mr. Sudip Bhattacharyya – Member * | 3                        |
| Mr. P. R. Dalal – Member *         | 2                        |
| Mr. K. R. N. Moorthy – Member      | 3                        |
| Mr. Ashok Shinkar - Member **      | 3                        |

\* Mr. P.R. Dalal was nominated as Director by Exim Bank, in place of Mr. Sudip Bhattacharyya, with effect from 29<sup>th</sup> September, 2009.

\*\* Appointed w.e.f. 27<sup>th</sup> July, 2009

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

#### Terms of Reference:

The terms of reference to the Audit Committee include:

- 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.
- 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 judgement by management.
  - Qualifications in draft audit report.
  - Significant adjustments arising out of audit.
  - The going concern assumption.
  - Compliance with accounting standards.
  - Compliance with stock exchange and legal requirements concerning financial statements
  - Any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the 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 4 times during the period under review on 03/06/2009, 27/07/2009, 28/10/2009 and 22/01/2010. The attendance record of the members at the meeting is as under:

| <b>Name of Director</b>       | <b>Category</b>      | <b>No. of Meetings Attended</b> |
|-------------------------------|----------------------|---------------------------------|
| Mr. N. K. Puri – Chairman     | Independent Director | 4                               |
| Mr. A. L. Bongirwar-Member    | Independent Director | 3                               |
| Dr. P. L. Tiwari – Member     | Independent Director | 4                               |
| Mr. K. Chandran – Member      | Executive Director   | 4                               |
| Mr. K. R. N. Moorthy – Member | Executive Director   | 2                               |

The total numbers of complaints received and replied to the satisfaction of shareholders during the year were 27. No complaint and no Share Transfer request were pending at the beginning of the year i.e. on 1<sup>st</sup> April, 2009 and at the end of the year i.e. 31<sup>st</sup> March, 2010.

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

#### **(C) REMUNERATION COMMITTEE:**

The Remuneration Committee has been formed for evaluating & recommending the executive directors' remuneration plan & policy to the Board of Directors for their approval.

All the members of the Remuneration Committee are independent directors namely Mr. N. K. Puri (Chairman), Mr. A. L. Bongirwar (Member) and Dr. P. L. Tiwari (Member). During the period under review, the Remuneration Committee met three times on 03/06/2009, 30/06/2009 and 29/09/2009. All the members were present in the committee meeting held on 03/06/2009, 30/06/2009 and 29/09/2009.

The remuneration structure of the Executive Directors comprises of salary, perquisites & allowances, performance linked bonus, 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 did not have a scheme of Stock Options till the financial year ended on 31<sup>st</sup> March, 2010. However the management of the Company is considering Stock Options Scheme for the employees of the Company. The equity share holding of directors of the Company as on 31<sup>st</sup> March, 2010 is as under:

| S. No. | Name of Director     | Holding              |
|--------|----------------------|----------------------|
| 01     | Mr. K. Chandran      | NIL                  |
| 02     | Mr. K. R. N. Moorthy | NIL                  |
| 03     | Mr. Ashok Shinkar    | 32,229 Equity Shares |
| 04     | Dr. Rajaram Samant   | 1,500 Equity Shares  |
| 05     | Dr. P. L. Tiwari     | NIL                  |
| 06     | Mr. N. K. Puri       | NIL                  |
| 07     | Mr. A. L. Bongirwar  | NIL                  |
| 08     | Mr. P. R. Dalal      | NIL                  |

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

| Name of Non-executive Director                                 | Sitting Fees (Rs.) |
|--|--------------------|
| Mr. A. L. Bongirwar  | 1,60,000/-         |
| Mr. N. K. Puri   | 1,92,000/-         |
| Dr. P. L. Tiwari   | 1,64,000/-         |
| EXIM Bank of India (Mr. Sudip Bhattacharyya / Mr. P R Dalal) * | 1,78,000/-         |

\* Cheques have been issued in favour of Export Import Bank of India Limited and not in the name of nominee director.

#### Remuneration to Executive Directors:

| Name of Director     | Salary & Perquisites<br>(Rs. in lacs) | Performance<br>Linked Bonus<br>(Rs. in lacs) | Total<br>(Rs. in lacs) | Service Tenure   |
|----------------------|---------------------------------------|--|------------------------|------------------|
| Mr. K. Chandran      | 74.64                                 | 28.99  | 103.63                 | Up to 30.08.2010 |
| Mr. K. R. N. Moorthy | 84.87                                 | 56.69  | 141.56                 | Up to 28.09.2012 |
| Mr. Ashok Shinkar    | 67.38                                 | -  | 67.38                  | Up to 29.06.2012 |
| Dr. Rajaram Samant   | 36.88                                 | -  | 36.88                  | Up to 20.05.2010 |

#### (D) BORROWING COMMITTEE:

The Borrowing Committee has been formed by the Board of Directors of the Company and the following powers have been delegated to the Borrowing Committee.

- To enter into derivative contracts for hedging the dollar exposures with respect to the Working Capital / Term / Corporate Loan facilities.
- To consider changes to tenure and terms of the Corporate / Term Loans and Working Capital Loans and availing of switching options between these loans.
- To consider renewal of existing Corporate / Term / Working Capital Facilities.
- To consider reduction / pre-payment / replacement of facility amounts and to consider inclusion / exclusion of existing / new bankers and making corresponding changes to security creation, within the limits approved by the Board.
- To consider and approve fresh borrowings up to a maximum amount of Rs. 100 Crore with a single transaction not exceeding Rs. 50 Crore.

During the period under review Borrowing Committee met 3 times on 22/05/2009, 30/06/2009 and 16/09/2009. The attendance record of the members at the meeting is as under:

| Name of Director                   | No. of Meetings Attended |
|------------------------------------|--------------------------|
| Mr. N. K. Puri – Chairman          | 3                        |
| Mr. Sudip Bhattacharyya - Member * | 3                        |
| Mr. K. Chandran – Member           | 3                        |
| Mr. K. R. N. Moorthy – Member      | 1                        |
| Mr. Ashok Shinkar – Member **      | NA                       |
| Mr. P. R. Dalal – Member **        | NA                       |

\* Mr. Sudip Bhattacharyya has resigned as member of Borrowing Committee w.e.f. 29th September, 2009.

\*\* Mr. Ashok Shinkar and Mr. P R Dalal have been appointed as members of the Borrowing Committee w.e.f. 23<sup>rd</sup> December, 2009.

#### (E) RISK COMMITTEE

Risk Committee has been formed by Board at its meeting held on 28<sup>th</sup> October, 2009 to consider the potential risks of the business of the Company and to plan for the mitigation of the same.

Below mentioned are the members of the Risk Committee and one meeting of the Risk Committee was held on 15<sup>th</sup> February, 2010:

| Name of Director              | Whether Committee Meeting held on 15 <sup>th</sup> February, 2010 attended |
|-------------------------------|--|
| Mr. N. K. Puri – Chairman     | Yes  |
| Mr. P R. Dalal - Member       | Yes  |
| Mr. A. L. Bongirwar - Member* | N. A.  |
| Mr. K. Chandran – Member      | Yes  |
| Mr. K. R. N. Moorthy – Member | No   |
| Mr. Ashok Shinkar – Member    | Yes  |
| Dr. Rajaram Samant – Member** | Yes  |
| Mr. Paresh Vaish – Member***  | No   |

\* Appointed as committee member w.e.f. 15<sup>th</sup> February, 2010.

\*\* Ceased to be committee member w.e.f. 20<sup>th</sup> May, 2010.

\*\*\* Resigned from committee w.e.f. 15<sup>th</sup> February, 2010.

#### (F) FOREIGN EXCHANGE RISK MANAGEMENT COMMITTEE

The Foreign Exchange Risk Management Committee has been formed by Board at its meeting held on 15<sup>th</sup> February, 2010 to consider the potential foreign exchange risks of the business of the Company and to plan for the mitigation of the same.

Below mentioned are the members of the Foreign Exchange Risk Management Committee:

|                      |   |          |
|----------------------|---|----------|
| Mr. Ashok Shinkar    | – | Chairman |
| Mr. K. Chandran      | – | Member   |
| Mr. K. R. N. Moorthy | – | Member   |
| Mr. Girish Juneja    | – | Member   |
| Mr. Manis Thanawala  | – | Member   |

#### (G) SHARE TRANSFER COMMITTEE:

The Share Transfer Committee has been formed to consider and approve physical share transfer requests. Mr. K. Chandran and Mr. K. R. N. Moorthy are the members of Share Transfer Committee. Share Transfer Committee meets fortnightly to consider and approve physical share transfer requests. During the period under review 18 meetings of the Committee were held and attended by both the members.

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, dematerialisation, etc.

**(H) 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 period under review 5 meetings of the Committee were held and attended by both the members.

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

- (i) To take decisions relating to Bank Accounts i.e. opening of Account, change of authorisation, 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 authorise 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.

**(4) GENERAL BODY MEETING**

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

| Financial Year | Date                             | Time       | Venue  |
|----------------|----------------------------------|------------|--|
| 2008-2009      | 29 <sup>th</sup> September, 2009 | 12:00 Noon | Hotel Tunga Regency, Plot No. 37, Sector 30A, Vashi, Navi Mumbai |
| 2007-2008      | 23 <sup>rd</sup> March, 2009     | 12:00 Noon | Hotel Tunga Regency, Plot No. 37, Sector 30A, Vashi, Navi Mumbai |
| 2006-2007      | 27 <sup>th</sup> September 2007  | 12:00 Noon | Hotel Tunga Regency, Plot No. 37, Sector 30A, Vashi, Navi Mumbai |

**(b) Postal Ballot:**

During the year under review, the below mentioned 7 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.



| Sr. No. | Particulars of Resolution  | Type of Resolution  | Date of passing Resolution | Number of Votes in Favour of Resolution<br>(% of Vote In Favour of Resolution)<br>{Number of Equity Shares voted in favour of Resolution} | Number of Votes Against the Resolution<br>(% of Vote Against the Resolution)<br>{Number of Equity Shares voted against Resolution} |
|---------|--|---------------------|----------------------------|---|--|
| 01      | Resolution pursuant to the provisions of Sections 198, 269, 309, and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act for appointment of and remuneration to be paid to Mr. K. R. N. Moorthy as Joint Managing Director of the Company w.e.f. 29 <sup>th</sup> September, 2009. | Special Resolution  | 30/11/2009                 | 96 (88.88%)<br>{ 71,85,461 Equity Shares voted in favour of resolution.}  | 12 (11.11%)<br>{1,033 Equity Shares voted against resolution.}   |
| 02      | Resolution pursuant to the provisions of Section 257 and other applicable provisions, if any, of the Companies Act, 1956 for the appointment of Dr. Rajaram Samant as Director of the Company.   | Ordinary Resolution | 30/11/2009                 | 98 (90.74%)<br>{71,85,961 Equity Shares voted in favour of resolution.}   | 10 (9.26%)<br>{533 Equity Shares voted against resolution.}  |
| 03      | Resolution pursuant to the provisions of Sections 198, 269, 309, and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act for appointment of and remuneration to be paid to Dr. Rajaram Samant as Whole Time Director of the Company w.e.f. 29 <sup>th</sup> September, 2009.       | Special Resolution  | 30/11/2009                 | 97 (89.81%)<br>{71,85,811 Equity Shares voted in favour of resolution.}   | 11 (10.19%)<br>{683 Equity Shares voted against resolution.}   |
| 04      | Rehabilitation cum Merger Scheme of the Pharmaceutical Products of India Limited with Wanbury Limited.   | Special Resolution  | 26/02/2010                 | 147 (94.84%)<br>{67,58,848 Equity Shares voted in favour of resolution.}  | 8 (5.16%)<br>{3,482 Equity Shares voted against resolution.}   |

| Sr. No. | Particulars of Resolution   | Type of Resolution | Date of passing Resolution | Number of Votes in Favour of Resolution (% of Vote In Favour of Resolution) {Number of Equity Shares voted in favour of Resolution} | Number of Votes Against the Resolution (% of Vote Against the Resolution) {Number of Equity Shares voted against Resolution} |
|---------|---|--------------------|----------------------------|---|--|
| 05      | Allotment of Equity Shares, Warrants and Optionally Fully Convertible Debentures pursuant to Rehabilitation cum Merger Scheme of the Pharmaceutical Products of India Limited with Wanbury Limited. | Special Resolution | 26/02/2010                 | 148 (95.48%)<br>{67,58,853 Equity Shares voted in favour of resolution.}  | 7 (4.72%)<br>{3,477 Equity Shares voted against resolution.}   |
| 06      | Employee Stock Option Schemes for the employees of the Company.   | Special Resolution | 26/02/2010                 | 139 (89.68%)<br>{67,54,978 Equity Shares voted in favour of resolution.}  | 16 (10.32%)<br>{7,352 Equity Shares voted against resolution.}   |
| 07      | Employee Stock Option Schemes for the employees of the subsidiaries of the Company.   | Special Resolution | 26/02/2010                 | 140 (90.90%)<br>{67,54,933 Equity Shares voted in favour of resolution.}  | 14 (9.10%)<br>{7,297 Equity Shares voted against resolution.}  |

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:**

The Company has passed below mentioned special resolution in the last three Annual General Meetings (AGMs):

| S. No. | Date of AGM                      | Subject matter  |
|--------|----------------------------------|---|
| 01     | 29 <sup>th</sup> September, 2009 | Appointment of and remuneration to be paid to Mr. Ashok Shinkar as Whole-time Director of the Company |

**(d) Subsidiaries:**

The Company does not have a non listed Indian Subsidiary. However the Company has below mentioned 5 foreign subsidiaries:

- (i) Wanbury Holdings B. V, Netherlands
- (ii) Cantabria Pharma S. L., Spain
- (iii) Laboratories Wanbury S. L., Spain

- (iv) Ningxia Wanbury Fine Chemicals Co. Ltd., China
- (v) Wanbury Global FZE, Ras Al Khaimah, UAE

**(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 Listing Agreement with Stock Exchanges. The same results are published in Newspapers in accordance with the provisions of Listing Agreement with Stock Exchanges and also posted on the Website of the Company ([www.wanbury.com](http://www.wanbury.com)).

**(5) GENERAL SHAREHOLDERS' INFORMATION**

**(a) Annual General Meeting**

|            |  |
|------------|--|
| Day & Date | : Thursday, 12 <sup>th</sup> August, 2010  |
| Venue      | : Silk Lounge, Imperial Banquets, Raghuleela Arcade,<br>Opp. Vashi Railway Station, Vashi, Navi Mumbai – 400 705 |
| Time       | : 12:00 Noon   |

**(b) Financial Calendar**

|   |  |
|---|--|
| For quarter ended on 30 <sup>th</sup> June, 2010                          | Unaudited Result on or before 14 <sup>th</sup> August, 2010.   |
| For quarter ended on 30 <sup>th</sup> September, 2010                     | Unaudited Result on or before 14 <sup>th</sup> November, 2010.   |
| For quarter ended on 31 <sup>st</sup> December, 2010                      | Unaudited Result on or before 14 <sup>th</sup> February, 2011.   |
| For quarter ended on 31 <sup>st</sup> March, 2011                         | Unaudited Result on or before 15 <sup>th</sup> May, 2011 or<br>Audited Result on or before 30 <sup>th</sup> May, 2011. |
| Annual General Meeting for the year ended on 31 <sup>st</sup> March 2011: | On or before 30 <sup>th</sup> September, 2011.   |

**(c) Book Closure**

The Share Transfer Books and the Register of Members will remain closed from Monday, 2<sup>nd</sup> August, 2010 to Thursday, 12<sup>th</sup> August, 2010 (both days inclusive) for the purpose of Annual General Meeting and payment of dividend for the Financial Year ended on 31<sup>st</sup> March, 2010.

**(d) 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 2010-2011. The Company has paid listing fee to Luxembourg Stock Exchange for the year 2010.

The Company has paid custody fee to National Securities Depository Limited (NSDL) and Central Depository Securities Limited (CDSL) for the financial year 2010-2011.

**(e) Corporate Identity Number (CIN):**

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

**(f) Equity History:**

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

| Particulars                      | No. of Equity<br>Shares Allotted | Cumulative Total | Date of Allotment              |
|----------------------------------|----------------------------------|------------------|--------------------------------|
| Upon amalgamation (Refer Note 1) | 94,86,358                        | 94,86,358        | 15 <sup>th</sup> October 2004  |
| GDR Issue (Refer Note 2)         | 32,61,000                        | 1,27,47,358      | 3 <sup>rd</sup> October 2005   |
| Merger (Refer Note 3)            | 64,668                           | 1,28,12,026      | 2 <sup>nd</sup> June 2007      |
| Merger (Refer Note 3)            | 5,62,618                         | 1,33,74,644      | 27 <sup>th</sup> June 2007     |
| FCCB Conversion                  | 2,06,674                         | 1,35,81,318      | 3 <sup>rd</sup> September 2007 |
| FCCB Conversion                  | 95,070                           | 1,36,76,388      | 1 <sup>st</sup> November 2007  |
| FCCB Conversion                  | 103,337                          | 1,37,79,725      | 13 <sup>th</sup> December 2007 |
| FCCB Conversion                  | 1,24,004                         | 1,39,03,729      | 16 <sup>th</sup> January 2008  |
| Merger (Refer Note 4)            | 7,85,557                         | 1,46,89,286      | 17 <sup>th</sup> 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, 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 24<sup>th</sup> 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 erstwhile PPIL and 5,62,618 Equity Shares of face value of Rs. 10/- each had been issued to the Equity Shareholders of erstwhile 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 30<sup>th</sup> 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 erstwhile DOCL.

**(g) 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 period ended on 31<sup>st</sup> March, 2010 were as under:

| Month           | High (Rs.) | Low (Rs.) | Close (Rs.) | BSE Sensex<br>Close | Volume<br>(No. of Shares) |
|-----------------|------------|-----------|-------------|---------------------|---------------------------|
| April, 2009     | 46.50      | 32.00     | 40.70       | 11,403.25           | 2,38,236                  |
| May, 2009       | 68.00      | 41.00     | 62.85       | 14,625.25           | 4,30,818                  |
| June, 2009      | 70.00      | 50.70     | 52.90       | 14,493.84           | 2,92,253                  |
| July, 2009      | 65.25      | 44.00     | 58.75       | 15,670.31           | 5,45,113                  |
| August, 2009    | 96.00      | 61.05     | 77.95       | 15,666.64           | 13,52,727                 |
| September, 2009 | 80.45      | 64.25     | 76.15       | 17,126.84           | 3,05,533                  |
| October 2009    | 87.00      | 69.70     | 69.75       | 15,896.28           | 2,96,541                  |
| November 2009   | 73.40      | 59.90     | 67.65       | 16,926.22           | 3,72,553                  |
| December 2009   | 71.75      | 64.50     | 67.35       | 17,464.81           | 3,02,765                  |
| January 2010    | 84.95      | 67.00     | 69.35       | 16,357.96           | 9,67,434                  |
| February 2010   | 79.90      | 70.00     | 71.30       | 16,429.55           | 2,99,722                  |
| March 2010      | 84.00      | 71.20     | 75.80       | 17,527.77           | 17,13,509                 |

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 period ended on 31<sup>st</sup> March 2010 were as under:

| Month           | High (Rs.) | Low (Rs.) | Close (Rs.) | S&P CNX<br>Nifty Close | Volume<br>(No. of Shares) |
|-----------------|------------|-----------|-------------|------------------------|---------------------------|
| April, 2009     | 46.70      | 33.00     | 40.60       | 3,473.95               | 1,45,214                  |
| May, 2009       | 68.00      | 40.20     | 62.85       | 4,448.95               | 3,50,195                  |
| June, 2009      | 71.00      | 50.35     | 53.00       | 4,291.10               | 2,78,562                  |
| July, 2009      | 66.10      | 44.55     | 59.20       | 4,636.45               | 3,78,522                  |
| August, 2009    | 95.00      | 61.40     | 77.65       | 4,662.10               | 12,03,343                 |
| September, 2009 | 81.00      | 64.35     | 76.40       | 5,083.95               | 1,60,111                  |
| October 2009    | 87.20      | 69.80     | 69.85       | 4,711.70               | 1,62,725                  |
| November 2009   | 73.70      | 59.55     | 67.60       | 5,032.70               | 2,27,837                  |
| December 2009   | 71.50      | 65.00     | 67.55       | 5,201.05               | 1,87,581                  |
| January 2010    | 85.00      | 67.20     | 70.15       | 4,882.05               | 8,39,388                  |
| February 2010   | 79.90      | 68.50     | 70.90       | 4,922.30               | 2,80,933                  |
| March 2010      | 84.40      | 70.40     | 75.90       | 5,249.10               | 13,09,287                 |

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 period ended on 31<sup>st</sup> March, 2010 were as under:

| Month           | High (US \$) | Low (US \$) | Close (US \$) |
|-----------------|--------------|-------------|---------------|
| April, 2009     | 2.69         | 2.09        | 2.44          |
| May, 2009       | 4.24         | 2.53        | 4.09          |
| June, 2009      | 4.27         | 3.22        | 3.32          |
| July, 2009      | 3.89         | 2.84        | 3.69          |
| August, 2009    | 5.49         | 4.46        | 4.81          |
| September, 2009 | 4.87         | 4.18        | 4.76          |
| October 2009    | 5.49         | 4.47        | 4.47          |
| November 2009   | 4.63         | 3.94        | 4.39          |
| December 2009   | 4.57         | 4.19        | 4.34          |
| January 2010    | 5.28         | 4.45        | 4.50          |
| February 2010   | 5.05         | 4.56        | 4.65          |
| March 2010      | 5.32         | 4.65        | 5.06          |

Source: Luxembourg Stock Exchange Website

**(h) Distribution Schedule on number of Shares as on 31<sup>st</sup> March, 2010**

| No. of Shares   | No. of Shareholders | % of Shareholders | No. of Shares      | % of Shares   |
|-----------------|---------------------|-------------------|--------------------|---------------|
| Up to 100       | 12,005              | 67.71             | 6,83,884           | 4.66          |
| 101 to 200      | 2,492               | 14.06             | 4,39,625           | 2.99          |
| 201 to 500      | 1,897               | 10.70             | 6,83,225           | 4.65          |
| 501 to 1000     | 685                 | 3.86              | 5,74,226           | 3.91          |
| 1001 to 5000    | 511                 | 2.88              | 11,48,856          | 7.82          |
| 5001 to 10000   | 70                  | 0.40              | 5,22,634           | 3.56          |
| 10001 to 100000 | 52                  | 0.29              | 14,10,842          | 9.60          |
| 100001 & above  | 18                  | 0.10              | 92,25,994          | 62.81         |
| <b>Total</b>    | <b>17,730</b>       | <b>100.00</b>     | <b>1,46,89,286</b> | <b>100.00</b> |

**(i) Distribution Schedule on scrip value as on 31<sup>st</sup> March, 2010:**

| Share of Nominal Value in Rs. | No. of Shareholders | % of Shareholders | Total Amount in Rs. | % of Amount   |
|-------------------------------|---------------------|-------------------|---------------------|---------------|
| Up to 5000                    | 16,394              | 92.46             | 1,80,67,340         | 12.30         |
| 5001 to 10000                 | 685                 | 3.86              | 57,42,260           | 3.91          |
| 10001 to 20000                | 307                 | 1.73              | 47,96,010           | 3.26          |
| 20001 to 30000                | 112                 | 0.63              | 28,89,890           | 1.97          |
| 30001 to 40000                | 53                  | 0.30              | 19,29,080           | 1.31          |
| 40001 to 50000                | 39                  | 0.22              | 18,73,580           | 1.28          |
| 50001 to 100000               | 70                  | 0.40              | 52,26,340           | 3.56          |
| 100001 & above                | 70                  | 0.40              | 10,63,68,360        | 72.41         |
| <b>Total</b>                  | <b>17,730</b>       | <b>100.00</b>     | <b>14,68,92,860</b> | <b>100.00</b> |

**(j) Shareholding Pattern as on 31<sup>st</sup> March, 2010 was as under:**

| Category   | No. of Shares Held | % of Holding  |
|--|--------------------|---------------|
| <b>(A) Promoter Holding</b>  |                    |               |
| Indian Promoter  | 30,90,276          | 21.04         |
| Foreign Promoter   | 30,24,000          | 20.58         |
| Person acting in Concert   | -                  | -             |
| <b>Sub Total (A)</b>   | <b>61,14,276</b>   | <b>41.62</b>  |
| <b>Non – Promoters Holding</b>   |                    |               |
| <b>(B) Institutional Investors</b>   |                    |               |
| Mutual Funds and UTI   | 10,117             | 0.07          |
| Banks, Financial Institutions, Insurance Companies, (Central/State Govt. Institutions / Non - government Institutions) | 7,64,981           | 5.21          |
| FIs  | -                  | -             |
| <b>Sub – Total (B)</b>   | <b>7,75,098</b>    | <b>5.28</b>   |
| <b>(C) Others</b>  |                    |               |
| Private Corporate Bodies   | 27,20,015          | 18.51         |
| Individual Shareholders Holding Nominal Capital up to Rs. 1 Lac.   | 34,51,439          | 23.50         |
| Individual Shareholders Holding Nominal Capital in excess of Rs. 1 Lac   | 8,28,325           | 5.64          |
| Clearing Members   | 70,059             | 0.48          |
| OCB  | 94,680             | 0.64          |
| NRI  | 68,394             | 0.47          |
| Bank of New York (GDR issue)   | 5,67,000           | 3.86          |
| <b>Sub – Total (C)</b>   | <b>77,99,912</b>   | <b>53.10</b>  |
| <b>GRAND TOTAL (A+B+C)</b>   | <b>1,46,89,286</b> | <b>100.00</b> |

**(k) Dematerialization of shares and liquidity:**

70.90% representing 1,04,14,171 Equity Shares were held in dematerialized form and the balance 29.10 % were in physical form as on 31<sup>st</sup> March, 2010.

**(l) Outstanding GDRs**

1,89,000 GDRs were Outstanding as on 31<sup>st</sup> March, 2010, representing 5,67,000 Equity Shares, constituting 3.86% of the paid-up Equity Share Capital of the Company.

**(m) Outstanding Warrants**

11,25,236 Warrants were Outstanding as on 31<sup>st</sup> March, 2010.

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 26<sup>th</sup> June, 2012.

**(n) Optionally Fully Convertible Debentures**

58,199 Zero Coupon Optionally Fully Convertible Debentures (OFCDs) of face value 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 31<sup>st</sup> March, 2010.

Zero Coupon Optionally Fully Convertible Debenture Holders had a right to convert the same into Equity Shares of the Company till 30<sup>th</sup> April, 2010 at 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.

However, none of the OFCD Holder had made an application to convert OFCD into Equity Shares of the Company.

The aforesaid OFCD were issued pursuant to the Order of Hon'ble BIFR dated 24<sup>th</sup> April, 2007.

**(o) Outstanding Foreign Currency Convertible Bonds (FCCB)**

248 Foreign Currency Convertible A Bonds of EURO10,000 each were Outstanding as on 31<sup>st</sup> March, 2010.

700 Foreign Currency Convertible B Bonds of EURO10,000 each were Outstanding as on 31<sup>st</sup> March, 2010.

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 9<sup>th</sup> March 2012.

Foreign Currency Convertible B Bonds can be converted into Equity Shares up to 5<sup>th</sup> November 2012.

**(p) Conversion of Foreign Currency Convertible Bonds**

During the period under review the Company has not received any application for conversion of FCCB into Equity Shares of the Company. However up to 31<sup>st</sup> March, 2010, in terms of the Offering Memorandum dated 25<sup>th</sup> April, 2007, 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. Consequently 5,29,085 fully paid equity shares of Rs. 10/- each, were allotted and issued at a conversion price of Rs. 138.43 per share and the said shares were listed with BSE & NSE up to 31<sup>st</sup> March, 2010.

**(q) Foreign Currency Convertible Bonds Buy-back**

During the year under review the Company has bought back 424 Foreign Currency Convertible A Bonds of face value of EURO10,000 per Bond at 90% of face value of Bond i.e. at EURO 9,000 per Bond. The Book Value of Bond bought back by the Company was EURO 11,952 per Bond.

**(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                  |
| 2007-2008(18 Months) | 16.03.2009 to 23.03.2009   | 5%                | 23.03.2009          | 31.03.2009                  |

\* 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                    |
| 2007-2008        | 23.03.2009                      | 30.04.2009  | 29.03.2016                    |

\* 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

**(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:**

- (i) 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.
- (ii) 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 Notes to the Accounts.
- (iii) Risk Management: Business risk evaluation and management is an ongoing process within the Company.
- (iv) 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.

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

**K. CHANDRAN**  
Vice Chairman

**K. R. N. MOORTHY**  
Joint Managing Director

Mumbai, 28<sup>th</sup> May, 2010

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**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 31<sup>st</sup> March, 2010.

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

**K. CHANDRAN**  
Vice Chairman

**K. R. N. MOORTHY**  
Joint Managing Director

Mumbai, 28<sup>th</sup> May, 2010

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### **CEO / CFO CERTIFICATE**

The Vice Chairman, Joint Managing Director (CEO, pursuant to the provisions of listing agreement), Executive Director (CFO, pursuant to the provisions of listing agreement) 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 period 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 period, 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 period;
  - (ii) Significant Changes in Accounting Policies; and
  - (iii) Instances of significant fraud of which they have become aware.

**K. CHANDRAN**  
Vice Chairman

**K.R.N. MOORTHY**  
Joint Managing Director

**ASHOK SHINKAR**  
Executive Director

**GIRISH JUNEJA**  
Vice President-Finance

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

#### **TO THE MEMBERS OF WANBURY LIMITED**

We have examined the compliance of conditions of Corporate Governance by Wanbury Limited ("the Company") for the period ended on 31<sup>st</sup> March, 2010 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 of 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**  
**(ICAI FRN 104803W)**  
**Chartered Accountants**

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

Mumbai, 28<sup>th</sup> May, 2010

## AUDITORS' REPORT

### TO THE MEMBERS OF WANBURY LIMITED

- 1 We have audited the attached Balance Sheet of **WANBURY LIMITED** as at **31<sup>st</sup> March, 2010**, the Profit & Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3 As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (the Order), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 4 Further to our comments in the Annexure referred to above we report that:
  - i. We have obtained all the information and explanation, which to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - ii. In our opinion, proper books of account as required by the law have been kept by the Company so far as appears from our examination of these books and proper returns adequate for the purposes of our audit have been received from branches not visited by us. The Branch Auditor's Report has been forwarded to us and have been appropriately dealt with;
  - 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 Standards referred to in Section 211(3C) of the Companies Act, 1956;
  - v. On the basis of written representation received from the Directors as on 31<sup>st</sup> March, 2010 and taken on record by Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2010 from being appointed as a director in terms of Section 274(1) (g) of the Companies Act, 1956;
  - vi. *The Company has investment in subsidiaries and other company aggregating to Rs.3,907.71 Lacs, advances against equity pending allotment of Rs. 4,957.87 Lacs and Rs.7,027.96 Lacs being amount recoverable as at the year end for which no provision has been considered necessary by the management for the reasons stated in Note No.7 of Schedule 18.*  
*We are unable to express an opinion as to whether any provision for diminution in the value of aforesaid investments and the recoverability of aforesaid dues, is necessary, and the consequential effect thereof on the profit for the year and on the assets, liabilities and reserves, stated in the balance sheet.*
  - vii. *Subject to para (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 **31<sup>st</sup> March, 2010**;
    - (b) In the case of the Profit & Loss Account, of the profit for the year ended on that date; and
    - (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For KAPOOR & PAREKH ASSOCIATES**  
**(ICAI FRN 104803W)**  
**Chartered Accountants**

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

Mumbai, 28<sup>th</sup> May, 2010

## **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 31<sup>st</sup> March, 2010).

1. In respect of its fixed assets:
  - a) The Company has generally maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) The fixed assets have been physically verified by the management during the year as per the phased programme which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. We are informed that there were no material discrepancies noticed on such verification.
  - c) In our opinion and according to the information and explanations given to us, the Company has not disposed of substantial part of fixed assets during the year and going concern status of the Company is not affected.
2. In respect of inventories:
  - a) As explained to us, the inventories were physically verified by the management at reasonable intervals during the year except for stocks with third parties for which most of the confirmation certificates have been obtained by the Company and stocks in transit.
  - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and the discrepancies noticed on such physical verification between physical stock and book records 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, provisions of clause (iii) (b) (c), (d), (f) and (g) of Paragraph 4 of the Order are 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 Companies Act, 1956. Accordingly provision of 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 explanations 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 year. According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid dues were in arrears, as at 31<sup>st</sup> March, 2010 for a period of more than six months from the date they

- became payable *except in respect of income tax Rs. 8.19 Lacs, profession tax of Rs. 1.80 Lacs and statutory dues of erstwhile PPIL referred to in Note 3 of Schedule 18.*
- b) There were no unpaid disputed amounts in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess during the year except the Central Sales Tax of Rs. 19.95 Lacs (Pr.Yr.Rs 19.95 Lacs) relating to the F.Y. 2002-03 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 year and has not incurred cash losses during the current financial year and in the immediately preceding financial year.
11. Based on our audit procedures and on the basis of information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks and debenture holders *except Rs. 55.67 Lacs due to debentures referred to in Note 3 of Schedule 18.*
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, *prima facie*, 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 year for long term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not created security or charge in respect of the debentures issued during the earlier years.
20. In respect of the money raised by public issue of Foreign Currency Convertible Bonds during the earlier years, the management has disclosed the end use of the money so raised in Note No. 6 of Schedule 18, 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 *except as mentioned in Note No.8 of Schedule 18.*

**For KAPOOR & PAREKH ASSOCIATES**  
**(ICAI FRN 104803W)**  
**Chartered Accountants**

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

Mumbai, 28<sup>th</sup> May, 2010

## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2010

|                                     | Schedule<br>No. | As At 31.03.2010<br>(Rs. in Lacs) | As At 31.03.2009<br>(Rs. in Lacs) |
|-------------------------------------|-----------------|-----------------------------------|-----------------------------------|
| <b>SOURCES OF FUNDS</b>             |                 |                                   |                                   |
| <b>SHAREHOLDERS FUNDS</b>           |                 |                                   |                                   |
| Share Capital                       | 1               | 1,468.93                          | 1,468.93                          |
| Reserves & Surplus                  | 2               | 17,024.48                         | 10,192.05                         |
|                                     |                 | 18,493.41                         | 11,660.98                         |
| <b>LOAN FUNDS</b>                   |                 |                                   |                                   |
| Secured Loans                       | 3               | 26,326.93                         | 19,990.02                         |
| Unsecured Loans                     | 4               | 5,791.34                          | 9,585.13                          |
|                                     |                 | 32,118.27                         | 29,575.15                         |
| <b>DEFERRED SALES TAX LIABILITY</b> |                 | 31.94                             | 53.25                             |
| <b>TOTAL</b>                        |                 | <b>50,643.62</b>                  | <b>41,289.38</b>                  |
| <b>APPLICATION OF FUNDS</b>         |                 |                                   |                                   |
| <b>FIXED ASSETS</b>                 |                 |                                   |                                   |
| Gross Block                         | 5               | 27,528.36                         | 25,291.07                         |
| Less: Depreciation / Amortisation   |                 | 5,479.50                          | 7,200.53                          |
| Net Block                           |                 | 22,048.86                         | 18,090.54                         |
| Add : Capital Work in Progress      |                 | 1,501.32                          | 1,472.42                          |
|                                     |                 | 23,550.18                         | 19,562.96                         |
| <b>INVESTMENTS</b>                  | 6               | 10,172.31                         | 12,432.29                         |
| <b>CURRENT ASSETS</b>               |                 |                                   |                                   |
| Inventories                         | 7               | 3,235.61                          | 3,608.85                          |
| Sundry Debtors                      | 8               | 8,722.68                          | 8,352.70                          |
| Cash & Bank Balances                | 9               | 1,042.20                          | 2,517.55                          |
| Loans & Advances                    | 10              | 14,465.79                         | 8,571.99                          |
|                                     |                 | 27,466.28                         | 23,051.09                         |
| Current Liabilities                 | 11              | 9,035.99                          | 9,010.54                          |
| Provisions                          | 12              | 1,509.16                          | 4,746.42                          |
|                                     |                 | 10,545.15                         | 13,756.96                         |
| Net Current Assets                  |                 | 16,921.13                         | 9,294.13                          |
| <b>TOTAL</b>                        |                 | <b>50,643.62</b>                  | <b>41,289.38</b>                  |
| <b>Accounting Policies</b>          | 17              |                                   |                                   |
| <b>Notes to Accounts</b>            | 18              |                                   |                                   |

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

**NIKHIL PATEL**  
Partner  
Mumbai, 28<sup>th</sup> May, 2010

**For and on behalf of the Board**

**K. CHANDRAN**  
Vice Chairman  
**GIRISH JUNEJA**  
Vice President-Finance

**K.R.N. MOORTHY**  
Joint Managing Director  
**PANKAJ B. GUPTA**  
Company Secretary

**ASHOK SHINKAR**  
Executive Director



## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010

|   | Schedule<br>No. | For the Year<br>ended 31.03.2010<br>(Rs. in Lacs) | For the period<br>ended 31.03.2009<br>(Rs. in Lacs) |
|---|-----------------|---|---|
| <b>INCOME</b>                               |                 |   |   |
| Gross Sales                                 |                 | 35,475.00   | 17,196.76   |
| Less : Excise Duty                          |                 | 364.18  | 431.20  |
| Net Sales                                   |                 | 35,110.82   | 16,765.56   |
| Other Income                                | 13              | 2,476.65  | 439.67  |
| <b>TOTAL INCOME</b>                         |                 | <b>37,587.47</b>                                  | <b>17,205.23</b>                                    |
| <b>EXPENDITURE</b>                          |                 |   |   |
| Cost of Materials                           | 14              | 14,679.40   | 8,424.19  |
| Personnel Cost                              | 15              | 5,159.17  | 2,044.68  |
| Other Expenses                              | 16              | 11,399.53   | 8,497.23  |
| Interest (Net)                              |                 | 2,337.20  | 936.56  |
| Depreciation, Amortisation & Impairment     |                 | 1,182.35  | 949.78  |
| Less : Transferred from Revaluation Reserve |                 | 324.41  | 543.88  |
|   |                 | 857.94  | 405.90  |
| <b>TOTAL EXPENDITURE</b>                    |                 | <b>34,433.24</b>                                  | <b>20,308.56</b>                                    |
| <b>PROFIT/(LOSS) BEFORE TAX</b>             |                 | <b>3,154.23</b>                                   | <b>(3,103.33)</b>                                   |
| Less : Provision for taxation               |                 |   |   |
| - Current Tax                               |                 | 573.77  | 0.58  |
| - MAT Credit Entitlement                    |                 | (536.06)  | -   |
| - Fringe Benefit Tax                        |                 | -   | 28.52   |
| - Income Tax of Earlier Years               |                 | 124.37  | (3.93)  |
| <b>PROFIT /(LOSS) AFTER TAX</b>             |                 | <b>2,992.15</b>                                   | <b>(3,128.50)</b>                                   |
| Profit brought forward from Previous Year   |                 | 3,110.82  | 6,239.33  |
| <b>Amount available for Appropriation</b>   |                 | <b>6,102.97</b>                                   | <b>3,110.83</b>                                     |
| <b>APPROPRIATIONS</b>                       |                 |   |   |
| Proposed Dividend                           |                 | 146.89  | -   |
| Tax on Dividend                             |                 | 24.40   | -   |
| Short Provision of Dividend of Earlier Year |                 | -   | 0.01  |
| Balance carried to Balance Sheet            |                 | 5,931.68  | 3,110.82  |
|   |                 | <b>6,102.97</b>                                   | <b>3,110.83</b>                                     |
| <b>Earning Per Share</b>                    |                 |   |   |
| - Basic and Diluted - ( in Rs. )            |                 | <b>20.37</b>                                      | <b>(21.30)</b>                                      |
| - Face Value of Equity Share - ( in Rs.)    |                 | 10.00   | 10.00   |
| <b>Accounting Policies</b>                  | 17              |   |   |
| <b>Notes to Accounts</b>                    | 18              |   |   |

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

**NIKHIL PATEL**  
Partner  
Mumbai, 28<sup>th</sup> May, 2010

**For and on behalf of the Board**

**K. CHANDRAN**  
Vice Chairman  
**GIRISH JUNEJA**  
Vice President-Finance

**K.R.N. MOORTHY**  
Joint Managing Director  
**PANKAJ B. GUPTA**  
Company Secretary

**ASHOK SHINKAR**  
Executive Director

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010

|  | For the Year<br>ended 31.03.2010<br>(Rs. in Lacs) | For the period<br>ended 31.03.2009<br>(Rs. in Lacs) |
|--|---|---|
| <b>A Cash flows from Operating Activities</b>                  |   |   |
| Net Profit/(Loss) before Tax                                   | 3,154.23  | (3,103.33)  |
| Adjustments for:   |   |   |
| Depreciation   | 857.94  | 405.90  |
| (Profit)/Loss on Sale of Assets                                | (3.79)  | (0.06)  |
| Gain on Purchase of FCCBs                                      | (248.85)  | -   |
| Provision for Doubtful Debts                                   | 79.55   | 10.00   |
| Forex Loss Adjusted against Provision                          | (2,206.34)  | -   |
| Provision for Forex Loss Created (W/back)                      | (1,273.66)  | 3,500.00  |
| Interest Charges   | 2,337.20  | 936.56  |
| Amounts Written Off(Net)                                       | 74.93   | 12.70   |
| <b>Operating Profit/(Loss)before Working Capital Changes</b>   | <b>2,771.21</b>                                   | <b>1,761.77</b>                                     |
| Adjustments for:   |   |   |
| Trade & Other Receivables                                      | (2,751.09)  | 3,561.63  |
| Inventories  | 373.24  | 771.20  |
| Trade Payables   | 231.13  | (1,072.38)  |
| Cash Generated from Operations.                                | 624.49  | 5,022.22  |
| Direct Taxes (Paid) / Refund (Net)                             | (48.75)   | (155.05)  |
| <b>Net Cash generated from/(used in) Operating Activities</b>  | <b>575.74</b>                                     | <b>4,867.17</b>                                     |
| <b>B Cash flows from Investing Activities</b>                  |   |   |
| Purchase of Fixed Assets                                       | (895.09)  | (917.87)  |
| Sale of Fixed Assets   | 15.49   | 43.91   |
| Investments  | (2,125.18)  | -   |
| Advance pending allotment of shares (Net)                      | 554.63  | (3,920.94)  |
| <b>Net Cash generated from/(used in) Investing Activities</b>  | <b>(2,450.15)</b>                                 | <b>(4,794.90)</b>                                   |
| <b>C Cash flows from Financing Activities</b>                  |   |   |
| Interest paid  | (2,319.51)  | (970.72)  |
| Increase /(Decrease) in Borrowings                             | 2,521.82  | 2,318.57  |
| Gain on Purchase of FCCBs                                      | 248.85  | -   |
| Dividend & Tax on Dividend                                     | (52.10)   | (30.96)   |
| <b>Net Cash generated from/(used in) Financing Activities</b>  | <b>399.06</b>                                     | <b>1,316.89</b>                                     |
| <b>Net increase /(decrease) in Cash &amp; Cash equivalents</b> | <b>(1,475.35)</b>                                 | <b>1,389.16</b>                                     |
| Cash and Cash equivalents as at the beginning of the year      | 2,517.55  | 1,128.39  |
| Cash and Cash equivalents as at the end of the year            | 1,042.20  | 2,517.55  |

**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. Above excludes advance against shares given in earlier year and converted to loans given during the year .
4. 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, 28<sup>th</sup> May, 2010

**For and on behalf of the Board**

**K. CHANDRAN**  
Vice Chairman  
**GIRISH JUNEJA**  
Vice President-Finance

**K.R.N. MOORTHY**  
Joint Managing Director  
**PANKAJ B. GUPTA**  
Company Secretary

**ASHOK SHINKAR**  
Executive Director

## SCHEDULES FORMING PART OF THE ACCOUNTS

|  | 31.03.2010<br>(Rs. in Lacs) | 31.03.2009<br>(Rs. in Lacs) |
|--|-----------------------------|-----------------------------|
| <b>SCHEDULE - 1 SHARE CAPITAL</b>  |                             |                             |
| <b>Authorised</b>  |                             |                             |
| 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                    |
|  | <b>5,000.00</b>             | <b>5,000.00</b>             |
| <b>Issued, Subscribed and Paid-up</b>  |                             |                             |
| 1,46,89,286 Equity Shares of Rs. 10/- each fully paid-up   | 1,468.93                    | 1,468.93                    |
|  | <b>1,468.93</b>             | <b>1,468.93</b>             |
| <b>Notes:</b>  |                             |                             |
| 1. Out of the above Equity 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) 5,67,000 (Prev. Yr. 6,48,000) Equity Shares are represented by 1,89,000 (Prev. Yr 2,16,000) Global Depository Receipts.   |                             |                             |
| 2. 11,25,236 warrants of the face value of Rs. Nil have been allotted to the shareholders of Erstwhile PPIL as per the BIFR order. The warrant holders have the right to subscribe to one equity share of Rs. 10/- each at the premium of Rs.125/- per share which is exercisable within five years from 27th June, 2007, being the date of allotment of the warrants. |                             |                             |
| <b>SCHEDULE - 2 RESERVES AND SURPLUS</b>   |                             |                             |
| <b>Capital Reserve Account</b>   |                             |                             |
| Balance as per last Balance Sheet  | 683.41                      | 683.41                      |
| <b>Securities Premium Account</b>  |                             |                             |
| Balance as per last Balance Sheet  | 3,450.45                    | 3,808.52                    |
| Add : Write back of Premium on FCCB Purchased and Cancelled  | 603.77                      | -                           |
| Add : Exchange Gain on Premium payable on FCCB   | 77.08                       | 2.45                        |
|  | 4,131.30                    | 3,810.97                    |
| Less : Pro rata Premium on FCCB  | 631.06                      | 360.52                      |
|  | 3,500.24                    | 3,450.45                    |
| <b>Revaluation Reserve</b>   |                             |                             |
| Balance as per last Balance Sheet  | 1,464.57                    | 2,008.45                    |
| Add : Assets Revalued during the year (Refer Note No.22 of Schedule 18)  | 5,426.34                    | -                           |
| Less : Amortisation /Impairment during the year  | 324.41                      | -                           |
| Reversal (Refer Note No.12 of Schedule 18)   | 1,140.16                    | 543.88                      |
|  | 5,426.34                    | 1,464.57                    |
| <b>General Reserve</b>   |                             |                             |
| Balance as per last Balance Sheet  | 1,070.56                    | 1,070.55                    |
| <b>Debenture Redemption Reserve</b>  |                             |                             |
| Balance as per last Balance Sheet  | 412.25                      | 412.25                      |
| <b>Profit &amp; Loss Account</b>   |                             |                             |
|  | 5,931.68                    | 3,110.82                    |
|  | <b>17,024.48</b>            | <b>10,192.05</b>            |

## SCHEDULES FORMING PART OF THE ACCOUNTS

|  | 31.03.2010<br>(Rs. in Lacs) | 31.03.2009<br>(Rs. in Lacs) |
|--|-----------------------------|-----------------------------|
| <b>SCHEDULE - 3 SECURED LOANS</b>                              |                             |                             |
| <b>Debentures</b>  |                             |                             |
| Zero Coupon Non Convertible Redeemable<br>Debentures (NCD).    | 152.67                      | 242.50                      |
| Zero Coupon Optionally Fully Convertible<br>Debentures (OFCD). | 581.99                      | 581.99                      |
|  | <u>734.66</u>               | <u>824.49</u>               |
| <b>Term Loans</b>  |                             |                             |
| - Rupee Loans  | 11,676.58                   | 10,998.02                   |
| - Foreign Currency Loans                                       | 2,759.93                    | 268.50                      |
|  | <u>14,436.51</u>            | <u>11,266.52</u>            |
| <b>Working Capital Loans</b>                                   |                             |                             |
| - Rupee Loans  | 8,923.20                    | 5,980.33                    |
| - Foreign Currency Loans                                       | 1,987.30                    | 1,750.77                    |
|  | <u>10,910.50</u>            | <u>7,731.10</u>             |
| <b>Other Loans</b>   | 245.26                      | 167.91                      |
|  | <u><b>26,326.93</b></u>     | <u><b>19,990.02</b></u>     |

**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. The Company redeemed Part A of Rs 60 relating to 1,49,709 NCD's during the year.
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 and other fixed assets, present and future and current assets, of the Company situated at Patalganga, Tarapur, Tanuku, Turbhe and furniture and fixtures at Head Office, Vashi and on certain Brands of the Company and second charge on current assets of the Company, equitable mortgage on fixed assets at Tanuku pledge of some of the shares of the Company held by Expert Chemicals (India) Private Limited and in addition to the guarantee by Expert Chemicals (India) Private Limited, Wanbury Holding B.V. (Netherland) and directors of the Company.
4. The Foreign currency term loans are to be secured by a first *pari passu* charge on the fixed assets and a second *pari passu* charge on the current assets of the Company. The Company also has to provide additional security by way of first *pari passu* charge on some of the company's brands. An exclusive pledge on a portion of the shares of promoters has already been created.
5. Working capital loans are secured by a *pari-passu* first charge on current assets, second charge on fixed assets, and pledge of some of the 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.
6. Other loans are secured by hypothecation of assets acquired against respective loans.
7. Term loans and other loans include payable within a year Rs.4,017.54 Lacs (Pr. Yr. Rs 2,181.56 Lacs).

## SCHEDULES FORMING PART OF THE ACCOUNTS

|   | 31.03.2010<br>(Rs. in Lacs) | 31.03.2009<br>(Rs. in Lacs) |
|---|-----------------------------|-----------------------------|
| <b>SCHEDULE - 4 UNSECURED LOANS</b>   |                             |                             |
| <b>Foreign Currency Convertible Bonds</b>   |                             |                             |
| 248 (Pr.Yr.672) 1% Unsecured Foreign Currency Convertible<br>A Bond of Euro 10,000/- each   | 1,501.89                    | 4,534.66                    |
| 700 1% Unsecured Foreign Currency Convertible<br>B Bond of Euro 10,000/- each   | 4,239.20                    | 4,723.60                    |
|   | 5,741.09                    | 9,258.26                    |
| Inter Corporate Deposits  | -                           | 84.98                       |
| From Banks/Financial Institutions   |                             |                             |
| Rupee Loan  | 50.25                       | 200.25                      |
| Foreign Currency Loan   | -                           | 41.64                       |
|   | <b>5,791.34</b>             | <b>9,585.13</b>             |
| <b>Note :</b> Due within a year Rs. 50.25 Lacs ( Pr. Yr. Rs.326.89 Lacs).   |                             |                             |
| <b>SCHEDULE - 6 INVESTMENTS</b>   |                             |                             |
| <b>1. Long Term</b>   |                             |                             |
| <b>a. Trade - Quoted</b>  |                             |                             |
| 1,800 Equity Shares of Bank of India of Rs. 10 each<br>[Market value Rs. 6.13 Lacs (Pr. Yr. Rs 3.95 Lacs)]  | 0.81                        | 0.81                        |
| <b>b. Trade - Unquoted</b>  |                             |                             |
| 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.<br>of Rs. 25 each.   | 0.03                        | 0.03                        |
| 12,71,250 Equity Shares of Bravo Healthcare Limited<br>of Rs. 10 each.  | 53.40                       | 53.40                       |
| <b>c. Non Trade - Unquoted</b>  |                             |                             |
| <b>In Subsidiary Companies</b>  |                             |                             |
| 6,489 (Pr.Yr.5,098) Ordinary Shares of Wanbury Holding B. V. of<br>Euro 1,000 each. (Pledged with Banks against loan given<br>to the Cantabria Pharma S.L.) | 3,849.02                    | 3,029.65                    |
| 13,260 Shares of Ningxia Wanbury Fine Chemicals<br>Company Limited of USD 1 each.   | 5.29                        | 5.29                        |
| 5 Shares of Wanbury Global FZE of AED 1,00,000 each   | 68.33                       | -                           |
| Quasi Share Capital of Wanbury Global FZE   | 1,237.49                    | -                           |
| <b>2. Advance for Investment Pending Allotment</b>  |                             |                             |
| Wanbury Holding B. V.   | 4,957.87                    | 5,512.50                    |
| Bravo Healthcare Limited  | -                           | 3,830.54                    |
|   | <b>10,172.31</b>            | <b>12,432.29</b>            |

## SCHEDULES FORMING PART OF THE ACCOUNTS

### SCHEDULE - 5 FIXED ASSETS

| DESCRIPTION                     | GROSS BLOCK       |           |                  |            | DEPRECIATION / AMORTISATION |                   |                 |            | NET BLOCK          |                    | (Rs. in Lacs) |
|---------------------------------|-------------------|-----------|------------------|------------|-----------------------------|-------------------|-----------------|------------|--------------------|--------------------|---------------|
|                                 | As at<br>1-Apr-09 | Additions | Revalu-<br>ation | Deductions | As at<br>31-Mar-10          | As at<br>1-Apr-09 | For the<br>year | Deductions | As at<br>31-Mar-10 | As at<br>31-Mar-10 |               |
| Freehold Land                   | 4,739.81          | -         | -                | -          | 4,739.81                    | -                 | -               | -          | -                  | 4,739.81           | 4,739.81      |
| Lease Hold Land & Land          |                   |           |                  |            |                             |                   |                 |            |                    |                    |               |
| Development Expenses            | 58.57             | -         | 426.97           | -          | 485.54                      | 7.47              | 0.60            | -          | 8.07               | 477.47             | 51.10         |
| Factory Buildings               | 1,944.38          | 16.18     | 1,572.67         | -          | 3,533.23                    | 427.50            | 35.76           | -          | 463.26             | 3,069.97           | 1,516.88      |
| Plants, Machineres & Equipments | 11,634.91         | 525.54    | 3,352.36         | 38.25      | 15,474.56                   | 3,011.13          | 618.03          | 26.58      | 3,602.58           | 11,871.98          | 8,623.78      |
| Furnitures & Fixtures           | 379.01            | 54.09     | 46.32            | -          | 479.42                      | 131.14            | 24.54           | -          | 155.68             | 323.74             | 247.87        |
| Vehicles                        | 432.10            | 127.54    | -                | -          | 559.64                      | 134.37            | 44.25           | -          | 178.62             | 381.02             | 297.73        |
| Office Equipments               | 364.42            | 13.72     | 0.91             | -          | 379.05                      | 99.17             | 15.83           | -          | 115.00             | 264.05             | 265.25        |
| Electrical Installations        | 115.54            | 2.89      | 27.11            | -          | 145.54                      | 24.24             | 5.57            | -          | 29.81              | 115.73             | 91.30         |
| Computers                       | 335.74            | 83.12     | -                | 0.09       | 418.77                      | 172.37            | 46.39           | 0.06       | 218.70             | 200.07             | 163.37        |
| 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          | -         | (1,140.16)       | 2,876.74   | 370.00                      | 2,774.13          | 361.62          | 2,876.74   | 259.01             | 110.99             | 1,612.77      |
| - Softwares                     | 252.04            | 43.11     | -                | -          | 295.15                      | 144.95            | 29.76           | -          | 174.71             | 120.44             | 107.09        |
| - Technical Knowhow             | 4.43              | -         | -                | -          | 4.43                        | 4.43              | -               | -          | 4.43               | -                  | -             |
| Total                           | 25,291.07         | 866.19    | 4,286.18         | 2,915.08   | 27,528.36                   | 7,200.53          | 1,182.35        | 2,903.38   | 5,479.50           | 22,048.86          | 18,090.54     |
| Previous Year                   | 24,424.50         | 980.09    | -                | 113.52     | 25,291.07                   | 6,320.42          | 949.78          | 69.67      | 7,200.53           |                    |               |
| Add : Capital Work in Progress  |                   |           |                  |            |                             |                   |                 |            |                    |                    |               |
| TOTAL                           |                   |           |                  |            |                             |                   |                 |            |                    | 1,501.32           | 1,472.42      |
|                                 |                   |           |                  |            |                             |                   |                 |            |                    | 23,550.18          | 19,562.96     |

#### Notes :

- Additions to Fixed Assets includes items of assets aggregating to Rs 28.33 Lacs (Pr.Yr. Rs 18.49 Lacs) located at Research and Development centres of the Company.
- 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.
- Capital work in Progress includes Machinery under installation, Advances against Capital Expenses, Construction material purchases and other assets under erection.
- Depreciation/Amortisation includes Rs.Nil (Pr. Yr. Rs. 1.53 Lacs) for earlier years.
- Amortisation of the Brands includes impairment of Rs. Nil (Pr. Yr. Rs. 343.04 Lacs).

## SCHEDULES FORMING PART OF THE ACCOUNTS

|  | 31.03.2010<br>(Rs. in Lacs) | 31.03.2009<br>(Rs. in Lacs) |
|--|-----------------------------|-----------------------------|
| <b>SCHEDULE - 7 INVENTORIES</b>                                      |                             |                             |
| <i>(As taken, valued and certified by the management)</i>            |                             |                             |
| Raw & Packing Materials  | 554.11                      | 933.97                      |
| Work in Process  | 1,964.31                    | 1,825.26                    |
| Finished / Traded Goods  | 704.33                      | 828.37                      |
| Fuel   | 12.86                       | 21.25                       |
|  | <b>3,235.61</b>             | <b>3,608.85</b>             |
| <b>SCHEDULE - 8 SUNDRY DEBTORS</b>                                   |                             |                             |
| Over six months  |                             |                             |
| - Considered Good  | 1,439.32                    | 1,337.41                    |
| - Considered Doubtful  | 114.00                      | 34.45                       |
|  | 1,553.32                    | 1,371.86                    |
| Other debts  | 7,283.36                    | 7,015.29                    |
|  | 8,836.68                    | 8,387.15                    |
| Less : Provision for Doubtful Debts                                  | 114.00                      | 34.45                       |
|  | <b>8,722.68</b>             | <b>8,352.70</b>             |
| <b>SCHEDULE - 9 CASH &amp; BANK BALANCES</b>                         |                             |                             |
| Cash in Hand   | 13.66                       | 14.11                       |
| Balance with Scheduled Banks   |                             |                             |
| - In Current Accounts  | 328.64                      | 2,117.37                    |
| - In Deposit Accounts *  | 699.90                      | 386.07                      |
|  | <b>1,042.20</b>             | <b>2,517.55</b>             |
| <i>* Under Lien With Banks and Government Authorities</i>            |                             |                             |
| <b>SCHEDULE - 10 LOANS AND ADVANCES</b>                              |                             |                             |
| <i>(Unsecured, Considered Good)</i>                                  |                             |                             |
| Loans Given*   | 7,689.17                    | 1,951.60                    |
| Advances recoverable in cash or in kind or for value to be received* | 4,837.72                    | 4,519.62                    |
| Deposits   | 368.31                      | 218.65                      |
| MAT Credit Entitlement   | 948.61                      | 627.14                      |
| Income Tax Paid  | 80.75                       | 713.88                      |
| Balance with Excise & Custom Authorities                             | 541.23                      | 541.10                      |
|  | <b>14,465.79</b>            | <b>8,571.99</b>             |

*\*Include dues from subsidiary companies Rs. 2,316.22 Lacs (Pr.Yr.Rs. 1,282.35 Lacs)*



## SCHEDULES FORMING PART OF THE ACCOUNTS

|   | 31.03.2010<br>(Rs. in Lacs) | 31.03.2009<br>(Rs. in Lacs) |
|---|-----------------------------|-----------------------------|
| <b>SCHEDULE - 11 CURRENT LIABILITIES</b>  |                             |                             |
| Sundry Creditors  | 6,651.08                    | 6,509.70                    |
| Other Liabilities   | 2,363.54                    | 2,439.85                    |
| Unpaid Dividend *   | 21.37                       | 60.99                       |
|   | <b>9,035.99</b>             | <b>9,010.54</b>             |
| <i>* There are no amounts due and outstanding to be credited to 'Investor Education and Protection Fund' as on 31.03.2010</i> |                             |                             |
| <b>SCHEDULE - 12 PROVISIONS</b>   |                             |                             |
| For Forex Loss  | 20.00                       | 3,500.00                    |
| For Leave Benefits  | 272.66                      | 197.03                      |
| For Gratuity  | 216.23                      | 157.87                      |
| For Proposed Dividend   | 146.89                      | -                           |
| For Tax on Dividend   | 24.40                       | 12.48                       |
| For Income Tax  | 824.58                      | 875.09                      |
| For Wealth Tax  | 4.40                        | 3.95                        |
|   | <b>1,509.16</b>             | <b>4,746.42</b>             |
| <b>SCHEDULE - 13 OTHER INCOME</b>   |                             |                             |
| Insurance Claim   | 10.30                       | 2.50                        |
| Profit on Sale of Fixed Assets  | 3.79                        | 0.06                        |
| Export Incentives   | 383.87                      | 234.88                      |
| Interest from Banks   | 36.26                       | 26.46                       |
| <i>[Tax deducted at source Rs. 3.57 Lacs (Pr. Yr. Rs. 4.65 Lacs)]</i>   |                             |                             |
| Processing Charges  | 268.90                      | 128.11                      |
| <i>[Tax deducted at source Rs. 4.53 Lacs (Pr. Yr. Rs. 2.51 Lacs)]</i>   |                             |                             |
| Interest from Others  | 0.07                        | -                           |
| Exchange Gain   | 1,508.66                    | -                           |
| Gain on Buy Back of FCCB  | 248.85                      | -                           |
| Miscellaneous Income  | 15.95                       | 47.66                       |
|   | <b>2,476.65</b>             | <b>439.67</b>               |

## SCHEDULES FORMING PART OF THE ACCOUNTS

|  | 31.03.2010<br>(Rs. in Lacs) | 31.03.2009<br>(Rs. in Lacs) |
|--|-----------------------------|-----------------------------|
| <b>SCHEDULE - 14 COST OF MATERIALS</b>       |                             |                             |
| <b>A) Raw &amp; Packing Materials</b>        |                             |                             |
| Opening Stock                                | 933.97                      | 1,366.05                    |
| Add: Purchases                               | 9,224.81                    | 5,586.30                    |
|  | 10,158.78                   | 6,952.35                    |
| Less: Closing Stock                          | 554.11                      | 933.97                      |
|  | 9,604.67                    | 6,018.38                    |
| <b>B) Purchase of Traded Goods</b>           | 5,089.74                    | 2,062.23                    |
| <b>C) (Increase)/Decrease in Inventories</b> |                             |                             |
| Opening Stock                                |                             |                             |
| - Work in Process                            | 1,825.26                    | 1,726.75                    |
| - Finished/Traded Goods                      | 828.37                      | 1,270.46                    |
|  | 2,653.63                    | 2,997.21                    |
| Closing Stock                                |                             |                             |
| - Work in Process                            | 1,964.31                    | 1,825.26                    |
| - Finished/Traded Goods                      | 704.33                      | 828.37                      |
|  | 2,668.64                    | 2,653.63                    |
| (Increase)/Decrease                          | (15.01)                     | 343.58                      |
|  | <b>14,679.40</b>            | <b>8,424.19</b>             |
| <b>SCHEDULE - 15 PERSONNEL COST</b>          |                             |                             |
| Salaries, Wages, Bonus and Allowances        | 4,674.28                    | 1,838.54                    |
| Contribution to Provident and Other Funds    | 331.39                      | 135.99                      |
| Staff Welfare Expenses                       | 153.50                      | 70.15                       |
|  | <b>5,159.17</b>             | <b>2,044.68</b>             |

## SCHEDULES FORMING PART OF THE ACCOUNTS

|  | 31.03.2010<br>(Rs. in Lacs) | 31.03.2009<br>(Rs. in Lacs) |
|--|-----------------------------|-----------------------------|
| <b>SCHEDULE - 16 OTHER EXPENSES</b>        |                             |                             |
| Processing Charges                         | 62.99                       | 70.13                       |
| Power & Fuel                               | 1,438.17                    | 673.16                      |
| Stores & Spares                            | 424.47                      | 190.47                      |
| Water Charges                              | 39.96                       | 25.44                       |
| Repairs & Maintenance                      |                             |                             |
| - Buildings                                | 26.83                       | 71.18                       |
| - Plant & Machinery                        | 61.68                       | 62.33                       |
| - Others                                   | 98.26                       | 73.54                       |
| Commission On Sales                        | 556.62                      | 220.39                      |
| Excise Duty                                | 58.27                       | 36.74                       |
| Delivery & Packing Charges                 | 222.01                      | 98.96                       |
| Carriage Outward                           | 465.93                      | 265.44                      |
| Advertisement & Sales Promotional Expenses | 3,703.67                    | 368.84                      |
| Cash Discount                              | 75.19                       | 54.90                       |
| Breakages & Expiry                         | 342.42                      | 144.77                      |
| Rent, Rates & Taxes                        | 353.53                      | 112.65                      |
| Travelling & Conveyance                    | 1,339.10                    | 463.96                      |
| Postage, Telegram & Telephone              | 149.36                      | 55.67                       |
| Printing & Stationery                      | 74.08                       | 24.09                       |
| Provision for Doubtful Debts               | 79.55                       | 10.00                       |
| Donation                                   | 4.78                        | 0.02                        |
| Insurance                                  | 62.13                       | 28.06                       |
| Legal & Professional Charges               | 862.56                      | 168.33                      |
| Analytical Charges                         | 19.93                       | 1.52                        |
| Amounts Written Off (Net)                  | 74.93                       | 12.70                       |
| Exchange Fluctuation                       | -                           | 1,406.45                    |
| Provision for Forex Loss                   | -                           | 3,500.00                    |
| Miscellaneous Expenses                     | 803.11                      | 357.49                      |
|  | <b>11,399.53</b>            | <b>8,497.23</b>             |

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## SCHEDULES FORMING PART OF THE ACCOUNTS

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### SCHEDULE - 17

#### 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 Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies 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 year. Actual results could differ from these estimates and differences between the actual results and estimates are recognised in the year in which results are known / materialised.

**c) Fixed Assets:**

Tangible assets are stated at cost of acquisition, installation or construction including other direct expenses, less accumulated depreciation / amortisation adjusted by revaluation of certain fixed assets.

Intangible assets are recognised only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably. The intangible assets 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 amortised over a period of ten and five years respectively.
- iii) Softwares are amortised @ 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.

## SCHEDULES FORMING PART OF THE ACCOUNTS

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- iii) Fuels are valued at cost.
- iv) Samples are valued at cost.
- i) **Investments:**
  - i) Long term investments are stated at cost of acquisition unless there is permanent fall in their realisation value which is provided for.
  - ii) Expenses incurred for acquisition of investment have 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 reliability.

Revenue in respect of other income is recognised when a reasonable certainty as to its realisation exists.
- l) **Export Benefits:**

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

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## SCHEDULES FORMING PART OF THE ACCOUNTS

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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 is 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 recognised 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 - 18**

#### **NOTES TO ACCOUNTS**

##### **1. Contingent Liabilities:**

- a) Bank Letter of Credit outstanding at the year-end, Rs. 3,950.02 Lacs (Rs. 2,197.39 Lacs).
- b) Bank Guarantees issued Rs. 19.18 Lacs (Rs. 4.18 Lacs).
- c) Disputed demands by Income Tax Authorities Rs. 40.43 Lacs (Rs. 16.85 Lacs). Amount paid there against and included under the head Loans and Advances Rs. 40.43 Lacs (Rs. 16.85 Lacs).  
Disputed demands by Sales Tax Authorities Rs. 33.27 Lacs (Rs. 33.27 Lacs) paid under protest Rs. 13.32 Lacs (Rs. 13.32 Lacs).
- d) Claims against the Company not acknowledged as debts Rs. 860.21 Lacs (Rs. 829.84 Lacs).
- e) Estimated amounts of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 65.16 Lacs (Rs. 23.97 Lacs).
- f) Guarantees given to banks/financial institutions for loans given to subsidiaries Rs. 24,224 Lacs (Rs. 26,992 Lacs). Loans outstanding at the period end Rs. 14,773.71 Lacs (Rs. 17,868.67 Lacs).
- g) Guarantees given to banks/financial institutions for loans given to Associate Company Rs. 2,700 Lacs (Rs. 2,700 Lacs). Loans outstanding at the period end Rs. 1,719.29 Lacs (Rs. 2,416.46 Lacs).
- h) Future cashflows in respect of liability under clause (c) and (d) is dependent on decisions by relevant authorities of respective disputes and in respect of clause (e) the liability is dependent on terms agreed upon with the parties.

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

3. The Pharmaceutical Products of India Limited (PPIL) was merged with the Company, pursuant to the Order dated 24<sup>th</sup> April, 2007, passed by Hon'ble Board for Industrial and Financial Reconstruction (BIFR).

The Hon'ble Supreme Court vide its order dated 16<sup>th</sup> May, 2008, has set aside the above referred BIFR order and remitted the matter back to BIFR for considering afresh as per the provisions of SICA, in response to a suit filed by one of the unsecured creditors of PPIL.

The Hon'ble Board for Industrial and Financial Reconstruction is considering afresh, the Rehabilitation and Revival cum Merger of PPIL with the Company pursuant to the Order of Hon'ble Supreme Court of India dated 16<sup>th</sup> May, 2008. In the meanwhile, the Company has sought legal opinion and the Company has been advised to maintain status quo ante with respect to the merger under the said Scheme and that it should take further steps only on the basis of the fresh BIFR Order.

In view of the above, the Company has maintained a status quo. However, 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 Hon'ble Supreme Court in its order dated 16<sup>th</sup> May, 2008.

As per BIFR Order dated 24<sup>th</sup> April, 2007, statutory dues of erstwhile PPIL comprising of income tax Rs. 250.36 Lacs, profession tax Rs. 6.06 Lacs, custom duty Rs. 230 Lacs, sales tax Rs. 8.50 Lacs and excise duty Rs. 15.62 Lacs were required to be paid in six annual installments and the Company has pursuant to the scheme, allotted Non Convertible Debentures of Rs. 242.50 Lacs to some of the lenders of erstwhile PPIL, out of which dues amounting to Rs. 55.67 Lacs remains payable at the year end. Since BIFR is considering the matter afresh, pending fresh directives from the BIFR, aforesaid dues have not been paid.

4. Interest expenses include interest on fixed period loan Rs. 1,910.67 Lacs (Rs. 672.82 Lacs). Interest expense is net of interest income amounting to Rs. 594.61 Lacs (Rs. 181.95 Lacs).
5. Some of the balances of debtors, creditors, liabilities, loans and advances are subject to confirmation/ reconciliation and adjustments, if any.



## SCHEDULES FORMING PART OF THE ACCOUNTS

6. a) The Company has issued on 20<sup>th</sup> 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 23<sup>rd</sup> April, 2012 and 17<sup>th</sup> 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 9<sup>th</sup> 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 5<sup>th</sup> 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, exchange gain/loss on premium payable and issue expenses is charged to Securities Premium Account.
- c) During the year the Company has bought back 424 Foreign Currency Convertible "A" Bonds of face value of EURO 10,000 each at EURO 9,000 per bond. Consequently, profit on buy back amounting to Rs. 248.85 Lacs, net of expenses incurred on buy back, has been credited to the Profit & Loss Account and Rs 603.77 Lacs, being premium provided on aforesaid bonds, have been reversed by crediting to Securities Premium Account.
- d) During the year under review the Company has not received any application for conversion of FCCB into equity shares of the Company. However till date 5,29,085 fully paid equity shares of face value of Rs. 10/- each have been issued at a conversion price of Rs. 138.43 per equity share upon conversion of 128 Foreign Currency Convertible "A Bonds" of face value of EURO 10,000 each.
- e) The balance of 248 "A Bonds" & 700 "B Bonds" have been included and disclosed in the schedule of "Unsecured Loans" (Schedule 4).
- f) The Company has fully utilised the FCCB Proceeds for the purposes mentioned in offering circular dated 25<sup>th</sup> April, 2007.
7. The Company has invested Rs 53.40 Lacs in equity shares of Bravo Healthcare Limited (BHL) and also given loan and advances aggregating to Rs 4,711.75 Lacs. Networth of BHL has been negative as per audited accounts for the year ended 31<sup>st</sup> March, 2009.

The Company has invested Rs. 5.29 Lacs in shares of Ningxia Wanbury Fine Chemicals Company Limited (Ningxia), a wholly-owned subsidiary and net amount recoverable as at the year end is Rs. 45.69 Lacs. Networth of Ningxia has been negative as per audited accounts for the year ended 31<sup>st</sup> March, 2010.

The Company has invested Rs 3,849.02 Lacs in ordinary shares of Wanbury Holding B. V. ("WHBV"), a wholly-owned subsidiary, which is created for making investment in step down subsidiaries and has given advances of Rs. 4,957.87 Lacs to be adjusted against shares which is pending allotment. WHBV has made investment in its wholly-owned subsidiary, Cantabria Pharma S.L. ("CP") and given loans and advances to the CP. Further, the Company has also receivable from CP of Rs. 2,270.52 Lacs as at the year end. CP has incurred losses and suffered significant erosion of net worth.

The Company's involvement in the aforesaid companies is of strategic importance and for long term. Hence, no provision has been considered necessary at this juncture in respect of aforesaid investments in and dues recoverable from them.

8. The Company has filed an F.I.R. on 20<sup>th</sup> May, 2010 with Vashi police station against Dr. Rajaram Samant, a whole-time director of the Company, for misusing his fiduciary power and for conspiring against the Company. The extent of fraud and amount of loss is under investigation.

## SCHEDULES FORMING PART OF THE ACCOUNTS

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 as on 31st March, 2010 to Micro, Small and Medium Enterprises on account of principal amount aggregate to Rs. 178.55 Lacs (Rs.173.57 Lacs) [including overdue amount of Rs. 100.11 Lacs(Rs Nil)] and interest due thereon is Rs 3.40 Lacs (Rs Nil) and interest paid during the year Rs. Nil (Rs. Nil). Since, as per the terms/ understanding with the parties, no interest is payable, hence no provision has been made for the aforesaid interest.
10. Provision for the current tax includes Rs. 0.45 Lac (Rs. 0.58 Lac) for wealth tax.
11. In respect of Deferred Sales Tax Liability, due within a year is Rs. 6.59 Lacs (Rs. Nil).
12. The Company has reversed revaluation of brands as at the year end. Hence , Rs. 1,140.16 Lacs, being in Revaluation Reserve, has been adjusted against value of the Brands.
13. The deferred tax assets/(liabilities) arising out of timing differences comprise of the following major components:

| Particulars  | 31.03.2010<br>Rs. In Lacs | 31.03.2009<br>Rs. In Lacs |
|--|---------------------------|---------------------------|
| <b>Liabilities:</b>  |                           |                           |
| Depreciation   | (2,152.83)                | (1,873.67)                |
| <b>Assets:</b>   |                           |                           |
| 43 B Disallowance and other deferments                                       | 162.40                    | 121.61                    |
| Unabsorbed Depreciation Business Loss restricted to deferred Tax Liabilities | 1,990.43                  | 1,752.06                  |
| Deferred Tax Asset Restricted to   | 2,152.83                  | (1,873.67)                |
| Net Deferred Tax Assets (Liabilities)  | Nil                       | Nil                       |

As a measure of prudence, deferred tax assets are recognised to the extent of deferred tax liabilities .

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

| Particulars                               | 31.03.2010<br>Rs. In Lacs | 31.03.2009<br>Rs. In Lacs |
|---|---------------------------|---------------------------|
| Opening Balance                           | Nil                       | Nil                       |
| Add: Incurred in the current year :       |                           |                           |
| - Salaries and allowances                 | 71.22                     | 25.36                     |
| - Contribution to Provident & other funds | 2.64                      | 1.11                      |
| - Travelling                              | 0.92                      | 2.46                      |
| - Professional Fees                       | Nil                       | 15.75                     |
| - Interest on Fixed Period Loans          | Nil                       | 46.45                     |
| - Loan Processing Fees                    | Nil                       | 15.00                     |
| <b>Total</b>                              | <b>74.77</b>              | <b>106.12</b>             |
| Less: Capitalised to fixed assets         | 71.55                     | 106.12                    |
| <b>Closing Balance</b>                    | <b>3.23</b>               | <b>Nil</b>                |

15. **Remittance in foreign currency on account of dividend:**

The Company has not paid any dividend for the Financial Year 2008-09. For the Financial Year 2007-08 the Company has paid dividend in respect of shares held by Non-Resident Shareholders on repatriation basis. Further Financial Year 2007-08 figures *inter-alia* includes portfolio investment and direct investment, where the amount is also credited to Non-Resident External A/c

## SCHEDULES FORMING PART OF THE ACCOUNTS

(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:

| Particulars                         | 31.03.2010 | 31.03.2009 |
|-------------------------------------|------------|------------|
| Year to which the Dividend relates  | N.A.       | 2007-08    |
| Number of non-resident shareholders | N.A.       | 185        |
| Number of shares held by them       | N.A.       | 38,31,280  |
| Amount of dividend (Rs. in Lacs)    | N.A.       | 19.16      |

### 16. (a) Managerial Remunerations:

| Particulars                        | 31.03.2010<br>Rs. In Lacs | 31.03.2009<br>Rs. In Lacs |
|------------------------------------|---------------------------|---------------------------|
| Salary & Allowances                | 349.50                    | 83.63                     |
| Contribution of P.F. & Other Funds | 19.62                     | 5.85                      |
| <b>TOTAL</b>                       | <b>369.12</b>             | <b>89.48</b>              |

(b) Sitting fees to directors Rs.6.94 Lacs (Rs. 3.86 Lacs).

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

| Particulars                                  | 31.03.2010<br>Rs. In Lacs | 31.03.2009<br>Rs. In Lacs |
|--|---------------------------|---------------------------|
| Profit /(Loss) Before Tax                    | 3,154.23                  | (3,103.32)                |
| Add: Remuneration to Directors               | 349.50                    | 83.63                     |
| Director' Sitting Fees                       | 6.94                      | 3.86                      |
| (Profit)/ Loss on sale of Fixed Assets       | (3.79)                    | (0.06)                    |
| <b>Net Profit /(Loss) as per Section 349</b> | <b>3,506.91</b>           | <b>(3,015.89)</b>         |

### 17. Details of Auditors' Remuneration :

| Particulars                              | 31.03.2010<br>Rs. In Lacs | 31.03.2009<br>Rs. In Lacs |
|--|---------------------------|---------------------------|
| <b>A) Statutory Auditor Remuneration</b> |                           |                           |
| - Audit Fees                             | 9.50                      | 6.50                      |
| - Certification & Other Matters          | 6.30                      | 2.00                      |
| - Out of Pocket Expenses                 | 0.28                      | 0.35                      |
| <b>TOTAL</b>                             | <b>16.08</b>              | <b>8.85</b>               |
| B) Branch Auditors' Remuneration         | 0.40                      | 0.40                      |
| C) Cost Audit Fees                       | 0.75                      | 0.37                      |

Note: Above figures are exclusive of service tax.

### 18. a) Earning in Foreign Currency :

| Particulars              | 31.03.2010<br>Rs. In Lacs | 31.03.2009<br>Rs. In Lacs |
|--------------------------|---------------------------|---------------------------|
| FOB Value of Exports     | 13,731.94                 | 8,642.36                  |
| Freight, Insurance, etc. | 206.90                    | 108.24                    |
| Bank Deposit Interest    | Nil                       | 0.71                      |
| Others                   | 6.72                      | Nil                       |

## SCHEDULES FORMING PART OF THE ACCOUNTS

### b) CIF Value of Imports:

| Particulars   | 31.03.2010<br>Rs. In Lacs | 31.03.2009<br>Rs. In Lacs |
|---|---------------------------|---------------------------|
| Raw Materials [Including High Seas purchases Rs 76.69 Lacs (Rs. 193.84 Lacs)] | 3,243.73                  | 2,061.65                  |
| Capital Goods   | 22.48                     | 18.15                     |

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

| Particulars   | 31.03.2010<br>Rs. In Lacs | 31.03.2009<br>Rs. In Lacs |
|---|---------------------------|---------------------------|
| Interest  | 286.60                    | 158.45                    |
| Commission Expense  | 129.03                    | 34.37                     |
| Legal & Professional Fees                                       | 92.87                     | 27.29                     |
| Other Expenses<br>(including travelling and business promotion) | 400.69                    | 142.66                    |

19. The aggregate amount of revenue expenditure, except depreciation, incurred during the year on Research and Development and shown in the respective heads of account is Rs. 576.87 Lacs (Rs. 187.02 Lacs).

### 20. Earning Per Share :

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

| Particulars   | 31.03.2010  | 31.03.2009  |
|---|-------------|-------------|
| Profit / (Loss) after Tax - Rs. In Lacs             | 2,992.15    | (3,128.49)  |
| Number of Equity Shares:                            |             |             |
| Weighted Average Number of Equity Shares            | 1,46,89,286 | 1,46,89,286 |
| Nominal Value of Equity Shares in Rs.               | 10.00       | 10.00       |
| Earning / (Deficit) Per Share (Basic & Diluted) Rs. | 20.37       | (21.30)     |

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 year end are considered to be anti dilutive.

### 21. Employee Benefits

As required by Accounting Standard-15 "Employee Benefits" the disclosures are as under:

#### 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 into the Provident Fund and the ESI Scheme, contributions into the Pension Fund is made only by the Company. The contributions are normally based on a certain proportion of the employee's salary.

## SCHEDULES FORMING PART OF THE ACCOUNTS

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

| Particulars  | 31.03.2010<br>Rs. In Lacs | 31.03.2009<br>Rs. In Lacs |
|--|---------------------------|---------------------------|
| Provident Fund, Employees' Pension Scheme and MLWF | 233.05                    | 93.50                     |
| Employees State Insurance                          | 6.22                      | 3.95                      |
| Super Annuation Fund                               | 4.35                      | 2.33                      |
| <b>TOTAL</b>                                       | <b>243.62</b>             | <b>99.78</b>              |

### 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 of Payment of Gratuity Act, 1972 without any vesting period.

#### 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 i.e. Gratuity (Funded Plans) based on actuarial reports as on 31<sup>st</sup> March, 2010.

| Particulars                                     | 31.03.2010<br>Rs. in Lacs | 31.03.2009<br>Rs. in Lacs |
|---|---------------------------|---------------------------|
| <b>a) Changes in Defined Benefit Obligation</b> |                           |                           |
| Opening defined benefit obligation              | 174.21                    | 151.02                    |
| Current service cost                            | 63.67                     | 25.11                     |
| Interest cost                                   | 14.81                     | 5.66                      |
| Actuarial loss / (gain)                         | 8.38                      | (3.06)                    |
| Liabilities settled on sale of business         | Nil                       | Nil                       |
| Benefit (paid)                                  | (24.23)                   | (4.53)                    |
| Closing defined benefit obligation              | 236.85                    | 174.21                    |
| <b>b) Changes in Fair Value of Assets</b>       |                           |                           |
| Opening fair value of plan assets               | 16.34                     | 15.08                     |
| Expected return on plan assets                  | 1.54                      | 0.66                      |
| Actuarial gain / (loss)                         | (0.66)                    | (0.51)                    |
| Contributions of employer                       | 6.82                      | 5.64                      |
| Assets distributed on sale of business          | Nil                       | Nil                       |
| Benefits (paid)                                 | (3.41)                    | (4.53)                    |
| Closing fair value of plan assets               | 20.62                     | 16.34                     |

## SCHEDULES FORMING PART OF THE ACCOUNTS

| Particulars   | 31.03.2010<br>Rs. in Lacs | 31.03.2009<br>Rs. in Lacs |
|---|---------------------------|---------------------------|
| <b>c) Amount recognised in the Balance Sheet</b>                      |                           |                           |
| Present value of the obligations as at year end                       | 236.85                    | 174.21                    |
| Fair value of the plan assets as at year end                          | 20.62                     | 16.34                     |
| Amount not recognised as an asset                                     | Nil                       | Nil                       |
| Net (asset) / liability recognised as on 31 <sup>st</sup> March, 2009 | 216.23                    | 157.87                    |
| <b>d) Expenses recognised in the Profit and Loss Account</b>          |                           |                           |
| Current service cost  | 63.67                     | 25.10                     |
| Interest on defined benefit obligation                                | 14.80                     | 5.66                      |
| Expected return on plan assets  | (1.53)                    | (0.66)                    |
| Net actuarial loss / (gain) recognised in the current year            | 9.04                      | (2.53)                    |
| Effect of the limit in Para 59(b) of the revised AS 15                | Nil                       | Nil                       |
| <b>Total Expenses</b>   | <b>85.99</b>              | <b>25.57</b>              |
| <b>e) Asset information</b>   |                           |                           |
| Government of India Securities  | -                         | -                         |
| Corporate Bonds   | -                         | -                         |
| Special Deposit Scheme  | -                         | -                         |
| Others – Policy with LIC  | 100%                      | 100%                      |
| <b>f) Principal actuarial assumptions used</b>                        |                           |                           |
| Discount rate (p.a.)  | 8.5%                      | 7.5%                      |
| Expected rate of return on plan assets (p.a.)                         | 8.5%                      | 8.5%                      |
| Annual increase in salary cost (p.a.)                                 | 7.0%                      | 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.

22. The Company has revalued leasehold land & development expenses, factory buildings, plant, machinery & equipments, furniture & fixtures, office equipments & electrical installations at the manufacturing locations at Tarapur, Patalganga, Tanaku and R & D Centre at Turbhe as on 31<sup>st</sup> March, 2010. Based on the valuation report of approved valuers, book values of aforesaid fixed assets have been increased by Rs. 5,426.34 Lacs and equivalent amount has been credited to the Revaluation Reserve.
23. 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 year 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, except in respect of some brands for which impairment of Rs NIL (Rs.343.04 Lacs) has been provided for and is adjusted against revaluation reserve during the year. There is no reversal of impairment amount during the year.
24. The Company has entered into Derivatives structure for hedge purpose and not intended for trading or speculation. The year 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 31.03.2010 | As At 31.03.2009 |
| US \$   | Sell        | Indian Rupees  | 4.4 Lacs         | 311.30 Lacs      |
| And Currency swap for notional amount of USD NIL (USD 77 Lacs). |             |                |                  |                  |

Note: FCCB of EURO 94.80 Lacs (EURO 137.20 Lacs) are convertible at a fixed exchange rate (refer Note No.6).

## SCHEDULES FORMING PART OF THE ACCOUNTS

The year 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 |
|-------------------------------------|-------------------------------|---------------------------------|----------------------------------|
| <b>Assets</b>                       |                               |                                 |                                  |
| Trade Receivables                   | EURO                          | 6.77                            | 409.98                           |
|                                     |                               | (14.20)                         | (958.01)                         |
|                                     | GBP                           | 1.16                            | 78.75                            |
|                                     |                               | (0.76)                          | (55.08)                          |
|                                     | USD                           | 64.91                           | 2,930.04                         |
|                                     |                               | (NIL)                           | (NIL)                            |
| Loans and Advances                  | EURO                          | 37.49                           | 2,270.53                         |
|                                     |                               | (16.27)                         | (1,098.07)                       |
| Advance pending allotment of shares | EURO                          | 81.04                           | 4,957.87                         |
|                                     |                               | (91.04)                         | (5,512.50)                       |
| Bank Balance                        | EURO                          | NIL                             | NIL                              |
|                                     |                               | (0.11)                          | (7.47)                           |
| <b>Liabilities</b>                  |                               |                                 |                                  |
| Trade Payables                      | USD                           | 16.13                           | 728.04                           |
|                                     |                               | (20.35)                         | (1,036.94)                       |
|                                     | EURO                          | 0.17                            | 10.45                            |
|                                     |                               | (0.17)                          | (9.80)                           |
|                                     | GBP                           | 0.04                            | 2.53                             |
|                                     |                               | (NIL)                           | (NIL)                            |
|                                     | JPY                           | 22.78                           | 11.04                            |
|                                     |                               | (NIL)                           | (NIL)                            |
| Secured Loans                       | USD                           | 98.85                           | 4,462.15                         |
|                                     |                               | (25.09)                         | (1,278.33)                       |
|                                     | EURO                          | 3.89                            | 235.55                           |
|                                     |                               | (10.16)                         | (685.87)                         |
|                                     | GBP                           | 0.73                            | 49.53                            |
|                                     |                               | (0.76)                          | (55.08)                          |
| Unsecured Loans                     | EURO                          | 94.80                           | 5,741.09                         |
|                                     |                               | (137.20)                        | (9,258.26)                       |
| Interest accrued but not due        | USD                           | 0.02                            | 0.69                             |
|                                     |                               | ( 0.07)                         | (3.37)                           |

25. Mark to Market loss is Rs. 12.73 Lacs in respect of foreign currency derivative instruments outstanding as at 31<sup>st</sup> March, 2010. The management is of the view that application of AS-30 "Financial Instrument Recognition and Measurement" is not mandatory for the financial year under report. However, out of abundant caution and as a measure of financial prudence the Company has provided an amount of Rs 20.00 Lacs to meet the anticipated forex losses.



## SCHEDULES FORMING PART OF THE ACCOUNTS

### Provision for Foreign Exchange Losses

| Particulars                                 | 31.03.2010<br>Rs in Lacs | 31.03.2009<br>Rs in Lacs |
|---|--------------------------|--------------------------|
| Opening balances                            | 3,500.00                 | Nil                      |
| Additional Provision made during the period | Nil                      | 3,500.00                 |
| Amount used during the period               | 2,206.34                 | Nil                      |
| Unused amount reversed during the period    | 1,273.66                 | Nil                      |
| Closing Balance                             | 20.00                    | 3,500.00                 |

### 26. 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), laptops under operating lease or leave and license agreements. These are generally not non-cancellable and range from 33 months to 5 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 of Rs.219.27 Lacs (Rs.47.47 Lacs) are recognised in the Profit and Loss Account under “Rent, Rates & Taxes” under Schedule-16. No contingent rents are recognised in the Profit and Loss Account.

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

| Particulars                                       | 31.03.2010<br>Rs. in Lacs | 31.03.2009<br>Rs. in Lacs |
|---|---------------------------|---------------------------|
| Not later than one year                           | 232.44                    | 131.63                    |
| Later than one year but not later than five years | 310.87                    | 59.05                     |
| Later than five years                             | NIL                       | NIL                       |

27. 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. 4,957.87 Lacs (Rs. 5,512.50 Lacs) which are intended to be adjusted against the value of the Ordinary Shares to be issued by the aforesaid subsidiary.

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

a) Interest-free Loans/Advances in the nature of Loans to:

| Particulars  | Outstanding as on<br>31.03.2010 | Rs. in Lacs<br>Maximum balance<br>outstanding<br>during the period |
|--|---------------------------------|--|
| Cantabria Pharma S. L. - a subsidiary company                  | NIL                             | NIL  |
|  | (1,098.07)                      | (1,098.07)   |
| Ningxia Wanbury Fine Chemicals Co. Ltd. – a subsidiary company | 45.69                           | 45.69  |
|  | (70.40)                         | (70.40)  |

## SCHEDULES FORMING PART OF THE ACCOUNTS

b) Interest bearing Loans/ Advances in the nature of Loans/Advances to:

| Particulars                                 | Outstanding as on<br>31.03.2010 | Rs. in Lacs   |
|---|---------------------------------|---|
|   |                                 | Maximum balance<br>outstanding<br>during the period |
| Bravo Healthcare Ltd.                       | 4,711.75<br>(NIL)               | 4,711.75<br>(1,272.03)                              |
| Expert Chemicals (India) Pvt. Ltd.          | 1,114.90<br>(795.44)            | 1,114.90<br>(795.44)                                |
| Cantabria Pharma S L - a subsidiary company | 2,270.53<br>(NIL)               | 2,270.53<br>(NIL)                                   |

**Notes:**

- Above Loans/ Advances are repayable on demand.
- 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.
- Investment by loanee in the shares of :

| Particulars              | No. of Shares            | Rs. in Lacs  |
|--------------------------|--------------------------|--|
|                          |                          | Amount   |
| - the Company            | 25,89,889<br>(26,44,439) | 1,563.95<br>(1,670.30)                                   |
| - its Subsidiary Company | 1,000<br>(900)           | 381.28<br>(31.04)  |
|                          |                          | Equivalent to Euro 5,94,000<br>Equivalent to Euro 54,000 |

### 29. 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)
- Wanbury Global FZE ( Ras-Al-Khaimah, UAE)

Category 3: Associate Companies:

- Wanbury Infotech Pvt. Ltd.
- Bravo Healthcare Limited

Category 4: Key Management Personnel and their relatives:

- Mr. K. Chandran Vice-Chairman
- Mr. K. R. N. Moorthy Joint Managing Director
- Mr. Ashok Shinkar Executive Director (w.e.f. 30.06.2009)
- Dr. Rajaram Samant Whole-time Director (w.e.f. 29.09.2009)

## SCHEDULES FORMING PART OF THE ACCOUNTS

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

| Sr. No. Transactions                                   | Related Party Relation            | 31.03.2010<br>Rs. in Lacs | 31.03.2009<br>Rs. in Lacs |
|--|-----------------------------------|---------------------------|---------------------------|
| <b>1) Advances Given:</b>                              |                                   |                           |                           |
| Expert Chemicals (India) Pvt. Ltd.                     | Major Shareholders                | 104.66                    | 275.30                    |
| Ningxia Wanbury Fine Chemicals Co. Ltd                 | Subsidiary Company                | 271.84                    | 113.87                    |
| Wanbury Infotech Pvt. Ltd.                             | Associate Company                 | Nil                       | 23.31                     |
| Bravo Healthcare Ltd.                                  | Associate Company                 | 569.39                    | Nil                       |
| <b>2) Inter Corporate Deposits Given:</b>              |                                   |                           |                           |
| Expert Chemicals (India) Pvt. Ltd.                     | Major Shareholders                | 102.00                    | Nil                       |
| Cantabria Pharma SL                                    | Subsidiary Company                | 1,274.33                  | 344.96                    |
| Bravo Healthcare Ltd.                                  | Associate Company                 | 6,226.09                  | 472.38                    |
| <b>3) Repayment of Inter Corporate Deposits Given:</b> |                                   |                           |                           |
| Expert Chemicals (India) Pvt. Ltd.                     | Major Shareholders                | Nil                       | 80.40                     |
| Cantabria Pharma SL                                    | Subsidiary Company                | 65.15                     | Nil                       |
| Bravo Healthcare Ltd.                                  | Associate Company                 | 1,953.43                  | 1,744.41                  |
| <b>4) Expenses Reimbursed from:</b>                    |                                   |                           |                           |
| Cantabria Pharma SL                                    | Subsidiary Company                | 59.68                     | 40.31                     |
| Ningxia Wanbury Fine Chemicals Co. Ltd                 | Subsidiary Company                | Nil                       | 3.21                      |
| Bravo Healthcare Ltd.                                  | Associate Company                 | Nil                       | 2,901.46                  |
| Wanbury Infotech Pvt Ltd.                              | Associate Company                 | 31.73                     | Nil                       |
| <b>5) Remuneration paid:</b>                           |                                   |                           |                           |
| Mr. K. R. N. Moorthy                                   | Key Management Personnel          | 149.23                    | 59.56                     |
| Mr. K. Chandran  | Key Management Personnel          | 109.56                    | 29.92                     |
| Mr. Ashok Shinkar                                      | Key Management Personnel          | 71.73                     | Nil                       |
| Dr. Rajaram Samant                                     | Key Management Personnel          | 38.60                     | Nil                       |
| <b>6) Rent Paid:</b>                                   |                                   |                           |                           |
| Mrs. Prabha K. Chandran                                | Key Management Person's Relatives | Nil                       | 1.00                      |
| <b>7) Advances given for Investment:</b>               |                                   |                           |                           |
| Wanbury Holding B. V.                                  | Subsidiary Company                | 264.74                    | 90.40                     |
| Bravo Healthcare Ltd.                                  | Associate Company                 | Nil                       | 3,830.54                  |
| <b>8) Investment:</b>                                  |                                   |                           |                           |
| Wanbury Holding B. V.                                  | Subsidiary Company                | 819.37                    | Nil                       |
| Wanbury Global FZE                                     | Subsidiary Company                | 1,305.81                  | Nil                       |
| <b>9) Purchase of Materials:</b>                       |                                   |                           |                           |
| Ningxia Wanbury Fine Chemicals Co. Ltd                 | Subsidiary Company                | 410.62                    | 506.25                    |
| Bravo Healthcare Ltd.                                  | Associate Company                 | 582.17                    | 417.85                    |
| <b>10) Dividend:</b>                                   |                                   |                           |                           |
| Kingsbury Investment Inc.                              | Major Shareholders                | Nil                       | 15.12                     |
| Expert Chemicals (India) Pvt. Ltd.                     | Major Shareholders                | Nil                       | 13.22                     |
| Magnum Equifin Pvt. Ltd.                               | Major Shareholders                | Nil                       | 2.50                      |
| <b>11) Interest Income:</b>                            |                                   |                           |                           |
| Expert Chemicals (India) Pvt. Ltd.                     | Major Shareholders                | 112.80                    | 43.55                     |
| Bravo Healthcare Ltd.                                  | Associate Company                 | 192.81                    | 98.74                     |
| Cantabria Pharma SL                                    | Subsidiary Company                | 199.04                    | Nil                       |

## SCHEDULES FORMING PART OF THE ACCOUNTS

| Sr. No. Transactions   | Related Party Relation | 31.03.2010<br>Rs. in Lacs | 31.03.2009<br>Rs. in Lacs |
|--|------------------------|---------------------------|---------------------------|
| 12) <b>Job Work Expenses:</b><br>Bravo Healthcare Ltd.   | Associate Company      | Nil                       | 5.86                      |
| 13) <b>Information Technology Services taken:</b><br>Wanbury Infotech Pvt. Ltd.  | Associate Company      | 152.32                    | 62.37                     |
| 14) <b>Conversion of Advance for Investment<br/>Pending allotment to Inter Corporate Deposit<br/>Given:</b><br>Bravo Healthcare Ltd. | Associate Company      | 3,830.54                  | Nil                       |

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

| Sr. No. Particulars                             | Related Party Relation | 31.03.2010<br>Rs. in Lacs | 31.03.2009<br>Rs. in Lacs |
|---|------------------------|---------------------------|---------------------------|
| 1) <b>Inter Corporate Deposits Given:</b>       |                        |                           |                           |
| - Expert Chemicals (India) Pvt. Ltd.            | Major Shareholders     | 690.75                    | 520.14                    |
| - Cantabria Pharma SL                           | Subsidiary Company     | 1,803.30                  | 726.63                    |
| - Bravo Healthcare Ltd.                         | Associate Company      | 4,408.98                  | Nil                       |
| 2) <b>Loans and Advances Given:</b>             |                        |                           |                           |
| - Ningxia Wanbury Fine Chemicals Co. Ltd.       | Subsidiary Company     | 45.69                     | 184.28                    |
| - Cantabria Pharma SL                           | Subsidiary Company     | 467.23                    | 371.44                    |
| - Expert Chemicals (India) Pvt. Ltd.            | Major Shareholders     | 424.15                    | 275.30                    |
| - Wanbury Infotech Pvt Ltd.                     | Associate Company      | Nil                       | 23.31                     |
| - Bravo Healthcare Ltd.                         | Associate Company      | 302.77                    | Nil                       |
| 3) <b>Sundry Creditors / Other Liabilities:</b> |                        |                           |                           |
| - Wanbury Infotech Pvt Ltd                      | Associate Company      | 3.71                      | Nil                       |
| 4) <b>Advances for Investment :</b>             |                        |                           |                           |
| - Wanbury Holding B.V.                          | Subsidiary Company     | 4,957.87                  | 5,512.50                  |
| - Bravo Healthcare Ltd.                         | Associate Company      | Nil                       | 3,830.54                  |

### 30. 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 | Rs. in Lacs<br>Net Block |
|--------------------|--------------------|--------------------------|--------------------------|
| 1. Office Building | 243.00<br>(243.00) | 46.46<br>(46.46)         | 196.54<br>(196.54)       |
| 2. R & D Building  | 400.21<br>(400.21) | 223.17<br>(223.17)       | 177.04<br>(177.04)       |

## SCHEDULES FORMING PART OF THE ACCOUNTS

### 31. Consumption of Materials

#### a. Consumption of Raw Materials and Packing Materials

| Item                                    | Unit | 31.03.2010    |                 | 31.03.2009    |                 |
|---|------|---------------|-----------------|---------------|-----------------|
|   |      | Qty.          | Rs. in Lacs     | Qty.          | Rs. in Lacs     |
| DCDA                                    | M.T. | 4,009.78      | 3,047.94        | 1,871.35      | 2,669.41        |
| DMA Hcl                                 | M.T. | 2,682.75      | 1,169.53        | 510.49        | 275.62          |
| Methanol                                | M.T. | 2,645.65      | 361.22          | 1,166.47      | 165.61          |
| Others                                  |      |               | 5,025.98        |               | 2,907.74        |
| <b>Total</b>                            |      |               | <b>9,604.67</b> |               | <b>6,018.38</b> |
|   |      | %             | Rs. in Lacs     | %             | Rs. in Lacs     |
| Imported (including High Sea purchases) |      | 36.09         | 3,466.35        | 52.31         | 3,148.45        |
| Indigenous                              |      | 63.91         | 6,138.32        | 47.69         | 2,869.93        |
| <b>Total</b>                            |      | <b>100.00</b> | <b>9,604.67</b> | <b>100.00</b> | <b>6,018.38</b> |

#### b. Consumption of Stores & Spares :

|              | %             | Rs. in Lacs   | %             | Rs. in Lacs   |
|--------------|---------------|---------------|---------------|---------------|
| Imported     | -             | -             | -             | -             |
| Indigenous   | 100.00        | 392.50        | 100.00        | 181.50        |
| <b>Total</b> | <b>100.00</b> | <b>392.50</b> | <b>100.00</b> | <b>181.50</b> |

### 32. Details of Installed Capacity and Production:

| Class of Goods      | Units of Measurement   | Installed Capacity           | Production          |
|---------------------|------------------------|------------------------------|---------------------|
|                     |                        | Quantity                     | Quantity            |
| Bulk Drugs          | M.T.                   | 9,654 p. a.<br>(8,134) p. a. | 7,330<br>(3,198.85) |
| Formulation         |                        |                              |                     |
| - Tablets           | No. in Lacs            | 5,400 p.a.<br>(5,400) p.a.   | Nil<br>(Nil)        |
| - Capsules          | No. in Lacs            | 2,100 p.a.<br>(2,100) p.a.   | Nil<br>(Nil)        |
| - Dry Syrup (60 ML) | No. of Bottles in Lacs | 60 p.a.<br>(60) p.a.         | Nil<br>(Nil)        |
| - Sachets ( 3&5 gm) | No. in Lacs            | 72 p.a.<br>(72) p.a.         | Nil<br>(Nil)        |
| - Sachets ( 22 gm)  | No. in Lacs            | 60 p.a.<br>(60) p.a.         | Nil<br>(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.

## SCHEDULES FORMING PART OF THE ACCOUNTS

### 33. Details of Closing Stocks of Finished/ Traded Goods:

| Class of Goods        | Unit of Measurement | 31.03.2010 |               | 31.03.2009 |               | 30.09.2008 |                 |
|-----------------------|---------------------|------------|---------------|------------|---------------|------------|-----------------|
|                       |                     | Qty.       | Rs. in Lacs   | Qty.       | Rs. in Lacs   | Qty.       | Rs. in Lacs     |
| <b>Bulk Drugs</b>     | M. T.               | 0.076      | 2.02          | 92.76      | 180.25        | 173.09     | 579.49          |
| <b>Formulations:</b>  |                     |            |               |            |               |            |                 |
| Liquids               | Kilo Ltrs.          | 55.63      | 130.74        | 30.89      | 108.82        | 39.95      | 89.99           |
| Tablets               | No. in Million      | 20.16      | 292.63        | 11.71      | 270.64        | 12.12      | 287.71          |
| Vials                 | No. in Million      | 0.17       | 46.10         | 0.26       | 64.11         | 0.32       | 72.62           |
| Capsules              | No. in Million      | 9.74       | 136.67        | 5.17       | 125.36        | 8.80       | 163.25          |
| Ampoule               | No. in Million      | 0.31       | 37.77         | 0.22       | 55.87         | 0.26       | 66.28           |
| Others                |                     | -          | 12.98         | -          | -             | -          | -               |
| <b>Processed Food</b> |                     |            |               |            |               |            |                 |
| Powders               | Tonnes              | 6.06       | 43.56         | 7.01       | 21.82         | 3.01       | 9.09            |
| Liquids               | Kilo Ltrs.          | 0.73       | 1.83          | 0.59       | 1.49          | 0.84       | 2.03            |
| <b>Total</b>          |                     |            | <b>704.32</b> |            | <b>828.37</b> |            | <b>1,270.46</b> |

### 34. Details of Purchases & Sales of Finished/Traded Goods:

| Class of Goods        | Units of Measurement | 31 <sup>st</sup> March, 2010 |                 | 31 <sup>st</sup> March, 2009 |                  |
|-----------------------|----------------------|------------------------------|-----------------|------------------------------|------------------|
|                       |                      | Purchases during the period  |                 | Sales during the period      |                  |
|                       |                      | Quantity                     | Rs. in Lacs     | Quantity                     | Rs. in Lacs      |
| <b>Bulk Drugs</b>     | M. T.                | -                            | -               | 7,406.93                     | 18,120.68        |
|                       |                      | (152.35)                     | (322.27)        | (3,275.27)                   | (10,272.67)      |
| <b>Formulations:</b>  |                      |                              |                 |                              |                  |
| Liquids               | Kilo Ltrs.           | 465.44                       | 890.79          | 424.76                       | 234.86           |
|                       |                      | (151.28)                     | (307.38)        | (145.66)                     | (787.46)         |
| Tablets               | No. in Million       | 133.72                       | 2,083.36        | 117.42                       | 625.89           |
|                       |                      | (45.10)                      | (827.03)        | (45.63)                      | (2,281.10)       |
| Vials                 | No. in Million       | 1.18                         | 391.03          | 0.90                         | 66.31            |
|                       |                      | (0.29)                       | (76.81)         | (0.33)                       | (224.10)         |
| Capsules              | No. in Million       | 108.62                       | 1,333.33        | 103.59                       | 607.05           |
|                       |                      | (35.11)                      | (516.94)        | (38.15)                      | (2,370.31)       |
| Ampoule               | No. in Million       | 1.32                         | 189.23          | 1.12                         | 54.31            |
|                       |                      | (0.71)                       | (107.37)        | (0.49)                       | (190.09)         |
| <b>Processed Food</b> |                      |                              |                 |                              |                  |
| Powders               | M. T.                | 59.80                        | 176.63          | 54.44                        | 33.61            |
|                       |                      | (32.56)                      | (88.06)         | (28.50)                      | (164.29)         |
| Liquids               | Kilo Ltrs.           | 3.38                         | 11.52           | 2.86                         | 1.28             |
|                       |                      | (0.99)                       | (2.40)          | (1.12)                       | (5.22)           |
| Others                |                      |                              | 13.85           |                              | 2.2              |
|                       |                      |                              | (136.24)        |                              | (470.32)         |
| <b>Total</b>          |                      |                              | <b>5,089.74</b> |                              | <b>35,110.82</b> |
|                       |                      |                              | (2,062.23)      |                              | (16,765.56)      |

**Note** - Sales excludes free replacements / offers

35. Figures for the current period, being for twelve months, are not strictly comparable with those of the previous period, which are for six months.
36. Figures for the previous period have been recast and regrouped wherever necessary. Figures in brackets are for previous period.

### **Signatures to Schedules 1 to 18**

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**For and on behalf of the Board**

**K. CHANDRAN**  
Vice Chairman  
**GIRISH JUNEJA**  
Vice President-Finance

**K.R.N. MOORTHY**  
Joint Managing Director  
**PANKAJ B. GUPTA**  
Company Secretary

**ASHOK SHINKAR**  
Executive Director

Mumbai, 28<sup>th</sup> May, 2010



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

### I. **Registration Details**

Registration No. L51900MH1988PLC048455 State Code 11

Balance Sheet Date 31.03.2010

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

|  |  |
|--|--|
| <p>Public Issue<br/><span style="border: 1px solid black; padding: 2px;">NIL</span></p> <p>Bonus Issue<br/><span style="border: 1px solid black; padding: 2px;">NIL</span></p> | <p>Rights Issue<br/><span style="border: 1px solid black; padding: 2px;">NIL</span></p> <p>Private Placement<br/><span style="border: 1px solid black; padding: 2px;">NIL</span></p> |
|--|--|

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

Total Liabilities 5064362 Total Assets 5064362

#### ***Sources of Funds***

Paid-up Capital 146893 Share Cap. Suspense NIL

Reserves & Surplus 1702448 Secured Loans 2632693

Unsecured Loans 579134 Deffered S.Tax Liability 3194

#### ***Application of Funds***

Net Fixed Assets 2355018 Investments 1017231

Net Current Assets 1692113

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

Turnover 3758747 Total Expenditure 3443324

Profit Before Tax 315423 Profit After Tax 299215

Earning Per Share in Rs. 20.37 Dividend Rate % 10 %

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

| Product Description | Item Code No. (ITC Code) |
|---------------------|--------------------------|
| METFORMIN HCL       | 2921 1900                |
| SALSALATE HCL       | 2918 2300                |
| TRAMADOL USP        | 2909 3019                |

For and on behalf of the Board

**K. CHANDRAN**  
Vice Chairman  
**GIRISH JUNEJA**  
Vice President-Finance

**K.R.N. MOORTHY**  
Joint Managing Director  
**PANKAJ B. GUPTA**  
Company Secretary

**ASHOK SHINKAR**  
Executive Director

Mumbai, 28<sup>th</sup> May, 2010



## 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 31st March, 2010 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year 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 the subsidiaries, whose financial statements reflect total assets of Rs. 39,563.32 Lacs as at 31st March, 2010, total revenue of Rs. 14,898.29 Lacs and net cash flows of Rs. 31.52 Lacs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is based on solely on the reports of other auditors.
4. 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" notified by Companies (Accounting Standards) Rules, 2006 and on the basis of separate audited financial statements of the Company and its subsidiaries included in the Consolidated Financial Statements.
5. *The Company has investment in other company aggregating to Rs.53.40 Lacs and loans & advances recoverable as at the year end amounting to Rs.4,711.75 Lacs for which no provision has been considered necessary by the management for the reasons stated in note no.8 of Schedule 19.*  
*We are unable to express an opinion as to whether any provision for diminution in the value of aforesaid investment and the recoverability of aforesaid dues, is necessary, and the consequential effect thereof on the profit for the year and on the assets, liabilities and reserves, stated in the balance sheet.*
6. Without qualifying the report, attention is invited to Note No. 1(c) of the Schedule No. 19 in respect of the incorporation of the financial statements of Wanbury Global FZE, the subsidiary, which are for the period different than the accounting period of the Consolidated Financial Statements.
7. Based on our audit as aforesaid and on consideration of the separate audit reports on the individual financial statements of the Company, and the aforesaid subsidiaries, and to the best of our information and according to the explanations given to us, *subject to our comments in para (5) above*, we are of the opinion that the attached Consolidated Financial Statements read together with notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i. In the case of Consolidated Balance Sheet, of the consolidated state of affairs of the Company and it's Subsidiaries as at 31st March, 2010 ;
  - ii. In the case of Consolidated Profit and Loss Account, of profit of the Company and it's Subsidiaries for the year then ended; and
  - iii. In the case of the Consolidated Cash Flow Statement, of the cash flows of the Company and it's subsidiaries for the year then ended.

**For KAPOOR & PAREKH ASSOCIATES**  
(ICAI FRN 104803W)  
Chartered Accountants

**Nikhil Patel**  
Partner  
Membership No. 37032

Mumbai, 28th May, 2010

## CONSOLIDATED BALANCE SHEET

AS AT 31<sup>ST</sup> MARCH, 2010

|   | Schedule<br>No. | As At 31.03.2010<br>(Rs. in Lacs) | As At 31.03.2009<br>(Rs. in Lacs) |
|---|-----------------|-----------------------------------|-----------------------------------|
| <b>SOURCES OF FUNDS</b>                       |                 |                                   |                                   |
| <b>SHAREHOLDERS FUNDS</b>                     |                 |                                   |                                   |
| Share Capital                                 | 1               | 1,468.93                          | 1,468.93                          |
| Preference Share Application Money            | 2               | 1,902.19                          | 2,129.28                          |
| Reserves & Surplus                            | 3               | 15,109.92                         | 11,481.89                         |
|   |                 | 18,481.03                         | 15,080.10                         |
| <b>LOAN FUNDS</b>                             |                 |                                   |                                   |
| Secured Loans                                 | 4               | 41,100.68                         | 37,694.30                         |
| Unsecured Loans                               | 5               | 5,791.34                          | 9,585.13                          |
|   |                 | 46,892.02                         | 47,279.43                         |
| <b>DEFERRED SALES TAX LIABILITY</b>           |                 | 31.94                             | 53.25                             |
| <b>DEFERRED TAX LIABILITY</b>                 |                 | 711.98                            | 655.57                            |
| <b>MINORITY INTEREST</b>                      |                 | 764.05                            | 764.05                            |
| (Refer Note 27 of Schedule 19)                |                 |                                   |                                   |
| <b>TOTAL</b>                                  |                 | <b>66,881.02</b>                  | <b>63,832.40</b>                  |
| <b>APPLICATION OF FUNDS</b>                   |                 |                                   |                                   |
| <b>FIXED ASSETS</b>                           |                 |                                   |                                   |
| Gross Block                                   | 6               | 53,514.41                         | 55,754.16                         |
| Less: Depreciation, Amortisation & Impairment |                 | 9,801.02                          | 11,236.63                         |
| Net Block                                     |                 | 43,713.39                         | 44,517.53                         |
| Add : Capital Work in Progress                |                 | 2,171.81                          | 1,906.55                          |
|   |                 | 45,885.20                         | 46,424.08                         |
| <b>GOODWILL ON CONSOLIDATION</b>              |                 | 346.78                            | 29.85                             |
| (Refer Note 26 of Schedule 19)                |                 |                                   |                                   |
| <b>INVESTMENTS</b>                            | 7               | 54.31                             | 3,884.85                          |
| <b>CURRENT ASSETS</b>                         |                 |                                   |                                   |
| Inventories                                   | 8               | 5,234.02                          | 6,290.83                          |
| Sundry Debtors                                | 9               | 14,939.13                         | 15,726.40                         |
| Cash & Bank Balances                          | 10              | 1,461.57                          | 2,968.44                          |
| Loans & Advances                              | 11              | 12,723.37                         | 8,042.10                          |
|   |                 | <b>34,358.09</b>                  | <b>33,027.77</b>                  |
| Current Liabilities                           | 12              | 12,152.19                         | 14,063.84                         |
| Provisions                                    | 13              | 1,611.17                          | 5,470.31                          |
|   |                 | <b>13,763.36</b>                  | <b>19,534.15</b>                  |
| Net Current Assets                            |                 | 20,594.73                         | 13,493.62                         |
| <b>TOTAL</b>                                  |                 | <b>66,881.02</b>                  | <b>63,832.40</b>                  |
| <b>Accounting Policies</b>                    | 18              |                                   |                                   |
| <b>Notes to Accounts</b>                      | 19              |                                   |                                   |

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

**NIKHIL PATEL**  
Partner  
Mumbai, 28<sup>th</sup> May, 2010

**For and on behalf of the Board**

**K. CHANDRAN**  
Vice Chairman  
**GIRISH JUNEJA**  
Vice President-Finance

**K.R.N. MOORTHY**  
Joint Managing Director  
**PANKAJ B. GUPTA**  
Company Secretary

**ASHOK SHINKAR**  
Executive Director

## CONSOLIDATED PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31<sup>ST</sup>MARCH, 2010

|   | Schedule<br>No. | For the Year<br>ended 31.03.2010<br>(Rs. in Lacs) | For the period<br>ended 31.03.2009<br>(Rs. in Lacs) |
|---|-----------------|---|---|
| <b>INCOME</b>                                 |                 |   |   |
| Gross Sales                                   |                 | 47,622.77   | 24,724.77   |
| Less : Excise Duty                            |                 | 364.18  | 431.21  |
| Net Sales                                     |                 | 47,258.59   | 24,293.56   |
| Other Income                                  | 14              | 4,738.56  | 6,013.30  |
| <b>Total Income</b>                           |                 | <b>51,997.15</b>                                  | <b>30,306.86</b>                                    |
| <b>EXPENDITURE</b>                            |                 |   |   |
| Cost of Materials                             | 15              | 20,200.61   | 11,675.57   |
| Personnel Cost                                | 16              | 9,471.54  | 5,114.19  |
| Other Expenses                                | 17              | 16,335.36   | 11,292.48   |
| Interest (Net)                                |                 | 3,819.99  | 1,879.05  |
| Depreciation, Amortisation & Impairment       |                 | 1,921.93  | 3,879.99  |
| Less : Transferred from Revaluation Reserve   |                 | 324.41  | 543.88  |
|   |                 | 1,597.52  | 3,336.11  |
| <b>Total Expenditure</b>                      |                 | <b>51,425.02</b>                                  | <b>33,297.40</b>                                    |
| <b>PROFIT/(LOSS) BEFORE PRIOR PERIOD ITEM</b> |                 | <b>572.13</b>                                     | <b>(2,990.54)</b>                                   |
| Prior Year Adjustment                         |                 | 487.80  | -   |
| <b>PROFIT/(LOSS) BEFORE TAX</b>               |                 | <b>1,059.93</b>                                   | <b>(2,990.54)</b>                                   |
| Less : Provision for taxation                 |                 |   |   |
| - Current Tax                                 |                 | 573.77  | 92.40   |
| - MAT Credit Entitlement                      |                 | (536.07)  | -   |
| - Deferred Tax                                |                 | 56.40   | 106.53  |
| - Fringe Benefit Tax                          |                 | -   | 28.52   |
| - Income Tax of Earlier Years                 |                 | 124.37  | (3.93)  |
| <b>PROFIT/(LOSS) AFTER TAX</b>                |                 | <b>841.46</b>                                     | <b>(3,214.06)</b>                                   |
| Profit brought forward from Previous Year     |                 | 3,169.90  | 6,383.97  |
| <b>Amount available for Appropriation</b>     |                 | <b>4,011.36</b>                                   | <b>3,169.91</b>                                     |
| Proposed Dividend                             |                 | 146.89  | -   |
| Tax on Dividend                               |                 | 24.40   | -   |
| Short Provision of Dividend of Earlier Year   |                 | -   | 0.01  |
| Transfer to Statutory Reserve                 |                 | 0.17  | -   |
| Transfer to Debenture Redemption Reserve      |                 | -   | -   |
| Balance carried to Balance Sheet              |                 | 3,839.90  | 3,169.90  |
|   |                 | <b>4,011.36</b>                                   | <b>3,169.91</b>                                     |
| <b>Earning Per Share</b>                      |                 |   |   |
| - Basic and Diluted - (in Rs.)                |                 | 5.73  | (21.88)   |
| - Face Value of Equity Share - ( in Rs. )     |                 | 10.00   | 10.00   |
| <b>Accounting Policies</b>                    | 18              |   |   |
| <b>Notes to Accounts</b>                      | 19              |   |   |

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

**NIKHIL PATEL**  
Partner  
Mumbai, 28<sup>th</sup> May, 2010

**For and on behalf of the Board**

**K. CHANDRAN**  
Vice Chairman  
**GIRISH JUNEJA**  
Vice President-Finance

**K.R.N. MOORTHY**  
Joint Managing Director  
**PANKAJ B. GUPTA**  
Company Secretary

**ASHOK SHINKAR**  
Executive Director

## CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010

|   | For the Year<br>ended 31.03.2010<br>(Rs. in Lacs) | For the period<br>ended 31.03.2009<br>(Rs. in Lacs) |
|---|---|---|
| <b>A Cash flows from Operating Activities</b>                 |   |   |
| Net Profit/(Loss) before Tax                                  | 1,059.93  | (2,990.54)  |
| <b>Adjustments for:</b>                                       |   |   |
| Depreciation/Amortisation/Impairment                          | 1,597.52  | 3,336.11  |
| Loss/(Profit) on Sale of Assets                               | (10.63)   | (0.06)  |
| Gain on Purchase of FCCBs                                     | (248.85)  | -   |
| Provision for Doubtful Debts                                  | 145.71  | 35.22   |
| Forex Loss Adjusted Against Provision                         | (2,206.34)  | -   |
| Provision for Forex Loss Created (W/back)                     | (1,273.66)  | 3,500.00  |
| Interest charges  | 3,819.99  | 1,879.04  |
| Amounts Written Off   | 74.93   | 66.35   |
| <b>Operating Profit before Working Capital Changes</b>        | <b>2,958.60</b>                                   | <b>5,826.13</b>                                     |
| <b>Adjustments for:</b>                                       |   |   |
| Trade & Other Receivables                                     | (1,581.86)  | 4,941.64  |
| Inventories   | 1,056.80  | 949.43  |
| Trade Payables and other Current Liabilities                  | 1,775.96  | (4,349.27)  |
| <b>Cash Generated from / (used in) Operations</b>             | <b>4,209.50</b>                                   | <b>7,367.93</b>                                     |
| Direct Taxes (Paid) Refund-Net                                | (48.97)   | (158.39)  |
| <b>Net Cash from / (used in) Operating Activities</b>         | <b>4,160.52</b>                                   | <b>7,209.54</b>                                     |
| <b>B Cash flows from Investing Activities</b>                 |   |   |
| Purchase of Fixed Assets                                      | (1,131.45)  | (2,383.82)  |
| Sale of Fixed Assets  | 22.33   | 43.91   |
| Purchase of Investments                                       | (316.93)  | -   |
| Sale /Adjustment of Investments                               | -   | 7.32  |
| Advance Pending Allotment of Shares                           | -   | (3,830.53)  |
| <b>Net Cash from / (used in) Investing Activities</b>         | <b>(1,426.05)</b>                                 | <b>(6,163.12)</b>                                   |
| <b>C Cash flows from Financing Activities</b>                 |   |   |
| Preference Share / Application Money                          | (227.09)  | -   |
| Interest paid   | (3,802.28)  | (1,879.05)  |
| Increase/(Decrease) in Borrowings                             | (408.72)  | 2,387.83  |
| Gain on purchase of FCCBs                                     | 248.85  | -   |
| Dividend & Tax on Dividend Paid                               | (52.10)   | (30.96)   |
| <b>Net Cash from / (used in) Financing Activities</b>         | <b>(4,241.35)</b>                                 | <b>477.81</b>                                       |
| <b>Net increase/(decrease) in Cash &amp; Cash equivalents</b> | <b>(1,506.87)</b>                                 | <b>1,486.85</b>                                     |
| Cash and Cash equivalents as at the beginning of the period   | 2,968.44  | 1,481.59  |
| <b>Cash and Cash equivalents as at the end of the year</b>    | <b>1,461.57</b>                                   | <b>2,968.44</b>                                     |

**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. Above excludes advance against shares given in earlier year and converted to loans given during the year.
4. The previous year's figures have been regrouped wherever necessary.

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

**NIKHIL PATEL**  
Partner  
Mumbai, 28<sup>th</sup> May, 2010

**For and on behalf of the Board**

**K. CHANDRAN**  
Vice Chairman  
**GIRISH JUNEJA**  
Vice President-Finance

**K.R.N. MOORTHY**  
Joint Managing Director  
**PANKAJ B. GUPTA**  
Company Secretary

**ASHOK SHINKAR**  
Executive Director

## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

|  | 31.03.2010<br>(Rs. in Lacs) | 31.03.2009<br>(Rs. in Lacs) |
|--|-----------------------------|-----------------------------|
| <b>SCHEDULE - 1 SHARE CAPITAL</b>  |                             |                             |
| <b>Authorised</b>  |                             |                             |
| 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                    |
|  | <b>5,000.00</b>             | <b>5,000.00</b>             |
| <b>Issued, Subscribed and Paid-Up</b>  |                             |                             |
| 1,46,89,286 Equity Shares of Rs. 10 each fully paid-up   | 1,468.93                    | 1,468.93                    |
|  | <b>1,468.93</b>             | <b>1,468.93</b>             |
| <b>Notes:</b>  |                             |                             |
| 1.) Out of the above Equity 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) 5,67,000 (Pr.Yr. 6,48,000) are represented by 1,89,000 (Pr.Yr. 2,16,000) Global Depository Receipts.  |                             |                             |
| 2.) 11,25,236 warrants of the face value of Rs. Nil have been allotted to the shareholders of Erstwhile PPIL as per the BIFR order. The warrant holders have the right to subscribe to one equity share of Rs. 10/- each at the premium of Rs. 125/- per share which is exercisable within five years from 27 <sup>th</sup> June, 2007, being the date of allotment of the warrants. |                             |                             |
| <b>SCHEDULE - 2 PREFERENCE SHARE APPLICATION MONEY</b>   |                             |                             |
| Preference Share Application Money   | 1,902.19                    | 2,129.28                    |
|  | <b>1,902.19</b>             | <b>2,129.28</b>             |



## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

|  | 31.03.2010<br>(Rs. in Lacs) | 31.03.2009<br>(Rs. in Lacs) |
|--|-----------------------------|-----------------------------|
| <b>SCHEDULE - 3 RESERVES &amp; SURPLUS</b>                               |                             |                             |
| <b>Capital Reserve Account</b>   |                             |                             |
| Balance as per last Balance Sheet  | 683.41                      | 683.41                      |
| <b>Securities Premium Account</b>  |                             |                             |
| Balance as per last Balance Sheet  | 3,450.45                    | 3,808.52                    |
| Add : Write back of Premium on FCCB Purchased and Cancelled              | 603.77                      | -                           |
| Add : Exchange Gain on Premium payable on FCCB                           | 77.08                       | 2.45                        |
|  | 4,131.30                    | 3,810.97                    |
| Less : Pro rata Premium on FCCB  | 631.06                      | 360.52                      |
|  | 3,500.24                    | 3,450.45                    |
| <b>Revaluation Reserve</b>   |                             |                             |
| Balance as per last Balance Sheet  | 1,464.57                    | 2,008.45                    |
| Add : Assets Revalued during the year (Refer Note No. 21 of Schedule 19) | 5,426.34                    | -                           |
| Less : Amortisation/ Impairment during the period                        | 324.41                      | 543.88                      |
| Less : Reversal (Refer Note No. 13 of Schedule 19)                       | 1,140.16                    | -                           |
|  | 5,426.34                    | 1,464.57                    |
| <b>General Reserve</b>   |                             |                             |
| Balance as per last Balance Sheet  | 1,070.55                    | 1,070.55                    |
| <b>Debenture Redemption Reserve</b>                                      |                             |                             |
| Balance as per last Balance Sheet  | 412.25                      | 412.25                      |
| <b>Statutory Reserve</b>   |                             |                             |
| Balance as per last Balance Sheet  | 0.22                        | -                           |
| Less : Adjusted against Goodwill on Consolidation                        | 0.02                        | -                           |
| Add : Transfer from Profit & Loss Account                                | 0.17                        | 0.22                        |
|  | 0.37                        | 0.22                        |
| <b>Foreign Currency Translation Reserve</b>                              | 176.85                      | 1,230.54                    |
| <b>Profit &amp; Loss Account</b>   | 3,839.90                    | 3,169.90                    |
|  | <b>15,109.92</b>            | <b>11,481.89</b>            |

## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

|  | 31.03.2010<br>(Rs. in Lacs) | 31.03.2009<br>(Rs. in Lacs) |
|--|-----------------------------|-----------------------------|
| <b>SCHEDULE - 4 SECURED LOANS</b>                          |                             |                             |
| <b>Debentures</b>  |                             |                             |
| Zero Coupon Non Convertible Redeemable Debentures ( NCD)   | 152.67                      | 242.50                      |
| Zero Coupon Optionally Fully Convertible Debentures (OFCD) | 581.99                      | 581.99                      |
|  | <u>734.66</u>               | <u>824.49</u>               |
| <b>Term Loans</b>  |                             |                             |
| - Local Currency Loans                                     | 11,676.58                   | 10,998.02                   |
| - Foreign Currency Loans                                   | 15,602.05                   | 14,406.32                   |
|  | <u>27,278.63</u>            | <u>25,404.34</u>            |
| <b>Working Capital Loans</b>                               |                             |                             |
| - Local Currency Loans                                     | 8,923.20                    | 5,980.33                    |
| - Foreign Currency Loans                                   | 3,918.93                    | 5,313.68                    |
|  | <u>12,842.13</u>            | <u>11,294.01</u>            |
| <b>Other Loans</b>   | 245.26                      | 171.46                      |
|  | <u><b>41,100.68</b></u>     | <u><b>37,694.30</b></u>     |

**Notes :**

- 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 1<sup>st</sup> May, 2007. The Company redeemed Part A of Rs 60 relating to 1,49,709 NCD's during the year.
- 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 1<sup>st</sup> November, 2008 and 30<sup>th</sup> 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.
- 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 and other fixed assets, present and future and current assets, of the Parent Company situated at Patalganga, Tarapur, Tanaku, Turbhe and furniture and fixtures at Head Office, Vashi and on certain Brands of the Company and second charge on current assets of the Parent Company, equitable mortgage on fixed assets at Tanuku pledge of some of the shares of the Parent Company held by Expert Chemicals (India) Private Limited and in addition to guarantee by Expert Chemicals (India) Private Limited, Wanbury Holding B.V. (Netherland) and director of the Parent Company.
- The Foreign currency term loans are to be secured by a first *pari-passu* charge on the fixed assets and a second *pari-passu* charge on the current assets of the Parent Company. The Parent Company also has to provide additional security by way of first *pari-passu* charge on some of the company's brands. An exclusive pledge on a portion of the shares of promoters has already been created.
- 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.
- 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) Private Limited in addition to guarantee by Expert Chemicals (India) Private Limited and a director of the Parent Company.
- Working capital loans of the Subsidiary Company are secured by hypothecation on stocks and book debts.
- Other loans of the Parent Company are secured by hypothecation of assets acquired against respective loans.
- Term loans and other loans include payable within a year Rs.4,623.14 Lacs (Pr.Yr. Rs.2,181.56 Lacs).

## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

|  | 31.03.2010<br>(Rs. in Lacs) | 31.03.2009<br>(Rs. in Lacs) |
|--|-----------------------------|-----------------------------|
| <b>SCHEDULE - 5 UNSECURED LOANS</b>                                    |                             |                             |
| <b>Foreign Currency Convertible Bonds</b>                              |                             |                             |
| 248 (Pr.Yr.672) 1% Unsecured Foreign Currency Convertible              |                             |                             |
| A Bond of Euro 10,000/- each   | 1,501.89                    | 4,534.66                    |
| 700 1% Unsecured Foreign Currency Convertible                          |                             |                             |
| B Bond of Euro 10,000/- each   | 4,239.20                    | 4,723.60                    |
|  | 5,741.09                    | 9,258.26                    |
| <b>Inter Corporate Deposits</b>  | -                           | 84.98                       |
| <b>From Banks/Financial Institutions</b>                               |                             |                             |
| Local Currency Loans   | 50.25                       | 200.25                      |
| Foreign Currency Loan  | -                           | 41.64                       |
|  | <b>5,791.34</b>             | <b>9,585.13</b>             |
| <b>Note :</b> Due within a year Rs.50.25 Lacs (Pr.Yr.Rs.326.89 Lacs) . |                             |                             |
| <b>SCHEDULE - 7 INVESTMENTS</b>  |                             |                             |
| <b>1. Long Term</b>  |                             |                             |
| <b>a. Trade - Quoted</b>   |                             |                             |
| 1,800 Equity Shares of Bank of India of Rs. 10 each                    | 0.81                        | 0.81                        |
| [Market value Rs. 6.13 Lacs (Pr.Yr. Rs. 3.95 Lacs) ]                   |                             |                             |
| <b>b. Trade - Unquoted</b>   |                             |                             |
| 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                        |
| 12,71,250 Equity Shares of Bravo Healthcare Limited                    |                             |                             |
| of Rs. 10 each.  | 53.40                       | 53.40                       |
| <b>2. Advance for Investment Pending Allotment</b>                     |                             |                             |
| Bravo Healthcare Limited   | -                           | 3,830.54                    |
|  | <b>54.31</b>                | <b>3,884.85</b>             |
| <b>SCHEDULE - 8 INVENTORIES</b>  |                             |                             |
| <i>(As taken, valued and certified by the management)</i>              |                             |                             |
| Raw & Packing Materials  | 1,062.17                    | 1,322.21                    |
| Work in Process  | 1,964.31                    | 1,825.26                    |
| Finished / Traded Goods  | 2,194.68                    | 3,122.11                    |
| Fuel   | 12.86                       | 21.25                       |
|  | <b>5,234.02</b>             | <b>6,290.83</b>             |

## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

### SCHEDULE - 6 FIXED ASSETS

| DESCRIPTION  |  | GROSS BLOCK       |               |                  |                           | DEPRECIATION / AMORTISATION |                   |                 |                           | NET BLOCK          |                    | (Rs. in Lacs)      |
|--|--|-------------------|---------------|------------------|---------------------------|-----------------------------|-------------------|-----------------|---------------------------|--------------------|--------------------|--------------------|
|  |  | As at<br>1-Apr-09 | Additions     | Revalu-<br>ation | Deductions/<br>Adjustment | As at<br>31-Mar-10          | As at<br>1-Apr-09 | For the<br>year | Deductions/<br>Adjustment | As at<br>31-Mar-10 | As at<br>31-Mar-10 | As at<br>31-Mar-09 |
| Freehold Land  |  | 4,739.81          | -             | -                | -                         | 4,739.81                    | -                 | -               | -                         | -                  | 4,739.81           | 4,739.81           |
| Lease Hold Land & Land   |  |                   |               |                  |                           |                             |                   |                 |                           |                    |                    |                    |
| Development Expenses   |  | 58.57             | -             | 426.97           | -                         | 485.54                      | 7.47              | 0.60            | -                         | 8.07               | 477.47             | 51.10              |
| Factory Buildings  |  | 1,944.39          | 16.18         | 1,572.67         | -                         | 3,533.24                    | 427.53            | 35.76           | -                         | 463.29             | 3,069.95           | 1,516.87           |
| Plants, Machineries & Equipments                                   |  | 11,634.90         | 525.54        | 3,352.36         | (38.25)                   | 15,474.55                   | 3,011.13          | 618.03          | (26.58)                   | 3,602.58           | 11,871.97          | 8,623.77           |
| Furnitures & Fixtures  |  | 402.35            | 54.09         | 46.32            | (2.40)                    | 500.36                      | 145.56            | 26.72           | (1.60)                    | 170.68             | 329.68             | 256.79             |
| Vehicles   |  | 432.10            | 127.54        | -                | -                         | 559.64                      | 134.39            | 44.25           | -                         | 178.64             | 381.00             | 297.71             |
| Office Equipments  |  | 461.79            | 13.72         | 0.91             | (9.98)                    | 466.44                      | 142.59            | 30.83           | (5.27)                    | 168.14             | 298.30             | 319.20             |
| Electrical Installations   |  | 115.54            | 2.89          | 27.11            | -                         | 145.54                      | 24.22             | 5.57            | -                         | 29.79              | 115.75             | 91.32              |
| Computers  |  | 336.14            | 83.12         | -                | (0.06)                    | 419.20                      | 172.41            | 46.53           | (0.04)                    | 218.90             | 200.30             | 163.73             |
| 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             |
| <b>Intangibles :</b>   |  |                   |               |                  |                           |                             |                   |                 |                           |                    |                    |                    |
| - Goodwill   |  | 19,078.41         | -             | -                | (3,309.58)                | 15,768.83                   | 2,384.79          | 171.77          | (254.16)                  | 2,302.40           | 13,466.43          | 16,693.63          |
| - Brands   |  | 15,497.53         | -             | (1,140.16)       | (4,016.17)                | 10,341.20                   | 4,334.72          | 888.66          | (3,065.26)                | 2,158.12           | 8,183.08           | 11,162.82          |
| - Softwares  |  | 404.98            | 43.11         | -                | (15.68)                   | 432.41                      | 177.77            | 53.21           | (4.63)                    | 226.35             | 206.06             | 227.20             |
| - Technical Knowhow  |  | 4.43              | -             | -                | -                         | 4.43                        | 4.43              | -               | -                         | 4.43               | -                  | -                  |
| <b>Total</b>   |  | <b>55,754.16</b>  | <b>866.19</b> | <b>4,286.18</b>  | <b>(7,392.12)</b>         | <b>53,514.41</b>            | <b>11,236.63</b>  | <b>1,921.93</b> | <b>(3,357.54)</b>         | <b>9,801.02</b>    | <b>43,713.39</b>   | <b>44,517.53</b>   |
| Previous Year  |  | 53,560.35         | 2,443.94      |                  | (250.16)                  | 55,754.16                   | 7,438.17          | 3,879.99        | (81.52)                   | 11,236.63          |                    |                    |
| Add : Capital Work in Progress and Advance for Capital Expenditure |  |                   |               |                  |                           |                             |                   |                 |                           |                    |                    |                    |
| <b>TOTAL</b>   |  |                   |               |                  |                           |                             |                   |                 |                           |                    | <b>2,171.81</b>    | <b>1,906.55</b>    |
|  |  |                   |               |                  |                           |                             |                   |                 |                           |                    | <b>45,885.20</b>   | <b>46,424.08</b>   |

**Notes:**

- Additions to Fixed Assets includes items of assets aggregating to Rs. 28.33 Lacs (Pr. Yr. Rs. 18.49 Lacs) located at Research and Development centres of the Parent Company.
- 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.
- Capital work in Progress includes Machinery under installation, Advances against Capital Expenses, Construction material purchases and other assets under erection.
- Depreciation/Amortisation includes Rs Nil (Pr. Yr. Rs. 1.53 Lacs) for earlier years.
- Amortisation of the Goodwill includes impairment of Rs Nil (Pr. Yr. Rs. 2,199.50 Lacs).
- Amortisation of the Brands includes impairment of Rs Nil (Pr. Yr. Rs. 343.04 Lacs).

## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

|   | 31.03.2010<br>(Rs. in Lacs) | 31.03.2009<br>(Rs. in Lacs) |
|---|-----------------------------|-----------------------------|
| <b>SCHEDULE - 9 SUNDRY DEBTORS</b>                                  |                             |                             |
| Over six months   |                             |                             |
| - Considered Good   | 4,228.44                    | 3,257.99                    |
| - Considered Doubtful   | 114.00                      | 94.55                       |
|   | 4,342.44                    | 3,352.54                    |
| Other debts   | 10,710.69                   | 12,468.41                   |
|   | 15,053.13                   | 15,820.95                   |
| Less : Provision for Doubtful Debts                                 | 114.00                      | 94.55                       |
|   | <b>14,939.13</b>            | <b>15,726.40</b>            |
| <b>SCHEDULE - 10 CASH &amp; BANK BALANCES</b>                       |                             |                             |
| Cash in Hand  | 15.53                       | 17.96                       |
| Balance with Scheduled Banks  |                             |                             |
| In Current Accounts   | 696.72                      | 2,419.98                    |
| In Deposit Accounts   | 749.32                      | 530.50                      |
|   | <b>1,461.57</b>             | <b>2,968.44</b>             |
| <b>SCHEDULE - 11 LOANS AND ADVANCES</b>                             |                             |                             |
| (Unsecured, Considered Good)  |                             |                             |
| Loans Given   | 6,281.14                    | 1,218.26                    |
| Advances recoverable in cash or in kind or for value to be received | 4,566.66                    | 4,723.07                    |
| Deposits  | 385.74                      | 218.65                      |
| MAT Credit Entitlement  | 948.61                      | 627.14                      |
| Balance with Excise & Custom Authorities                            | 541.22                      | 541.10                      |
|   | <b>12,723.37</b>            | <b>7,328.22</b>             |
| <b>SCHEDULE - 12 CURRENT LIABILITIES</b>                            |                             |                             |
| Sundry Creditors  | 8,738.08                    | 10,766.29                   |
| Other Liabilities   | 3,392.74                    | 3,236.56                    |
| Unpaid Dividend   | 21.37                       | 60.99                       |
|   | <b>12,152.19</b>            | <b>14,063.84</b>            |

\* There are no amounts due and outstanding to be credited to 'Investor Education and Protection Fund' as on 31.03.2010.

## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

|  | 31.03.2010<br>(Rs. in Lacs) | 31.03.2009<br>(Rs. in Lacs) |
|--|-----------------------------|-----------------------------|
| <b>SCHEDULE - 13 PROVISIONS</b>                                      |                             |                             |
| For Forex Loss   | 20.00                       | 3,500.00                    |
| For Leave Benefits   | 272.67                      | 197.03                      |
| For Severance  | -                           | 635.42                      |
| For Gratuity   | 216.23                      | 157.87                      |
| For Proposed Dividend  | 146.89                      | -                           |
| For Tax on Dividend  | 24.40                       | 12.48                       |
| For Income Tax (net of payment)                                      | 743.62                      | 249.68                      |
| For Wealth Tax   | 4.40                        | 3.95                        |
| For Others   | 182.96                      | -                           |
|  | <b>1,611.17</b>             | <b>4,756.43</b>             |
| <b>SCHEDULE - 14 OTHER INCOME</b>                                    |                             |                             |
| Insurance Claim  | 10.30                       | 2.50                        |
| Export Incentives  | 383.87                      | 234.88                      |
| Profit on Sale of Fixed Assets                                       | 10.63                       | 0.06                        |
| Sale of Industrial Property  | -                           | 5,553.09                    |
| Interest from Banks  | 36.55                       | 29.21                       |
| <i>[Tax deducted at source Rs.3.57 Lacs (Pr.Yr. Rs. 4.65 Lacs) ]</i> |                             |                             |
| Processing Charges   | 268.90                      | 128.11                      |
| <i>[Tax deducted at source Rs.4.53 Lacs( Pr.Yr. Rs. 2.51 Lacs )]</i> |                             |                             |
| Interest from Others   | 0.07                        | -                           |
| Sale of Marketing Rights   | 1,807.85                    | -                           |
| Gain on Buy Back of FCCB   | 248.85                      | -                           |
| Exchange Gain (Net)  | 1,358.66                    | -                           |
| Miscellaneous Income   | 612.88                      | 65.45                       |
|  | <b>4,738.56</b>             | <b>6,013.30</b>             |

## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

|  | 31.03.2010<br>(Rs. in Lacs) | 31.03.2009<br>(Rs. in Lacs) |
|--|-----------------------------|-----------------------------|
| <b>SCHEDULE - 15 COST OF MATERIALS</b>       |                             |                             |
| <b>A) Raw &amp; Packing Materials</b>        |                             |                             |
| Opening Stock                                | 1,322.21                    | 2,097.51                    |
| Add: Purchases                               | 10,474.18                   | 5,078.52                    |
|  | 11,796.39                   | 7,176.03                    |
| Less: Closing Stock                          | 1,062.17                    | 1,322.21                    |
|  | 10,734.22                   | 5,853.82                    |
| <b>B) Purchase of Traded Goods</b>           | <b>8,678.01</b>             | <b>5,643.16</b>             |
| <b>C) (Increase)/Decrease in Inventories</b> |                             |                             |
| Opening Stock                                |                             |                             |
| - Work in Process                            | 1,825.26                    | 1,726.75                    |
| - Finished/Traded Goods                      | 3,122.11                    | 3,399.21                    |
|  | 4,947.37                    | 5,125.96                    |
| Closing Stock                                |                             |                             |
| - Work in Process                            | 1,964.31                    | 1,825.26                    |
| - Finished/Traded Goods                      | 2,194.69                    | 3,122.11                    |
|  | 4,158.99                    | 4,947.37                    |
| (Increase)/Decrease                          | 788.38                      | 178.60                      |
|  | <b>20,200.61</b>            | <b>11,675.57</b>            |
| <b>SCHEDULE - 16 PERSONNEL COST</b>          |                             |                             |
| Salaries, Wages, Bonus and Allowances        | 8,300.72                    | 4,154.87                    |
| Contribution to Provident and Other Funds    | 918.81                      | 813.26                      |
| Staff Welfare Expenses                       | 252.01                      | 146.06                      |
|  | <b>9,471.54</b>             | <b>5,114.19</b>             |

## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

|  | 31.03.2010<br>(Rs. in Lacs) | 31.03.2009<br>(Rs. in Lacs) |
|--|-----------------------------|-----------------------------|
| <b>SCHEDULE - 17 OTHER EXPENSES</b>        |                             |                             |
| Processing Charges                         | 62.99                       | 91.42                       |
| Power & Fuel                               | 1,438.16                    | 703.34                      |
| Stores & Spares                            | 424.47                      | 190.47                      |
| Water Charges                              | 39.96                       | 25.44                       |
| Cost of Marketing Rights                   | 745.98                      | -                           |
| Repairs & Maintenance                      |                             |                             |
| - Buildings                                | 26.83                       | 71.18                       |
| - Plant & Machinery                        | 61.68                       | 62.33                       |
| - Others                                   | 328.13                      | 151.66                      |
| Commission On Sales                        | 556.62                      | 220.39                      |
| Excise Duty                                | 58.27                       | 36.74                       |
| Delivery & Packing Charges                 | 304.89                      | 107.11                      |
| Carriage Outward                           | 465.93                      | 393.74                      |
| Advertisement & Sales Promotional Expenses | 5,724.56                    | 1,135.64                    |
| Cash Discount                              | 75.19                       | 54.90                       |
| Breakages & Expiry                         | 342.42                      | 153.02                      |
| Rent, Rates & Taxes                        | 889.29                      | 257.18                      |
| Travelling & Conveyance                    | 1,339.10                    | 877.51                      |
| Postage, Telegram & Telephone              | 149.36                      | 93.91                       |
| Printing & Stationery                      | 74.08                       | 24.09                       |
| Provision for Doubtful Debts               | 145.71                      | 35.22                       |
| Donation                                   | 4.78                        | 4.96                        |
| Insurance                                  | 67.36                       | 42.50                       |
| Legal & Professional Charges               | 1,010.34                    | 671.82                      |
| Analytical Charges                         | 293.61                      | 1.52                        |
| Amounts Written Off (Net)                  | 74.93                       | 66.35                       |
| Exchange Fluctuation                       | -                           | 1,406.45                    |
| Provision for Forex Loss                   | -                           | 3,500.00                    |
| Miscellaneous Expenses                     | 1,630.72                    | 913.59                      |
|  | <b>16,335.36</b>            | <b>11,292.48</b>            |



## **SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS**

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### **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 31<sup>st</sup> March, 2010.
- ii) The accompanying financial statements have been prepared under historical cost convention, except in respect of some assets which are revalued, 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 recognised in the financial statements as Goodwill on Consolidation and carried forward in the accounts. The said Goodwill is not amortised, however, it is tested for impairment at each balance sheet date and the impairment loss, if any, is provided for.

**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 year. Actual results could differ from these estimates and differences between the actual results and estimates are recognised in the year in which results are known / materialised.

**d) Fixed Assets:**

Tangible assets are stated at cost of acquisition, installation or construction including other direct expenses, less accumulated depreciation / amortisation adjusted by revaluation of certain fixed assets.

Intangible assets are recognised only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably. The intangible assets 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 / Amortisation:**

**a) Parent Company**

Depreciation on fixed assets is provided on straight line method in the manner and at the rates prescribed in Schedule XIV to 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 amortised over the period of lease.
- ii) Brands and Technical Know-how are amortised over a period of ten and five years respectively.

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## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

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- iii) Softwares are amortised @ 16.21% p.a.
- iv) Depreciation is not provided in respect of assets held for sale.

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

- i) Goodwill is amortised over estimated useful life.
- ii) Softwares are amortised @ 16.21% p.a.
- iii) Furniture and Fixtures are depreciated @ 10% p.a. on SLM basis.
- iv) Office Equipments are depreciated @ 16.67% p.a. on SLM basis.
- v) Brands are amortised @ 5% p.a.

**c) Subsidiary at China (Ningxia Wanbury Fine Chemicals Company Limited)**

- i) Computers are depreciated @ 30% p.a. on SLM basis.

**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 year.

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 :

## **SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS**

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- i) All income and expenses are translated at the average rate of exchange prevailing during the year.
- 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, 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 reasonable 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 and 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 is 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.

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## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

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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 31 <sup>st</sup> March, 2010 | % of beneficial ownership held as at 31 <sup>st</sup> March, 2010 |
|---|--------------------------|---|---|
| Wanbury Holding B. V.   | Netherland               | 100%<br>(100%)  | 100%<br>(100%)  |
| Ningxia Wanbury Fine Chemicals Company Limited                                  | China                    | 100%<br>(100%)  | 100%<br>(100%)  |
| Wanbury Global FZE  | UAE                      | 100%<br>(-)   | 100%<br>(-)   |
| Cantabria Pharma S.L.<br>(Wholly-owned subsidiary of Wanbury Holding B.V.)      | Spain                    | 100%<br>(90%)   | 100%<br>(100%)  |
| Laboratories Wanbury S.L.<br>(Wholly-owned subsidiary of Cantabria Pharma S.L.) | Spain                    | 100%<br>(100%)  | 100%<br>(100%)  |

- b) Accounts of the subsidiary companies, Wanbury Holding B. V., Cantabria Pharma S. L., Ningxia Wanbury Fine Chemicals Company Limited and Laboratories Wanbury S. L. are audited. These accounts are for the year from 1<sup>st</sup> April, 2009 to 31<sup>st</sup> March, 2010 and are incorporated in the consolidated financial statements.
- c) Accounts of Wanbury Global FZE, the subsidiary company, are prepared as per the requirement of Indian GAAP, are audited. These Accounts are prepared for the period from 28<sup>th</sup> August, 2008 to 31<sup>st</sup> March, 2010 and are incorporated in the consolidated financial statements in the current year.

#### 2. Contingent Liabilities:

- Bank Letter of Credit outstanding at the year-end Rs. 3,950.02 Lacs (Rs. 2,197.39 Lacs).
- Bank Guarantees issued Rs. 19.18 Lacs (Rs. 4.18 Lacs).
- Disputed demands by Income Tax Authorities Rs. 40.43 Lacs (Rs. 16.85 Lacs). Amount paid there against and included under the head Loans and Advances Rs. 40.43 Lacs (Rs. 16.85 Lacs).  
Disputed demands by Sales Tax Authorities Rs.33.27 Lacs (Rs. 33.27 Lacs) paid under protest Rs. 13.32 Lacs (Rs. 13.32 Lacs).
- Claims against the Company not acknowledged as debts Rs. 860.21 Lacs (Rs. 829.84 Lacs).
- Estimated amounts of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 65.16 Lacs (Rs. 23.97 Lacs).
- Guarantees given to banks/financial institutions for loans given to Associate Company Rs 2,700 Lacs (Rs. 2,700 Lacs).  
Loans outstanding at the year end Rs. 1,719.29 Lacs (Rs. 2,416.46 Lacs).

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

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## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

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information is required.

4. The Pharmaceutical Products of India Limited (PPIL) was merged with the Parent Company, pursuant to the Order dated 24<sup>th</sup> April, 2007, passed by Hon'ble Board for Industrial and Financial Reconstruction(BIFR).

The Hon'ble Supreme Court vide its order dated 16<sup>th</sup> May, 2008, has set aside the above referred BIFR order and remitted the matter back to BIFR for considering afresh as per the provisions of SICA, in response to a suit filed by one of the unsecured creditors of PPIL.

The Hon'ble Board for Industrial and Financial Reconstruction is considering afresh, the Rehabilitation and Revival cum Merger of PPIL with the Parent Company pursuant to the Order of Hon'ble Supreme Court of India dated 16<sup>th</sup> May, 2008. In the meanwhile, the Parent Company has sought legal opinion and the Parent Company has been advised to maintain *status quo ante* with respect to the merger under the said Scheme and that it should take further steps only on the basis of the fresh BIFR Order.

In view of the above, the Parent Company has maintained a status quo. However, 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 Hon'ble Supreme Court in its order dated 16<sup>th</sup> May, 2008.

As per BIFR Order dated 24<sup>th</sup> April 2007, statutory dues of erstwhile PPIL comprising of income tax Rs. 250.36 Lacs, profession tax Rs. 6.06 Lacs, custom duty Rs. 230 Lacs, sales tax Rs. 8.50 Lacs and excise duty Rs. 15.62 Lacs were required to be paid in six annual installments and the Parent Company has pursuant to the scheme, allotted Non Convertible Debentures of Rs. 242.50 Lacs to some of the lenders of erstwhile PPIL, out of which dues amounting to Rs. 55.67 Lacs remains payable at the year end, since BIFR is considering the matter afresh, pending fresh directives from the BIFR, aforesaid dues have not been paid.

5. Interest expenses include interest of fixed period loan Rs. 2,746.81 Lacs (Rs. 1,337.38 Lacs). Interest expense is net of interest income amounting to Rs. 395.17 Lacs (Rs. 181.95 Lacs).
6. In Parent Company some of the balances of debtors, creditors, loans and advances are subject to confirmation/ reconciliation and adjustments, if any.
7. a) The Parent Company has issued on 20<sup>th</sup> 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 23<sup>rd</sup> April, 2012 and 17<sup>th</sup> 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 face value 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 9<sup>th</sup> 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 face value 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 5<sup>th</sup> 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.

The "**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, exchange gain/loss on premium payable and issue expenses is charged to Securities Premium Account.
- c) During the year the Parent Company bought back 424 Foreign Currency Convertible "A" Bonds of face value of EURO 10,000 each at EURO 9,000 per bond. Consequently, profit on buy back amounting to Rs. 248.85 Lacs, net of expenses incurred on buy back, has been credited to the Profit & Loss Account and Rs 603.77 Lacs, being premium provided on aforesaid bonds, have

## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

been reversed by crediting to Securities Premium Account.

- d) During the year under review the Parent Company has not received any application for conversion of FCCB into equity shares of the Company. However till date 5,29,085 fully paid equity shares of face value of Rs. 10/- each have been issued at a conversion price of Rs. 138.43 per equity share upon conversion of 128 Foreign Currency Convertible "A Bonds" of face value of EURO 10,000 each.
- e) The balance of 248 "**A Bonds**" and 700 "**B Bonds**" have been included and disclosed in the schedule of "Unsecured Loans" (Schedule 5).
- f) The Parent Company has fully utilised the FCCB Proceeds for the purposes mentioned in offering circular dated 25<sup>th</sup> April, 2007.
8. The Parent Company has invested Rs 53.40 Lacs in equity shares of Bravo Healthcare Limited (BHL) and also given loan and advances aggregating to Rs 4,711.75 Lacs. Networth of BHL has been negative as per audited accounts for the year ended 31<sup>st</sup> March 2009.  
The Parent Company's involvement in BHL is of strategic importance and for long term. Hence, no provision has been considered necessary at this juncture in respect of aforesaid investment in and dues recoverable from it.
9. The Parent Company has filed an F.I.R. on 20<sup>th</sup> May, 2010 with Vashi police station against Dr. Rajaram Samant, a Whole-time Director of the Parent Company for misusing his fiduciary power and for conspiring against the Company. The extent of fraud and amount of loss is under investigation.
10. In Parent Company 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 as on 31<sup>st</sup> March, 2010 to Micro, Small and Medium Enterprises on account of principal amount aggregating to Rs. 178.54 Lacs (Rs.173.57 Lacs) [including overdue amount of Rs 100.11 Lacs (Rs Nil)] and interest due thereon is Rs 3.40 Lacs (Rs Nil) and interest paid during the year Rs. Nil (Rs. Nil). Since, as per the terms/ understanding with the parties, no interest is payable, hence no provision has been made for the aforesaid interest.
11. In Parent Company Provision for the current tax includes Rs. 0.45 Lac (Rs. 0.58 Lac) for wealth tax.
12. In Parent Company in respect of Deferred Sales Tax Liability, due within year is Rs. 6.59 Lacs (Rs. Nil).
13. The Parent Company has reversed revaluation of brands as at the year end. Hence, Rs. 1,140.16 Lacs, being balance in Revaluation Reserve, has been adjusted against value of the Brands.
14. The deferred tax assets / (liabilities) arising out of timing differences comprise of the followings major components:  
The deferred tax assets/(liabilities) of the Parent Company arising out of timing differences comprise of the following major components:

| Particulars   | 31.03.2010<br>Rs. In Lacs | 31.03.2009<br>Rs. In Lacs |
|---|---------------------------|---------------------------|
| <b>Liabilities:</b>   |                           |                           |
| Depreciation  | (2,152.83)                | (1,873.67)                |
| <b>Assets:</b>  |                           |                           |
| 43 B Disallowance and other deferments  | 162.40                    | 121.61                    |
| Unabsorbed Depreciation Business Loss restricted to deferred Tax Liabilities` | 1,990.43                  | 1,752.06                  |
| Deferred Tax Asset Restricted to  | 2,152.83                  | 1,873.67                  |
| Net Deferred Tax Assets (Liabilities)   | Nil                       | Nil                       |

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

## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

The deferred tax assets/(liabilities) of the Cantabria Pharma S.L., wholly-owned subsidiary of the Company, arising out of timing differences comprise of the following major components:

| Particulars                              | 31.03.2010<br>Rs. In Lacs | 31.03.2009<br>Rs. In Lacs |
|--|---------------------------|---------------------------|
| <b>Liabilities:</b>                      |                           |                           |
| Depreciation                             | (711.98)                  | (655.57)                  |
| <b>Deferred Tax Assets/(Liabilities)</b> | <b>(711.98)</b>           | <b>(655.57)</b>           |

Total Deferred Tax Liabilities (Net) as referred in above aggregates to Rs.711.98 Lac (Pr. Yr. Rs.655.57 Lac).

15. In Parent Company Pre-operative expenses are capitalised on commissioning of the project/expansions. The details of these expenses are :

| Particulars                         | 31.03.2010<br>Rs. In Lacs | 31.03.2009<br>Rs. In Lacs |
|-------------------------------------|---------------------------|---------------------------|
| <b>Opening Balance</b>              | <b>Nil</b>                | <b>Nil</b>                |
| Add: Incurred in the current year : |                           |                           |
| - Salaries and allowances           | 71.22                     | 25.36                     |
| - Contribution to funds             | 2.64                      | 1.11                      |
| - Travelling                        | 0.92                      | 2.46                      |
| - Professional Fees                 | Nil                       | 15.75                     |
| - Interest on Fixed Period Loans    | Nil                       | 46.45                     |
| - Loan Processing Fees              | Nil                       | 15.00                     |
| <b>Total</b>                        | <b>74.77</b>              | <b>106.12</b>             |
| Less: Capitalised to fixed assets   | 71.55                     | 106.12                    |
| <b>Closing Balance</b>              | <b>3.23</b>               | <b>Nil</b>                |

16. (a) Managerial Remuneration in case of Parent Company :

| Particulars                        | 31.03.2010<br>Rs. In Lacs | 31.03.2009<br>Rs. In Lacs |
|------------------------------------|---------------------------|---------------------------|
| Salary & Allowances                | 349.50                    | 83.63                     |
| Contribution of P.F. & Other Funds | 19.62                     | 5.85                      |
| <b>TOTAL</b>                       | <b>369.12</b>             | <b>89.48</b>              |

(b) Sitting fees to directors Rs.6.94 Lacs (Rs. 3.86 Lacs).

17. Details of Auditors' Remuneration:

| Particulars                      | 31.03.2010<br>Rs. In Lacs | 31.03.2009<br>Rs. In Lacs |
|----------------------------------|---------------------------|---------------------------|
| A) Statutory Auditor             |                           |                           |
| <b>Auditors' Remuneration</b>    |                           |                           |
| - Audit Fees                     | 20.15                     | 17.42                     |
| - Certification & Other Matters  | 6.30                      | 2.00                      |
| - Out of Pocket Expenses         | 0.28                      | 0.35                      |
| <b>TOTAL</b>                     | <b>26.73</b>              | <b>19.77</b>              |
| B) Branch Auditors' Remuneration | 0.40                      | 0.40                      |
| C) Cost Audit Fees               | 0.75                      | 0.37                      |

Note: Above figures are exclusive of service tax.



## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

18. In case of the Parent Company the aggregate amount of revenue expenditure, except depreciation, incurred during the year on Research and Development and shown in the respective heads of account is Rs. 576.87 Lacs (Rs. 187.02 Lacs).

**19. Earning Per Share :**

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

| Particulars                                  | 31.03.2010  | 31.03.2009  |
|--|-------------|-------------|
| Profit/(Loss) after Tax (Rs. in Lacs)        | 841.46      | (3,214.06)  |
| Number of Equity Shares:                     |             |             |
| - Weighted Average Number of Equity Shares   | 1,46,89,286 | 1,46,89,286 |
| Nominal value of Equity Shares (in Rs.)      | 10.00       | 10.00       |
| Earning Per Share (Basic & Diluted) (in Rs.) | 5.73        | (21.88)     |

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 year end are considered to be anti-dilutive.

**20. Employee Benefits**

As required by Accounting Standard-15 "Employee Benefits" the disclosures are as under :

**Defined Contribution Plans**

The Parent 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 Parent 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 Parent Company has recognised the following amounts in the Account:

|  | Rs. in Lacs   |              |
|--|---------------|--------------|
| Particulars  | 31.03.2010    | 31.03.2009   |
| Provident Fund, Employee's Pension Scheme and MLWF | 233.05        | 93.5         |
| Employees State Insurance                          | 6.22          | 3.95         |
| Super Annuation Fund                               | 4.35          | 2.33         |
| <b>Total</b>                                       | <b>243.62</b> | <b>99.78</b> |

During the year, Cantabria Pharma S.L., wholly-owned subsidiary, has made Social Security Scheme contributions to the Government and has paid predetermined contributions into the Social Security Scheme and has recognised the following amounts in the Accounts :

|                        | Rs. in Lacs   |               |
|------------------------|---------------|---------------|
| Particulars            | 31.03.2010    | 31.03.2009    |
| Social Security Scheme | 587.43        | 677.12        |
| <b>Total</b>           | <b>587.43</b> | <b>677.12</b> |

**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:

## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

**a. On normal retirement / early retirement / withdrawal / resignation:**

As per the provisions of Payment 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.

**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 (i.e. Gratuity Funded Plan) based on actuarial reports as on 31<sup>st</sup> March, 2010.

| Particulars  | 31.03.2010<br>Rs. in Lacs | 31.03.2009<br>Rs. in Lacs |
|--|---------------------------|---------------------------|
| <b>a) Changes in Defined Benefit Obligation</b>                      |                           |                           |
| Opening defined benefit obligation                                   | 174.21                    | 151.02                    |
| Current service cost   | 63.67                     | 25.11                     |
| Interest cost  | 14.81                     | 5.66                      |
| Actuarial loss / (gain)  | 8.38                      | (3.06)                    |
| Liabilities settled on sale of business                              | Nil                       | Nil                       |
| Benefit (paid)   | (24.23)                   | (4.53)                    |
| Closing defined benefit obligation                                   | 236.85                    | 174.21                    |
| <b>b) Changes in Fair Value of Assets</b>                            |                           |                           |
| Opening fair value of plan assets                                    | 16.34                     | 15.08                     |
| Expected return on plan assets                                       | 1.54                      | 0.66                      |
| Actuarial gain / (loss)  | (0.66)                    | (0.51)                    |
| Contributions of employer  | 6.82                      | 5.64                      |
| Assets distributed on sale of business                               | Nil                       | Nil                       |
| Benefits (paid)  | (3.41)                    | (4.53)                    |
| Closing fair value of plan assets                                    | 20.62                     | 16.34                     |
| <b>c) Amount recognised in the Balance Sheet</b>                     |                           |                           |
| Present value of the obligations as at year end                      | 236.85                    | 174.21                    |
| Fair value of the plan assets as at year end                         | 20.62                     | 16.34                     |
| Amount not recognised as an asset                                    | Nil                       | Nil                       |
| Net (asset) / liability recognised as on 31 <sup>st</sup> March 2010 | 216.23                    | 157.87                    |
| <b>d) Expenses recognised in the Profit and Loss Account</b>         |                           |                           |
| Current service cost   | 63.67                     | 25.10                     |
| Interest on defined benefit obligation                               | 14.80                     | 5.66                      |
| Expected return on plan assets                                       | (1.53)                    | (0.66)                    |
| Net actuarial loss / (gain) recognised in the current year           | 9.04                      | (2.53)                    |
| Effect of the limit in Para 59(b) of the revised AS 15               | Nil                       | Nil                       |
| Total expense  | 85.99                     | 25.57                     |
| <b>e) Asset information</b>  |                           |                           |
| Government of India Securities                                       | -                         | -                         |
| Corporate Bonds  | -                         | -                         |
| Special Deposit Scheme   | -                         | -                         |
| Others - Policy with LIC   | 100%                      | 100%                      |
| <b>f) Principal actuarial assumptions used</b>                       |                           |                           |
| Discount rate (p.a.)   | 8.5%                      | 7.5%                      |
| Expected rate of return on plan assets (p.a.)                        | 8.5%                      | 8.5%                      |
| Annual increase in salary cost (p.a.)                                | 7%                        | 6%                        |

## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

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.

21. The Parent Company has revalued leasehold land & development expenses, factory buildings, plant, machinery & equipments, furniture & fixtures, office equipments & electrical installations at the manufacturing locations at Tarapur, Patalganga, Tanaku and R & D Centre at Turbhe as on 31<sup>st</sup> March 2010. Based on the valuation report of approved valuers, book values of aforesaid fixed assets have been increased by Rs. 5,426.34 Lacs and equivalent amount has been credited to the Revaluation Reserve.
22. 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, except in respect of :
  - a) Brands of the Parent Company - In respect of some brands for which impairment of Rs Nil (Rs 343.04 Lacs) has been provided for and is adjusted against revaluation reserve during the period.
  - b) Goodwill of Cantabria Pharma S.L.- An amount of Rs. Nil (Rs.2,199.50 Lacs) for impairment has been provided for during the year.

There is no reversal of impairment amount during the year.

23. The Parent Company has entered into Derivatives structure for hedge purpose and not intended for trading or speculation. The year 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 31.03.2010 | As At 31.03.2009 |
| US \$    | Sell        | Indian Rupees  | 4.4 Lacs         | 311.30 Lacs      |

And Currency swap for notional amount of USD Nil (USD 77 Lacs)

Note: FCCB of Euro 94.80 Lacs (Euro 137.20 Lacs) are convertible at a fixed exchange rate (refer note no.7 above).

The year end foreign currency exposures of the Wanbury Group 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 |
|----------------------|-------------------------------|---------------------------------|----------------------------------|
| <b>Assets :</b>      |                               |                                 |                                  |
| Trade Receivables    | USD                           | 65.57<br>(Nil)                  | 2,961.96<br>(Nil)                |
|                      | EURO                          | 39.17<br>(14.20)                | 2,252.37<br>(958.01)             |
|                      | GBP                           | 1.16<br>(0.76)                  | 78.75<br>(55.08)                 |
| Loans and Advances   | EURO                          | 6.36<br>(Nil)                   | 395.85<br>(Nil)                  |
| Bank Balance         | EURO                          | Nil<br>(0.11)                   | Nil<br>(7.47)                    |
| <b>Liabilities :</b> |                               |                                 |                                  |
| Trade Payables       | USD                           | 16.35<br>(19.40)                | 738.69<br>(988.63)               |
|                      | EURO                          | 0.17<br>(0.17)                  | 10.45<br>(9.80)                  |

## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

| Particulars                  | Foreign Currency Denomination | Foreign Currency Amount in Lacs | Indian Rupees equivalent in Lacs |
|------------------------------|-------------------------------|---------------------------------|----------------------------------|
|                              | GBP                           | 0.04<br>(Nil)                   | 2.53<br>(Nil)                    |
|                              | JPY                           | 22.78<br>(Nil)                  | 11.04<br>(Nil)                   |
| Secured Loans                | USD                           | 98.85<br>(25.09)                | 4,462.15<br>(1,278.33)           |
|                              | EURO                          | 3.89<br>(10.16)                 | 235.55<br>(685.87)               |
|                              | GBP                           | 0.73<br>(0.76)                  | 49.53<br>(55.08)                 |
| Unsecured Loans              | EURO                          | 94.80<br>(137.20)               | 5,741.09<br>(9,258.26)           |
| Interest accrued but not due | USD                           | 0.02<br>(0.07)                  | 0.69<br>(3.37)                   |

24. In case of Parent Company Mark to Market loss is Rs. 12.73 Lacs in respect of foreign currency derivative instruments outstanding as at 31<sup>st</sup> March, 2010. The management is of the view that application of AS-30 "Financial Instrument Recognition and Measurement" is not mandatory for the financial year under report. However, out of abundant caution and as a measure of financial prudence the Parent Company has kept an amount of Rs. 20.00 Lacs to meet the anticipated forex losses:

| Particulars                               | 31.03.2010<br>Rs. in Lacs | 31.03.2009<br>Rs. in Lacs |
|---|---------------------------|---------------------------|
| Opening balances                          | 3,500.00                  | Nil                       |
| Additional Provision made during the year | Nil                       | 3,500.00                  |
| Amount used during the year               | 2,206.34                  | Nil                       |
| Unused amount reversed during the year    | 1,273.66                  | Nil                       |
| Closing Balance                           | 20.00                     | 3,500.00                  |

25. 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), Laptop under operating lease or leave and license agreements. These are generally not non-cancellable and ranges from 33 months to 5 years under leave and license, or longer for other leases and are renewable by mutual consent on mutually agreeable terms. The Group has given refundable interest-free security deposits in accordance with the agreed terms. The lease payments of Rs. 473.42 Lacs (Rs. 181.73 Lacs) are recognised in the Profit and Loss Account under "Rent, Rates & Taxes" under Schedule-17. No Contingent rents are recognised in the Profit and Loss Account.

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

| Particulars                                       | 31.03.2010<br>Rs. in Lacs | 31.03.2009<br>Rs. in Lacs |
|---|---------------------------|---------------------------|
| Not later than one year                           | 232.44                    | 176.17                    |
| Later than one year but not later than five years | 310.87                    | 59.05                     |
| Later than five years                             | Nil                       | Nil                       |

## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

26. Goodwill (Net) on consolidation comprises of :

| Particulars                                       | 31.03.2010<br>Rs. in Lacs | 31.03.2009<br>Rs. in Lacs |
|---|---------------------------|---------------------------|
| <b>Goodwill (Capital Reserve) in respect of :</b> |                           |                           |
| Wanbury Holding B.V., Netherland                  | 346.78                    | 29.85                     |
| <b>Total</b>                                      | <b>346.78</b>             | <b>29.85</b>              |

27. 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 shares subject to the fulfillment of certain conditions mentioned in the agreement as per the agreed terms.

28. **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

Category 3: Key Management Personnel and their relatives:

- Mr. K. Chandran Vice Chairman
- Mr. K. R. N. Moorthy Joint Managing Director
- Mr. Ashok Shinkar Executive Director w.e.f. 30<sup>th</sup> June, 2009
- Dr. Rajaram Samant Whole-time Director w.e.f. 29<sup>th</sup> September, 2009

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

| Sr. No. Transactions                                   | Related Party Relation | 31.03.2010<br>Rs. in Lacs | 31.03.2009<br>Rs. in Lacs |
|--|------------------------|---------------------------|---------------------------|
| <b>1) Advances Given:</b>                              |                        |                           |                           |
| Expert Chemicals (India) Pvt. Ltd.                     | Major Shareholders     | 104.66                    | 275.30                    |
| Wanbury Infotech Pvt. Ltd.                             | Associate Company      | Nil                       | 23.31                     |
| Bravo Healthcare Ltd.                                  | Associate Company      | 569.39                    | Nil                       |
| <b>2) Inter Corporate Deposits Given:</b>              |                        |                           |                           |
| Expert Chemicals (India) Pvt. Ltd.                     | Major Shareholders     | 102.00                    | Nil                       |
| Bravo Healthcare Ltd.                                  | Associate Company      | 6,226.09                  | 472.38                    |
| <b>3) Repayment of Inter Corporate Deposits Given:</b> |                        |                           |                           |
| Expert Chemicals (India) Pvt. Ltd.                     | Major Shareholders     | Nil                       | 80.40                     |
| Bravo Healthcare Ltd.                                  | Associate Company      | 1953.43                   | 1744.41                   |
| <b>4) Expenses Reimbursed from:</b>                    |                        |                           |                           |
| Bravo Healthcare Ltd.                                  | Associate Company      | Nil                       | 2901.46                   |
| Wanbury Infotech Pvt Ltd.                              | Associate Company      | 31.73                     | Nil                       |

## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

| Sr. No. Transactions                              | Related Party Relation            | 31.03.2010<br>Rs. in Lacs | 31.03.2009<br>Rs. in Lacs |
|---|-----------------------------------|---------------------------|---------------------------|
| <b>5) Remuneration Paid:</b>                      |                                   |                           |                           |
| Mr. K. R. N. Moorthy                              | Key Management Personnel          | 149.23                    | 59.56                     |
| Mr. K. Chandran                                   | Key Management Personnel          | 109.56                    | 29.92                     |
| Mr. Ashok Shinkar                                 | Key Management Personnel          | 71.73                     | Nil                       |
| Dr. Rajaram Samant                                | Key Management Personnel          | 38.60                     | Nil                       |
| <b>6) Rent Paid:</b>                              |                                   |                           |                           |
| Mrs. Prabha K. Chandran                           | Key Management Person's relatives | Nil                       | 1.00                      |
| <b>7) Advances given for Investment:</b>          |                                   |                           |                           |
| Bravo Healthcare Ltd.                             | Associate Company                 | Nil                       | 3,830.54                  |
| <b>8) Purchase of Materials:</b>                  |                                   |                           |                           |
| Bravo Healthcare Ltd.                             | Associate Company                 | 582.17                    | 417.85                    |
| <b>9) Dividend:</b>                               |                                   |                           |                           |
| Kingsbury Investment Inc.                         | Major Shareholders                | Nil                       | 15.12                     |
| Expert Chemicals (India) Pvt. Ltd.                | Major Shareholders                | Nil                       | 13.22                     |
| Magnum Equifin Pvt. Ltd.                          | Major Shareholders                | Nil                       | 2.50                      |
| <b>10) Interest Income:</b>                       |                                   |                           |                           |
| Expert Chemicals (India) Pvt. Ltd.                | Major Shareholders                | 112.80                    | 43.55                     |
| Bravo Healthcare Ltd.                             | Associate Company                 | 192.81                    | 98.74                     |
| <b>11) Job Work Expenses:</b>                     |                                   |                           |                           |
| Bravo Healthcare Ltd.                             | Associate Company                 | Nil                       | 5.86                      |
| <b>12) Information Technology Services taken:</b> |                                   |                           |                           |
| Wanbury Infotech Pvt. Ltd.                        | Associate Company                 | 152.32                    | 62.37                     |
| <b>13) Conversion of Advance for</b>              |                                   |                           |                           |
| Investment Pending allotment to                   |                                   |                           |                           |
| Inter Corporate Deposit Given:                    |                                   |                           |                           |
| Bravo Healthcare Ltd.                             | Associate Company                 | 3,830.54                  | Nil                       |

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

| Sr. No. Transactions                            | Related Party Relation | 31.03.2010<br>Rs. in Lacs | 31.03.2009<br>Rs. in Lacs |
|---|------------------------|---------------------------|---------------------------|
| <b>1) Inter Corporate Deposits Given:</b>       |                        |                           |                           |
| Expert Chemicals (India) Pvt. Ltd.              | Major Shareholders     | 690.75                    | 520.14                    |
| Bravo Healthcare Ltd.                           | Associate Company      | 4,408.98                  | Nil                       |
| <b>2) Loans and Advances Given:</b>             |                        |                           |                           |
| Expert Chemicals (India) Pvt. Ltd.              | Major Shareholders     | 424.15                    | 275.30                    |
| Wanbury Infotech Pvt. Ltd.                      | Associate Company      | Nil                       | 23.31                     |
| Bravo Healthcare Ltd.                           | Associate Company      | 302.77                    | Nil                       |
| <b>3) Sundry Creditors / Other Liabilities:</b> |                        |                           |                           |
| Wanbury Infotech Pvt. Ltd.                      | Associate Company      | 3.71                      | Nil                       |
| <b>4) Advances for Investment:</b>              |                        |                           |                           |
| Bravo Healthcare Ltd.                           | Associate Company      | Nil                       | 3,830.54                  |

## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

### 29. Assets of the Parent Company 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 | Rs. in Lacs |
|--------------------|-------------|--------------------------|-------------|
|                    |             |                          | 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)    |

30. Figures for the current year, being for twelve months, are not strictly comparable with those of the previous period, which are for six months.
31. Figures for the previous period have been recast and regrouped wherever necessary. Figures in brackets are for previous period.

#### For and on behalf of the Board

#### Signatures to Schedules 1 to 19

**K. CHANDRAN**  
Vice Chairman  
**GIRISH JUNEJA**  
Vice President-Finance

**K.R.N. MOORTHY**  
Joint Managing Director  
**PANKAJ B. GUPTA**  
Company Secretary

**ASHOK SHINKAR**  
Executive Director

Mumbai, 28<sup>th</sup> May, 2010

**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 Twenty-Second Annual

General Meeting of the Company to be held on Thursday, 12<sup>th</sup> August, 2010 at :  
Silk Lounge, Imperial Banquets, Raghuleela Arcade, Opp. Vashi Railway Station,  
Vashi, Navi Mumbai – 400 705, Maharashtra  
and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010

**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 Twenty-Second Annual General Meeting of the Company held on Thursday, 12<sup>th</sup> August, 2010  
at Silk Lounge, Imperial Banquets, Raghuleela Arcade, Opp. Vashi Railway Station, Vashi, Navi Mumbai – 400 705, Maharashtra.

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

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



## NOTES

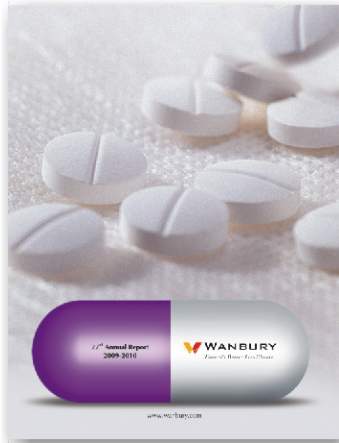
## PRODUCT RANGE



- Metformin
- Salsalate
- Glucosamine
- Methoxsalen
- Tramadol

- Mefenamic Acid
- Carvedilol Phosphate
- Promethazine
- Paroxetine Hemihydrate
- Levetiracetam

- Sertraline
- Clopidogrel
- Diphenhydramine
- Risperidone



# WANBURY LIMITED

TOWARDS BETTER HEALTHCARE

**Registered Office and Head Office :**

10th Floor, BSEL Tech Park,  
Opp. Vashi Station, Vashi,  
Navi Mumbai - 400 705  
Maharashtra, India

website : [www.wanbury.com](http://www.wanbury.com)