

WANBURY LIMITED

23RD Annual Report 2010-2011

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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. A. N. Shinkar	Non-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					
Particulars	2010-2011	2009-2010	2008-2009*	2007-2008**	2006-2007
Total Income	31,594.31	37,587.47	17,205.23	40,278.60	15,263.52
Total Expenditure	33,817.53	34,433.24	20,308.56	37,236.74	13,729.39
Profit/(Loss) Before Tax	(2,223.22)	3,154.23	(3,103.33)	3,041.86	1,534.13
Provision for Taxation	3.48	162.08	25.17	64.26	(548.50)
Profit/(Loss) After Tax	(2,226.70)	2,992.15	(3,128.50)	2,977.60	2,082.63
Outstanding Number of Shares	14,689,286	14,689,286	14,689,286	14,689,286	12,747,358
Earning Per Share (in Rs.)	(15.16)	20.37	(21.30)	20.54	15.65
Face Value of Equity Share (in Rs.)	10.00	10.00	10.00	10.00	10.00
Sources of Funds:					
Share Capital	1,468.93	1,468.93	1,468.93	1,468.93	1,274.74
Share Capital Suspense Account	-	-	-	-	56.26
Reserve & Surplus	14,046.13	17,024.48	10,192.05	14,222.51	11,580.90
Secured Loan	28,855.43	26,326.93	19,990.02	17,282.61	8,397.95
Unsecured Loan	6,814.40	5,791.34	9,585.13	9,971.79	4,971.41
Deferred Sales Tax Liability	25.34	31.94	53.25	55.44	-
Total	51,210.23	50,643.62	41,289.38	43,001.28	26,281.26
Application of Funds:					
Fixed Assets (Net)	23,063.50	23,550.18	19,562.96	19,638.73	11,804.28
Investment	10,471.57	10,172.31	12,432.29	8,511.35	4,940.83
Inventories	3,638.94	3,235.61	3,608.85	4,380.05	1,619.66
Sundry Debtors	6,556.51	8,722.68	8,352.70	9,678.78	4,576.79
Cash & Bank Balances	759.25	1,042.20	2,517.55	1,128.39	312.67
Loan & Advances	18,202.80	14,465.79	8,571.99	10,825.88	8,788.48
Current Liabilities	10,158.96	9,035.99	9,010.54	9,749.59	4,556.83
Provisions	1,323.38	1,509.16	4,746.42	1,412.31	1,204.62
Net Current Assets	17,675.16	16,921.13	9,294.13	14,851.20	9,536.15
Total	51,210.23	50,643.62	41,289.38	43,001.28	26,281.26

* 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-Third Annual General Meeting** of the Members of Wanbury Limited will be held on Tuesday the 27th day of September, 2011 at 12:00 Noon at Hotel Tunga Regency, Plot No. 37, Sector 30-A, 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 31st March, 2011 and the Profit & Loss Account for the year ended on that date, along with the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. A. L. Bongirwar - Director of the Company, who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Ashok Shinkar - Director of the Company, who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.
4. 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. Brahmaya & 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."

Registered Office:
BSEL Tech Park, B Wing,
10th Floor, Sector 30-A, Vashi
Navi Mumbai – 400 705
Date: 30th May, 2011
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 Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless Compliances by the Companies pursuant to the applicable provisions of Information Technology Act, 2000. The members are requested to notify their e-mail addresses to Company and enable the Company to send notices, annual report and other documents through electronic mode (e-mail). The members can notify their e-mail addresses to the Company by sending a request on e-mail ID shares@wanbury.com or by sending a letter addressed to the Company Secretary.
3. 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.
4. 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.
5. 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.

6. The Share Transfer Books and the Register of Members will remain closed from Wednesday, 21st September, 2011 to Tuesday, 27th day of September 2011 (both days inclusive) for the purpose of Annual General Meeting.
7. At the ensuing Annual General Meeting Mr. A. L. Bongirwar and Mr. Ashok Shinkar, retire by rotation and being eligible offer themselves for re-appointment. Their brief resume are as under:

Name	Mr. A. L. Bongirwar
Age	68 Years
Qualification	IAS
Expertise in Specific Area	Administration
Date of First Appointment on the Board of the Company	24.06.2005
No. of Shares held in the Company	NIL
Name of the other public limited companies in which Directorship held and Committee Membership/ Chairmanship held.	Director: (1) Videocon Industries Limited (2) JSW Infrastructure Limited (3) Airport Authority of India Committee Membership: Audit Committee - Videocon Industries Limited Committee Chairmanship: NIL

Name	Mr. Ashok Shinkar
Age	43 Years
Qualification	Chartered Accountant
Expertise in Specific Area	Finance
Date of First Appointment on the Board of the Company	30.06.2009
No. of Shares held in the Company	32,129 Equity Shares
Name of the other public limited companies in which Directorship held and Committee Membership/ Chairmanship held.	Director: (1) Future Capital Financial Services Limited (2) Future Finance Limited (3) Future Capital Investment Advisors Limited (4) Axon Development Solutions Limited (5) Kshitij Investment Advisory Company Limited (6) Future Hospitality Management Limited (7) Myra Mall Management Company Limited (8) FCH Securities & Advisors Limited Committee Membership: NIL Committee Chairmanship: NIL

8. 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.
9. Section 109A of the Companies Act, 1956, provides for 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,
10th Floor, Sector 30-A, Vashi
Navi Mumbai – 400 705

Date: 30th May, 2011

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 -Third Annual Report together with the Audited Accounts of the Company for the year ended on 31st March, 2011.

FINANCIAL HIGHLIGHTS:

	(Rs. in Lacs)	
	For the Year ended on 31.03.2011	For the Year ended on 31.03.2010
Turnover	31,514.25	35,475.00
Less: Excise Duty	514.76	364.18
Net Sales	30,999.49	35,110.82
Other Income	594.82	2,476.66
Total Income	31,594.31	37,587.47
Total Expenditure	33,817.53	34,433.24
Profit / (Loss) before Taxation	(2,223.22)	3,154.23
Provision for Taxation:		
- Current Tax	1.32	573.77
- Mat Credit Entitlement	-	(536.06)
- Income Tax of earlier years	2.16	124.37
Net Profit after Tax	(2,226.70)	2,992.15
Balance b/f from Previous Year	5,931.68	3,110.82
Amount available for Appropriation	3,704.98	6,102.97
APPROPRIATION		
Proposed Dividend	-	146.89
Tax on Dividend	-	24.40
Balance Carried to Balance Sheet	3,704.98	5,931.68

OPERATIONAL REVIEW:

The year under review posed a number of challenges, both external and internal. Both the Active Pharmaceutical Ingredients Business (API Business) and Formulation Business posted a negative growth in the year under review.

The API Business witnessed a decline in the top line. The raw material price increase and the time lag in passing on the price increase by way of higher selling prices also eroded the gross margins of the API division. Your management has taken several corrective and strategic measures to turnaround the API business. Significant production process improvements are being implemented which would result in savings in production cost and boost the margins. New appointments of highly experienced and talented staff have been made at the senior managerial level which should help improve the business operations. Efforts to gain higher market shares in Tramadol have been very successful, this should help boost the profitability of the Company.

The Formulation Business revenues declined on account of high rate of attrition, which put the profitability of the division under pressure.

Your management has taken several measures to improve the formulations business. All vacancies have been filled across the country with the best talent. The Company has also engaged some of the best talent in the industry at senior management leadership levels. The new product pipeline is robust and the launch of these products should help to achieve a significant growth in formulation business revenues and profitability.

The financial highlights are as under:

The Total Income for the financial year under review was Rs. 31,594.31 Lac as against Rs. 37,587.47 Lac in the previous year. The Total Expenditure was Rs. 33,817.53 Lac as against Rs. 34,433.24 Lac.

The Loss before Tax for the financial year under review was Rs. 2,223.22 Lac as against a Profit before Tax of Rs. 3,154.23 Lac and a Loss after Tax was Rs. 2,226.70 as against Profit after Tax of Rs. 2,992.15 Lac in the previous year.

Exports of the Company during the year under review were Rs. 12,006.53 Lac as against Rs. 13,938.80 Lac in the previous year.

DIVIDEND

The Board of Directors of the Company has not recommended any dividend for the financial year 2010-2011 on account of negative performance.

CORPORATE DEBT RESTRUCTURING (CDR)

During the year under review Bank of India as the lead bank of the consortium of bankers of your Company has referred the Company for restructuring of its debt to the Corporate Debt Restructuring (CDR) Cell.

The Corporate Debt Restructuring (CDR) Cell has approved Corporate Debt Restructuring Scheme of the Company and has issued the letter of approval (LOA) dated 23rd May, 2011.

As per the Scheme Bank of India (BOI) has been appointed as the Monitoring Institution (MI) to oversee the implementation of the package. Further to facilitate the process of monitoring the sanction and implementation of the scheme as also to monitor the performance of the Company a Monitoring Committee (MC) has been constituted. The members of the MC are Bank of India, State Bank of India, IDBI Bank, Exim Bank and a representative of the CDR Cell.

The cut-off date for the scheme is 30th September, 2010. The debts outstanding on the cut-off date have been restructured. The Company has been given a two-year moratorium for the principal portion of the term loans which are now to be repaid in 32 quarterly instalments beginning October 2012.

The irregular portion of the working capital limits has been restructured into a Working Capital term loan to be repaid with a moratorium of two years in 32 quarterly instalments beginning October 2012. The Banks have provided relief by way of lowering the interest rates sanctions have also been incorporated for additional working capital requirements, capex funding and priority loans. Adequate non-fund based limits have also been provided for in the scheme.

Your management is confident that upon implementation of the scheme and infusion of fresh funding the Company will be able to improve the overall business and increase revenues and profitability of both the business divisions.

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 16th 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 concerned, 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 concerned.

FOREIGN CURRENCY CONVERTIBLE BONDS ISSUE:

Your Company had issued Foreign Currency Convertible Bonds (FCCB) aggregating EURO15 Million (Euro Fifteen Million only) on 20th April, 2007, in two parts. First part consists of 800 nos. Foreign Currency Convertible "A" Bonds of face value of EURO10,000 each i.e. size of Bond A was EURO 8 Million and second part consists of 700 nos. Foreign Currency Convertible "B" Bonds of face value of EURO10,000 each i.e. size of Bond B was EURO7 Million, in accordance with the terms and conditions mentioned in the offering circular dated 25th 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 EURO10,000 each and 424 Foreign Currency Convertible "A" Bonds of face value of EURO10,000 each at 90% of their face value have been bought back by the Company.

Total numbers of FCCB(A) outstanding as on 31st March, 2011 were 248 and Total No. of FCCB(B) outstanding as on 31st March, 2011 were 700.

SUBSIDIARY COMPANIES:

The Company does not have a non-listed Indian subsidiary. However, the Company had 5 foreign subsidiaries as on 31st March, 2011. 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 General Circular No. 2/2011 dated 8th February, 2011, 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. A. L. Bongirwar and Mr. Ashok Shinkar, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Your Directors recommend their re-appointment.

PERSONNEL:

Statement of particulars of employees required under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, forms part of this report. However, in terms of the provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, the Report and the Accounts are being sent to all shareholders of the Company excluding the aforesaid statement of particulars of employees. Any Shareholder interested in obtaining a copy of the statement may write to the Company Secretary at the Registered Office of the Company.

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

AUDITORS AND AUDITORS' REPORT:

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

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 31st March, 2011, 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 2011-2012 i.e. from 1st April, 2011 to 31st March 2012.

The Central Government has approved the appointment of Mr. Hemant V. Shah as Cost Accountant for the financial year 2011-2012 i.e. from 1st April, 2011 to 31st March 2012, on the application made by the Company.

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 and forms part of it.

ACKNOWLEDGEMENTS:

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

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

K. CHANDRAN

Vice Chairman

ASHOK SHINKAR

Non-Executive Director

Mumbai, 30th May, 2011

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: -

- (i) Ammonium Bromide liquid segregated from High TDS effluent of Tramadol is being disposed to downstream users (authorised by Pollution Control Board) instead of in-house effluent treatment which results in steam and electricity savings.
- (ii) Instead of 3 water washes 2 water washes implemented in Metformin Process without effecting product quality is reducing Aerobic System Power consumption in the Effluent Treatment plant.
- (iii) Connected three vacuum Jet with single motor of 15 HP instead of three motors of 10 HP, is reducing consumption of electricity.
- (iv) Periodic cleaning of cooling towers & condensers in reaction & crystallizer area to reduce the time cycle of distillation.
- (v) Periodic cleaning of boilers to maintain the furnace oil to production ratio.
- (vi) Push button switches of Ejector shifted from ground floor to first floor to ensure switching off of ejectors immediately after usage is completed.

INFORMATION AS PER PRESCRIBED FORM A:

	For the Year ended on 31.03.2011	For the Year ended on 31.03.2010
1. Electricity		
(a) Purchased		
Unit (KWH)	1,11,04,187	122,60,269
Total Amount (in Rupees)	5,41,79,243	4,96,88,863
Rate / Unit (in Rupees)	4.88	4.05
(b) Own Generation		
Unit (KWH)	8,68,395	10,37,864
Total Amount (in Rupees)	1,00,00,497	1,26,02,047
Rate / Unit (in Rupees)	11.52	12.14
2. Furnace Oil & LDO		
Quantity (Litres)	27,01,126	27,12,893
Total Amount (in Rupees)	7,66,16,160	5,51,34,000
Average Rate (Rs. per Litre)	28.36	20.32
3. Coal		
Quantity (MT)	3,928	4,301
Total Amount (in Rupees)	1,25,47,173	1,73,85,420
Average Rate (Rs. per MT)	3,194.29	4,041.83

(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 Centre of your Company has developed lab scale processes for 4 Active Pharmaceutical Ingredients (APIs), completed two cost reduction projects and CRAMs (5 Nos.). In addition to this Drug Master File (DMF) for 1 API in US is 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 15 % cost reduction has been achieved.

FORMULATION DIVISION

R&D Centre is working with Canadian Company to develop four ANDA's for the Canadian market. The first ANDA (Metformin Tablets) has been filed in April, 2011. The development work on three other ANDAs is completed.

R&D Centre has launched innovative Fixed dose combinations Folinine D capsules , Etosafe P tablets.

Many new products with novel technology or compositions have been developed. Clavcure (Amoxicillin and Clavulanic Acid tabs) with unique Solutab Technology has been launched.

R & D is working on Dual release Technology for PPIs (Proton Pump Inhibitors) , Bilayered tablets of antibiotics to improve efficacy and tolerance, Sublingual tablets and Effervescent vaginal Tablets.

R & D is working on developing formulations using APIs of Wanbury Ltd and assisting the customers of Wanbury API buyers.

Expenditure on R&D	(Rs. in Lacs)
Capital	82.85
Recurring	575.73
Total	658.58
Total R&D expenditure as a percentage of net sales	2.12%

(3) FOREIGN EXCHANGE EARNINGS AND OUTGO:

	(Rs. In Lacs)	
	For the Year ended on 31.03.2011	For the Year ended on 31.03.2010
INCOME:		
Foreign Exchange earned by the Company:		
F.O.B. Value of Exports	11,663.85	13,731.94
Freight, Insurance, etc.	342.68	206.90
Others	-	6.72
Total Income	12,006.53	13,945.56
EXPENDITURE:		
C.I.F. Value of Imports		
Raw Material (including High Seas purchases)	3,655.59	3,243.73
Capital Goods	15.16	22.48
Interest	289.17	286.60
Commission Paid	50.61	129.03
Legal & Professional Fees	7.65	92.87
Travelling and Other Expenses	193.78	400.69
Total Expenditure	4,211.96	4,175.40

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

K. CHANDRAN

Vice Chairman

ASHOK SHINKAR

Non-Executive Director

Mumbai, 30th May, 2011

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 company	Extent of Interest of the holding Company in the Capital and Reserve of the subsidiary company at the end of the financial year / period of the subsidiary company		Net aggregate amount of the subsidiary company's profit / (loss) not dealt with in the holding Company's accounts		Net aggregate amount of the subsidiary company's profit / (loss) dealt with in the holding Company's accounts	
			a) Number of shares held	b) extent of holding	Current year / period	Previous year / period	Current year / period (Rs in Lacs)	Previous year/ period (Rs in Lacs)
Wanbury Holdings B. V., Netherlands	1 st April, 2010 to 31 st March, 2011	15 th September, 2006	6,489 Ordinary Equity Shares of Face Value of Euro 1000 each.	100%	NIL	NIL	(117.42)	(178.50)
Cantabria Pharma S. L., Spain	1 st April, 2010 to 31 st March, 2011	2 nd October, 2006	1,000 shares of Face Value of Euro 60 each. (Refer Note 1)	100%	NIL	NIL	(4,652.28)	(3,383.04)
Laboratories Wanbury S. L., Spain	1 st April, 2010 to 31 st March, 2011	28 th September, 2007	2,709 shares of Face Value of Euro 1 each. (Refer Note 2)	100%	NIL	NIL	-	-
Ningxia Wanbury Fine Chemicals Co. Ltd., China	1 st April, 2010 to 31 st March, 2011	24 th October, 2007	13,260 shares of Face Value of USD 1 each.	100%	NIL	NIL	(1.04)	(15.43)
Wanbury Global FZE	1 st April, 2010 to 31 st March, 2011	6 th April, 2009	5 shares of Face Value of AED 1,00,000/- each.	100%	NIL	NIL	(1,061.52)	1.72

Notes:

- Shares are held by Wanbury Holdings B. V., Netherlands, a wholly owned subsidiary of the Company.
- Shares are held by Cantabria Pharma S. L., Spain.
- There is no change in holding company's interest in the subsidiaries between the end of the 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.
- Pursuant to the exemption given by the Central Government, Ministry of Corporate Affairs, vide its General Circular No. 2/2011 dated 8th February, 2011, the Company has not attached 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 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

K. CHANDRAN Vice Chairman	ASHOK SHINKAR Non-Executive Director
GIRISH JUNEJA Chief Financial Officer	PANKAJ B. GUPTA Company Secretary

Mumbai, 30th May, 2011

INFORMATION ON THE FINANCIAL OF THE SUBSIDIARY COMPANIES FOR THE YEAR ENDED ON 31ST MARCH, 2011

(Rs. In Lacs)

Name of the Subsidiary Company	Wanbury Holdings B. V., Netherlands	Cantabria Pharma S. L., Spain	Laboratories Wanbury S. L., Spain	Ningxia Wanbury Fine Chemicals Co. Ltd., China	Wanbury Global FZE, Ras Al Khaima UAE
The financial year / period ended on	31 st March, 2011	31 st March, 2011	31 st March, 2011	31 st March, 2011	31 st March, 2011
Capital	6,515.26	34.49	2.03	5.29	68.33
Ordinary Share Application Money	5,240.27	-	-	-	-
Preference Share Application Money	-	-	-	-	-
Quasi Share Capital	-	-	-	-	1,254.35
Reserves	76.63	(7,282.02)	(1.71)	(9.05)	(120.17)
Total Liabilities	11,832.16	23,345.91	0.32	(3.76)	1,202.50
Total Assets	11,832.16	23,345.91	0.32	(3.76)	1,202.50
Investment (other than in subsidiaries)	-	-	-	-	-
Turnover (net)	0.02	7,509.26	-	106.77	40.61
Profit / (Loss) before Tax	(117.42)	(5,353.01)	-	(1.04)	(1,061.52)
Provision for Tax	-	(727.73)	-	-	-
Profit / (Loss) after Tax	(117.42)	(4,625.28)	-	(1.04)	(1,061.52)
Proposed Dividend	-	-	-	-	-

For and on behalf of the Board

K. CHANDRAN
Vice Chairman
GIRISH JUNEJA
Chief Financial Officer

ASHOK SHINKAR
Non - Executive Director
PANKAJ B. GUPTA
Company Secretary

Mumbai, 30th May, 2011

Management Discussion and Analysis Report

Industry Overview

The Indian pharmaceutical industry has been a success story providing employment to millions of people and ensuring across the board availability of essential drugs at affordable prices to the masses. Industry has excelled in the field of innovation, cost leadership, reengineering, quality and range of products offered making it one of the most competitive and lucrative industries.

Over the last decade, Indian pharmaceutical industry has grown by leaps and bounds; approximately 9% CAGR for the five-year period 2000-2005 and 13 - 14% CAGR for the five-year period 2005 - 2010. The Indian pharmaceutical industry has certain unique characteristics which make it as attractive as it is.

Unique characteristics:

- The leading 250 pharmaceutical companies control 70% of the market with market leader holding nearly 7% of the market share.
- Extremely fragmented market with severe price competition.
- About 250 large units and about 8000 Small Scale Units, which form the core of the pharmaceutical industry in India. These units produce the complete range of pharmaceutical formulations and 300+ bulk drugs, i.e., chemicals having therapeutic value and used for production of pharmaceutical formulations.
- Branded generics market dominates with 70 to 80 % of retail market.
- Local players have enjoyed a dominant position driven by formulation development capabilities and early investment.
- De-licensing of the industry has meant that manufacturers are free to produce any drug duly approved by the Drug Control Authority.

Uniqueness of the industry presents its own set of challenges and opportunities in consonance with the market it caters to. The pharmaceutical industry in India is all set to scale new heights thanks to the growth drivers prevalent in the economy.

- Rising incomes
- Enhanced medical infrastructure
- Rise in prevalence and treatment of chronic diseases
- Greater health insurance coverage
- Launches of patented products

Rising Income levels and enhanced medical infrastructure have underpinned the step up in growth trajectories. This growth has been broad based across therapy and geography segments. The pace of innovation in business models, products and effectiveness has been unprecedented. MNCs have invested large amounts of capital in launching and expanding generics business and in expansion of market coverage. Mergers and acquisitions have also been on a rise to increase the presence in the generics space. Over the last two years there have been billion dollar deals which signify the importance of the generics business, these deals include the Pfizer Wyeth and the Abott Piramal deal.

A recent study by Mckinsey estimates that the Indian pharmaceutical industry would become \$55bn industry by 2020 translating into CAGR of approximately 14% for the next 10 years. At this scale the Indian pharmaceutical industry would be comparable to several of the developed markets behind only to US, Japan and China.

The study also anticipates that the mix of therapies will continue to gradually move in favour of specialty and super specialty therapies. Success of pharmaceutical companies would be driven by three sets of commercial capabilities: marketing capabilities, sales force capabilities and commercial operations.

Apart from the several growth drivers and huge opportunity that exists in the Indian pharmaceutical industry one of the factors that might hamper the growth and hamper the profitability is inflation. Inflation has been a major concern for manufacturers with their margins taking a hit. In the process of trying to curb inflation the RBI has increased the interest rates increasing the borrowing rate and thereby further impacting profitability and ability to have a sound credit line. However, the following factors would counter the effect of inflation and credit to a certain extent.

- Population growth at ~ 1.3% every year and a steady rise in disease prevalence will increase the patient pool by nearly 20 per cent by 2020.
- Affordability of drugs will rise due to sustained growth of incomes and increases in insurance coverage.
- Accessibility to drugs will increase due to increase in medical infrastructure, new business models for tier II and rural areas, launches of patented products and greater government spending on health care.
- Acceptability of modern medicine and newer therapies will increase

Company Outlook

Domestic Formulations Business:

Your Company suffered some setbacks in the domestic formulations business as a result of which Company was not able to post the impressive growth that it has done for the past few years. However, in spite of these setbacks Company was able to post a growth of approx. 7% according to ORG IMS data.

Your 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 Lakh (ORG MAT Mar 2011) 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 and prevents GI irritation.

Adtrol plus - a combination of Calcitriol, Calcium Carbonate, Methylcobalamin, folic acid and Pyridoxine is a 2,000 Lakh 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 years.

Rabiplus- our brand of Rabiprazole is Rs 2,000 Lakh 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 compared to competitors. Pallet technology is being used for the first time in India.

Folinine - is a Rs. 1,200 Lakh brand, growing at 57% with second rank in folic acid market. Folinine is a nutritional supplementation during pregnancy and contains Methylcobalamin, Folic acid & 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 divisions, WOW and Wellbone, launched by the Company in FY 2010. Wellbone has subsequently been merged with the Orthopedic division Osteolife as a strategic initiative to reduce costs and provide better penetration. 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. Products contributing significantly to the sales of these two divisions include: Folinine, Bonansa, Productiv M, Productiv F and Wellbone.

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

Clavcure

Productiv

Folinine D

Chymonac TC

API (Active Pharmaceutical Ingredients)

Your Company continues to remain the largest manufacturer of Metformin in the world with over 30% market share. Another product Tramadol has also been in high demand especially in American markets. Over the later half of the financial year your Company would have catered to substantial share of the US requirement for Tramadol. This has happened as a result of significant cost

competitiveness of its product and continuous business development efforts with its customers.

Domestic supplies of our products especially Metformin is gaining much more importance now. There is an increasing trend, especially with big international pharmaceutical companies to get their requirement contract manufactured in India. Some of the Indian Pharma Companies are also taking strong positions in regulated markets. Therefore the need for an API is showing increasing trend in domestic market.

FY10 posed a number of challenges to your Company. One of its major regulated market customer stopped purchases after the first quarter. The contract manufacturing agreement of an intermediate for a big multinational company came to an end during the year. Your Company has still managed to generate comparable sales to the previous year by better focus on other products, customers and markets. However from a profitability point of view this situation has resulted in lower margins. Your Company had expected revival of its Metformin business in America. We expect a key customer to resume the business in 2011-12 which will further strengthen your Company's market share. The Contract Research and Manufacturing (CRAMS) business did not perform as planned. No new business was generated during the year. Your Company hence was forced to close down the foreign office in Europe and to scale down its R&D team to keep expenses under control.

Some top management personnel left your Company during FY10-11. Apart from that the Company also ran into tough financial problems and had to admit itself into Corporate Debt Restructuring.

New management came in the later half of the year and has started working on a turnaround strategy to reinvigorate the API business and take it to new heights. The new management has cost reduction as one of its prime focus areas so that your Company continues to make profit in a generic market with high competition and reducing prices. Your Company plans to look at automation as a solution to ensure higher quality material to its customers. Your Company has initiated plans of increasing manufacturing capacity at Patalganga with limited capital investment. This is being achieved by realignment of the manufacturing area.

In FY11-12 your Company is targeting to increase its API sales by ~20%. A significant part of this increase is expected from Metformin and Tramadol. Plans are being formulated to further increase Tramadol manufacturing capacity so as to meet additional requirements from other regulated customers. All the cost reduction initiatives are likely to come into place during the second quarter of the financial year which will improve the competitiveness of your Company in quoting for various orders and to improve the profitability of the business as a whole.

International Formulations Business - Cantabria Pharma

Like the last year FY 11 has been another tough year 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 further 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

Your Company has always been focused on innovation not only on product launches but also on strategic initiatives to help improve the sales and the overall health of the Company. One such initiative that the Company has explored over the last year has been to look at new sales channels and new areas of business development. Your Company is in the process of hiring sales agents to the sell its products in Spain. Sales done through this new sales channel provides the Company with two-fold advantage:

- Greater geographical coverage: The agents are spread across Spain and would be able to provide better coverage and support our products better.
- Reduction in manpower cost: Agents work on commission basis as a fixed percentage of sales over and above the initial set up cost. The initial set up cost is very nominal and the commission model ensures that the Company would have to pay if and only if the sales happen reducing the overall manpower cost.
- Human Resource Initiatives: In order to improve productivity your Company has further reduced the sales force from 63. This number would further go down with the commissioning of the sales agents thereby further reducing the manpower cost.

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

Human Resource Initiatives

Human resources at your Company are valued as the number one 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 upgradation of talent pool of the Company. We have hired number of industry veterans across the board to help Wanbury return to its glory. We have not only hired best talents for new Pharma divisions, but we have also strengthened the team in the API division with fresh faces.

Your Company continues to maintain its focus towards employee learning and development; during the year, employees participated in scores of development programs which include professional and personal development to help our internal customers excel in all aspects of life.

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.

There are a host of training initiatives planned by your Company over the last year which will continue in the years to come. "Flag Off" has been the first line induction program for employees joining in the field to provide them with a brief and quick on the ground learning. Insight - "Management thought for leaders" is the leadership development program for the managers in the field, plants and at the head office. The most recent of the initiatives has been "Train the trainer" - a unique program where the managers in the field are encouraged to train their subordinates to develop team work and on the ground practical training programs.

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

Cost Reduction Initiative

Over the last year your Company has extended its efforts to reduce costs as a whole to increase profits thereby increasing the cash available for investment in business and provide higher returns for the investor. Some of the significant cost reduction initiatives undertaken by the Company are as follows:

- Rollout of travel and hotel policy - Wanbury has tied up with Thomas Cook as the sole vendor for providing service related to domestic and international travel and also for hotel bookings. This initiative is expected to reduce costs for Wanbury to the tune of Rs. 2 Crores per annum as a result of economies of scale and tying up with a vendor with a pan India presence and better capabilities. Also, the costs are expected to reduce by better implementation of travel policy which ensures that the bookings are done well in advance to get the cheaper rates.
- Implementation of Standard Fare Chart (SFC) and Standard Tour Plan (STP) - For our employees in the field the SFC and STP have been rolled out which ensures better control for outgo of expenses governed by the standard rates.

Process Improvement

One of the most important parts to creating a sustainable and healthy business is to have efficient and robust internal processes which support the business owners. Your Company has taken a number of steps to improve and establish best in class support systems.

Some of the key steps taken by your Company across areas are:-

- Sales Admin - A dedicated sales admin team for each of the formulations division to ensure quick response time and support for the field force.

- Distribution - New distribution head has been recruited to implement industry best practices with focus on reducing breakage and expiry returns by better supply chain management.
- IT - New systems and processes have been put in place to support the field, plants and HO to ensure timely and correct data to the internal customers.
- HR - HR processes have been revamped to reduce the TAT (turnaround time) for recruitment and induction. Your Company is also in the process for revamping the entire HR MIS.

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 largest manufacturer of Metformin in the world with over 30% market share. Another product Tramadol has also been in high demand especially in American 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.

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. The Company has a team of highly competitive scientists supported by excellent instrumentation.

Regulatory

Manufacturing of pharmaceutical products is heavily regulated and controlled by regulatory and government authorities across the world. Failure to fully comply with such regulations, could lead to stringent actions from the authorities/ government.

Regulators across the world, including the USFDA, have become stricter with the pharmaceutical industry. Regulatory requirements and consequences for non-compliance are also getting more severe.

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.

Human Resource Risk

Your Company's ability to deliver value is shaped by its ability to attract, train, motivate, empower and retain the best professional talents. These abilities have to be developed across the Company's rapidly expanding operations. Your Company continuously benchmarks HR policies and practices with the best in the industry and carries out the necessary improvements to attract and retain the best talent.

Internal Control Systems and its Adequacy

Your Company has made special efforts to improve its internal control systems by improving the information flow and automating the processes in support systems. Support functions are now monitored through a Quarterly Shared Services Survey for the field employees to ensure that we are able to provide the best services to our internal customers.

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.

Financial Review

Particulars	(Amount Rs. in Lacs)	
	FY 10-11	FY 09-10
Net Sales	30,999	35,111
Exports	12,007	13,939
Total Income	31,594	37,587
Total Cost	33,818	34,433
EBITDA	987	6,349
PBT	(2,223)	3,154
PAT	(2,227)	2,992

Your Company has generated Net Sales of Rs. 30,999 Lac and Exports Sales of Rs. 12,007 Lac (accounting for nearly 39% of the Total Net Sales) for the financial year 2010-2011 as against Net Sales of Rs. 35,111 Lac and Exports Sales of Rs. 13,939 Lac (accounting for nearly 40% of the Total Net Sales) for the financial year 2009-2010. Total Income for financial year has been Rs. 31,594 Lac as against Rs. 37,587 Lac for the financial year 2009-2010.

The API business generated Net Sales of Rs. 17,652 Lac and accounted for 46% of the Total Consolidated Sales of Rs. 38,218 Lac in the financial year 2010-2011 as against 39% during the financial year 2009-2010. The Formulation business generated Net Sales of Rs. 13,348 Lac and accounted for 35% of the Total Consolidated Sales of Rs. 38,218 Lac in the financial year 2010-2011 as against 35% during the financial year 2009-2010. The Spanish business represented by Cantabria Pharma had a Net Sales of Rs. 7,218 Lac and accounted for 19% of the Total Consolidated Sales of Rs. 38,218 Lac for the financial year 2010-2011 as against 26% during the financial year 2009-2010.

Your Company had an EBITDA of Rs. 987 Lac in the financial year 2010-2011 as against Rs. 6,349 Lac in the financial year 2009-2010 on account of following:

- Lower Metformin exports to regulated markets, which give high sales price realisation and higher sales to non-regulated markets which give a lower sale price realisation.
- Discontinuation of Gabapentin (an API) sale affected export by Rs. 2619 Lac.
- Formulation overall sale down by 20% mainly due to loss of Pharma (Main) Division & Osteolife Division Business.
- API COGS gone up by 7.3% mainly on account of Increase in prices of DCDA and DMA HCL.
- Formulation COGS gone up by 1.3% mainly on account of Lower Osteolife Division sale which has a low COGS, Change in product mix and Increase in prices of API.

Corporate Debt Restructuring:

During the year under review Bank of India as the lead bank of the consortium of bankers of your Company has referred the Company for restructuring of its debt to the Corporate Debt Restructuring (CDR) Cell.

The Corporate Debt Restructuring (CDR) Cell has approved Corporate Debt Restructuring proposal of the Company vide its letter dated 23rd May, 2011.

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

ASHOK SHINKAR

Non-Executive Director

Mumbai, 30th May, 2011

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 dealings 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 Whole-time Director	NIL	NIL	NIL
Mr. K. R. N. Moorthy**	Non-promoter Joint Managing Director	1	NIL	NIL
Mr. Ashok Shinkar***	Non-Executive Director	8	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. P. R. Dalal	Nominee Director of Export Import Bank of India	1	NIL	NIL

* Excluding Directorship in private limited and foreign companies.

** Director till 31st August, 2010.

*** Whole-Time Director till 31st December, 2010, thereafter continues as Non-Executive Director

**** Director till 20th May, 2010.

The Board/Committee Meetings are 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. Detailed presentations are being made at the Board / Committee Meetings in relation to the matters like Financial / Business Plans, Financial Results, etc. The Board/Committee Members are free to recommend the inclusion of any matter for discussion in consultation with the Chairman.

The Board Meeting is scheduled at least once in a quarter to consider the quarterly performance and the financial results. 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 2010-2011, 4 Board Meetings were held on 28/05/2010, 12/08/2010, 29/10/2010, and 02/02/2011. 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	4	YES
Mr. K. R. N. Moorthy *	2	YES
Mr. Ashok Shinkar	4	YES
Dr. Rajaram Samant **	NIL	NO
Mr. A. L. Bongirwar	4	NO
Mr. N. K. Puri	3	YES
Dr. P. L. Tiwari	4	YES
Mr. P. R. Dalal	2	NO

*Director till 31st August, 2010.

**Director till 20th May, 2010.

(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 4 times on 28/05/2010, 12/08/2010, 29/10/2010, and 02/02/2011.

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	3
Mr. A. L. Bongirwar - Member	4
Dr. P. L. Tiwari - Member	4
Mr. P. R. Dalal - Member	2
Mr. K. R. N. Moorthy - Member *	2
Mr. Ashok Shinkar - Member	4

*Member till 31st August, 2010.

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 auditor, fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by management.

- Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosure of any related party transactions.
 - Qualifications in the draft audit report.
- e. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
 - f. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
 - g. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
 - h. Reviewing the adequacy of internal audit function, if any, 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.
 - i. Discussion with internal auditors any significant findings and follow-up there on.
 - j. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
 - k. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 - l. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
 - m. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.

(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 28/05/2010, 12/08/2010, 29/10/2010, and 02/02/2011. The attendance record of the members at the meeting is as under:

Name of Director	Category	No. of Meetings Attended
Mr. N. K. Puri - Chairman	Independent Director	3
Mr. A. L. Bongirwar-Member	Independent Director	4
Dr. P. L. Tiwari - Member	Independent Director	4
Mr. K. Chandran - Member	Executive Director	4
Mr. K. R. N. Moorthy - Member *	Executive Director	2
Mr. Ashok Shinkar - Member **	Non-Executive Director	2

*Member till 31st August, 2010.

**Became Member of the Committee from 31st August, 2010

Total 40 complaints received and replied to the satisfaction of shareholders during the year under review. No complaint and no Share Transfer request were pending at the beginning of the year i.e. on 1st April, 2010 and at the end of the year i.e. 31st March, 2011.

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 and 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 only once on 28th May, 2010. Mr. A. L. Bongirwar and Dr. P. L. Tiwari were present and Mr. N. K. Puri was absent in that meeting.

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 31st March, 2011. The equity share holding of directors of the Company as on 31st March, 2011 is as under:

S. No.	Name of Director	Holding
01	Mr. K. Chandran	NIL
02	Mr. Ashok Shinkar	32,229 Equity Shares
03	Dr. P. L. Tiwari	NIL
04	Mr. N. K. Puri	NIL
05	Mr. A. L. Bongirwar	NIL
06	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	98,000/-
Dr. P. L. Tiwari	98,000/-
Mr. N. K. Puri	76,000/-
Mr. Ashok Shinkar	24,000/-
EXIM Bank of India (Mr. P R Dalal) *	52,000/-

*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 (Rs. In lacs)	Performance Linked Bonus (Rs. in lacs)	Total (Rs. in lacs)	Service Tenure
Mr. K. Chandran	74.63	-	74.63	Up to 30.08.2013
Mr. K. R. N. Moorthy	41.91	-	41.91	Up to 31.08.2010
Mr. Ashok Shinkar	63.45	-	63.45	Up to 31.12.2010
Dr. Rajaram Samant	9.55	-	9.55	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 4 times on 28/04/2010, 21/05/2010, 22/07/2010 and 10/09/2010. The attendance record of the members at the meeting is as under:

Name of Director	No. of Meetings Attended
Mr. N. K. Puri - Chairman	2
Mr. P. R. Dalal - Member	4
Mr. K. Chandran - Member	4
Mr. K. R. N. Moorthy - Member *	3
Mr. Ashok Shinkar - Member	3

*Member till 31st August, 2010.

(E) RISK COMMITTEE

Risk Committee has been formed by the Board of Directors of the Company 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:

- (1) Mr. N. K. Puri - Chairman
- (2) Mr. P. R. Dalal - Member
- (3) Mr. A. L. Bongirwar - Member
- (4) Mr. K. Chandran - Member
- (5) Mr. Ashok Shinkar - Member

(F) FOREIGN EXCHANGE RISK MANAGEMENT COMMITTEE

The Foreign Exchange Risk Management Committee has been formed by the Board of Directors of the Company 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. 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, Mr. Ashok Shinkar and Mr. Girish Juneja 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 20 meetings of the Committee were held.

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 three members - Mr. K. Chandran - Chairman, Mr. Ashok Shinkar - Member and Mr. Girish Juneja. The Day-to-Day Affairs Committee meets to take decisions on the matters delegated by the Board of Directors. During the period under review 14 meetings of the Committee were held.

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 and 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
2009-2010	12th August, 2010	12:00 Noon	Silk Lounge, Imperial Banquets, Raghuleela Arcade, Opp. Vashi Railway Station, Vashi, Navi Mumbai - 400 705
2008-2009	29 th September, 2009	12:00 Noon	Hotel Tunga Regency, Plot No. 37, Sector 30A, Vashi, Navi Mumbai
2007-2008	23 rd March, 2009	12:00 Noon	Hotel Tunga Regency, Plot No. 37, Sector 30A, Vashi, Navi Mumbai

(b) Postal Ballot:

During the year under review, there was no resolution passed through Postal Ballot.

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

The Company has passed below mentioned special resolutions in the last three Annual General Meeting (AGM):

S. No.	Date of AGM	Subject matter
01	29th September, 2009	Appointment of and remuneration to be paid to Mr. Ashok Shinkar as Whole-time Director of the Company
02	12th August, 2010	Appointment of and remuneration to be paid to Mr. K. Chandran 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 through e-mail and fax 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).

(5) GENERAL SHAREHOLDERS' INFORMATION

(a) Annual General Meeting

Day & Date	: Tuesday, 27th day of September, 2011
Venue	: Hotel Tunga Regency, Plot No. 37, Sector 30 A, Vashi, Navi Mumbai – 400 705
Time	: 12:00 Noon

(b) Financial Calendar

For quarter ended on 30th June, 2011	Unaudited Result on or before 14th August, 2011.
For quarter ended on 30th September, 2011	Unaudited Result on or before 14th November 2011.
For quarter ended on 31st December, 2011	Unaudited Result on or before 14th February 2012.
For quarter ended on 31st March, 2012	Unaudited Result on or before 15th May, 2012 or Audited Result on or before 30th May, 2012.
Annual General Meeting for the year ended on 31 st March 2012:	On or before 30 th September, 2012.

(c) Book Closure

The Share Transfer Books and the Register of Members will remain closed from Wednesday, 21st September, 2011 to Tuesday, 27th day of September 2011 (both days inclusive) for the purpose of Annual General Meeting.

(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 2011-2012.

The Company has paid custody fee to National Securities Depository Limited (NSDL) and Central Depository Securities Limited (CDSL) for the financial year 2011-2012.

(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 Shares Allotted	Cumulative Total	Date of Allotment
Upon amalgamation (Refer Note 1)	94,86,358	94,86,358	15th October 2004
GDR Issue (Refer Note 2)	32,61,000	1,27,47,358	3rd October 2005
Merger (Refer Note 3)	64,668	1,28,12,026	2nd June 2007
Merger (Refer Note 3)	5,62,618	1,33,74,644	27th June 2007
FCCB Conversion	2,06,674	1,35,81,318	3rd September 2007
FCCB Conversion	95,070	1,36,76,388	1st November 2007
FCCB Conversion	1,03,337	1,37,79,725	13th December 2007
FCCB Conversion	1,24,004	1,39,03,729	16th January 2008
Merger (Refer Note 4)	7,85,557	1,46,89,286	17th March 2008

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

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

Note 3: The Board for Industrial and Financial Reconstruction (BIFR) had approved the merger of the Pharmaceutical Products of India Limited (PPIL) with the Company vide its Order dated 24th April 2007. As per the Order of BIFR 64,668 Equity Shares of face value of Rs. 10/- each had been issued to the Secured Creditors of 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 30th April 2007. As per the Order of BIFR 7,85,557 Equity Shares of face value of Rs. 10/- each had been issued to the Equity Shareholders of 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 31st March, 2011 were as under:

Month	High (Rs.)	Low (Rs.)	Close (Rs.)	BSE Sensex Close	Volume (No. of Shares)
April, 2010	88.50	74.60	85.00	17,558.71	22,18,202
May, 2010	89.70	66.05	78.60	16,944.63	14,45,283
June, 2010	91.35	73.20	80.20	17,700.90	10,61,212
July, 2010	91.50	80.00	81.95	17,868.29	14,35,455
August, 2010	89.50	77.25	81.30	17,971.12	13,02,182
September, 2010	89.10	80.65	83.35	20,069.12	10,05,782
October 2010	85.10	73.75	74.30	20,032.34	9,68,548
November 2010	75.55	47.20	50.05	19,521.25	9,04,035
December 2010	56.20	35.00	50.95	20,509.09	14,16,857
January 2011	52.25	35.30	38.45	18,327.76	10,25,947
February 2011	39.70	26.00	29.25	17,823.40	5,76,892
March 2011	34.00	27.25	30.30	19,445.22	4,26,754

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 31st March 2011 were as under:

Month	High (Rs.)	Low (Rs.)	Close (Rs.)	S&P CNX Nifty Close	Volume (No. of Shares)
April, 2010	88.70	68.50	85.10	5278.00	18,85,767
May, 2010	89.70	65.30	78.60	5086.30	15,48,110
June, 2010	87.00	73.15	79.95	5312.50	10,95,410
July, 2010	91.55	79.50	81.90	5367.60	15,75,560
August, 2010	89.70	77.10	81.25	5402.40	11,62,756
September, 2010	89.40	80.40	82.85	6029.95	10,11,913
October 2010	84.90	74.10	74.45	6017.70	10,56,328
November 2010	75.00	46.30	50.05	5862.70	15,65,460
December 2010	56.45	41.00	51.00	6134.50	15,49,659
January 2011	52.25	35.00	38.15	5505.90	7,22,551
February 2011	44.20	26.10	29.10	5333.25	7,43,161
March 2011	31.40	27.60	30.10	5833.75	4,01,649

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 31st March, 2010 were as under:

Month	High (US \$)	Low (US \$)	Close (US \$)
April, 2010	5.78	5.07	5.77
May, 2010	5.77	4.24	5.09
June, 2010	5.34	4.72	5.18
July, 2010	5.65	5.30	5.31
August, 2010	5.56	4.99	5.18
September, 2010	5.61	5.24	5.61
October 2010	5.65	5.02	5.02
November 2010	4.83	3.25	3.27
December 2010	3.42	2.82	3.42
January 2011	3.39	2.43	2.52
February 2011	2.56	1.79	1.94
March 2011	2.04	1.86	2.04

Source: Luxembourg Stock Exchange Website

(h) Distribution Schedule on number of Shares as on 31st March, 2011:

No. of Shares	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Up to 100	12,812	62.26	7,41,962	5.05
101 to 200	3,077	14.95	5,44,512	3.71
201 to 500	2,640	12.84	9,66,739	6.58
501 to 1000	1,048	5.09	8,59,091	5.85
1001 to 5000	815	3.96	18,55,377	12.63
5001 to 10000	108	0.52	7,69,304	5.24
10001 to 100000	67	0.33	18,33,885	12.48
100001 and above	11	0.05	71,18,416	48.46
Total	20,578	100.00	1,46,89,286	100.00

(i) Distribution Schedule on scrip value as on 31st March, 2011:

Share of Nominal Value in Rs.	No. of Shareholders	% of Shareholders	Total Amount in Rs.	% of Amount
Up to 5000	18,529	90.04	2,25,32,130	15.34
5001 to 10000	1,048	5.09	85,90,910	5.85
10001 to 20000	485	2.37	75,54,520	5.14
20001 to 30000	175	0.85	45,28,600	3.08
30001 to 40000	82	0.40	30,05,890	2.05
40001 to 50000	73	0.35	34,64,760	2.36
50001 to 100000	108	0.52	76,93,040	5.24
100001 and above	78	0.38	8,95,23,010	60.94
Total	20,578	100.00	14,68,92,860	100.00

(j) Shareholding Pattern as on 31st March, 2011 was as under:

Category	No. of Shares Held	% of Holding
(A) Promoter Holding		
Indian Promoter	14,71,551	10.02
Foreign Promoter	30,24,000	20.58
Person acting in Concert	-	-
Sub Total (A)	44,95,551	30.60
Non – Promoters Holding		
(B) Institutional Investors		
Mutual Funds and UTI	10,117	0.07
Banks, Financial Institutions, Insurance Companies, (Central/State Govt. Institutions / Non - government Institutions)	7,63,240	5.19
FIs	-	-
Sub – Total (B)	7,73,357	5.26
(C) Others		
Private Corporate Bodies	26,32,497	17.92
Individual Shareholders Holding Nominal Capital up to Rs. 1 Lac.	49,97,497	34.02
Individual Shareholders Holding Nominal Capital in excess of Rs. 1 Lac	9,81,804	6.68
Clearing Members	44,353	0.30
OCB	94,680	0.64
NRI	1,02,547	0.70
Bank of New York (GDR issue)	5,67,000	3.86
Sub – Total (C)	94,20,378	64.13
GRAND TOTAL (A+B+C)	1,46,89,286	100.00

(k) Dematerialisation of shares and liquidity:

70.99% representing 1,04,28,190 Equity Shares were held in dematerialised form and the balance 29.01 % were in physical form as on 31st March, 2011.

(l) Outstanding GDRs

1,89,000 GDRs were Outstanding as on 31st March, 2011, 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 31st March, 2011.

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

(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 31st March, 2011.

Zero Coupon Optionally Fully Convertible Debenture Holders had a right to convert the same into Equity Shares of the Company 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 24th April, 2007.

(o) Outstanding Foreign Currency Convertible Bonds (FCCB)

248 Foreign Currency Convertible A Bonds of EURO10,000 each were Outstanding as on 31st March, 2011.

700 Foreign Currency Convertible B Bonds of EURO10,000 each were Outstanding as on 31st March, 2011.

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

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

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

(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 31st March, 2011, in terms of the Offering Memorandum dated 25th 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 31st March, 2011.

(q) Reconciliation of Share Capital Audit Report

In terms of the directives of the Security and Exchange Board of India, Reconciliation of Share Capital 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 dematerialisation 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 Reconciliation of Share Capital 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.

(r) 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	06.10.2007
2007-2008(18 Months)	16.03.2009 to 23.03.2009	5%	23.03.2009	31.03.2009
2009-2010	02.08.2010 to 12.08.2010	10%	12.08.2010	20.08.2010

* 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
2009-2010	12.08.2010	15.09.2010	14.09.2017

* Interim Dividend

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

(s) Plant Locations:

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

(t) Compliance Officer:

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

(u) 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.

(v) 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

(w) Management Discussion and Analysis Report:

Management Discussion and Analysis Report is part of Annual Report.

(x) Disclosures:

- (1) The Company has not entered into any transaction / agreement of a material nature with the promoters, the directors or the management, their relatives, etc. that may have any potential conflict with the interests of the Company.
- (2) Disclosure of Accounting Treatment: In the preparation of the financial statements, the Company has followed the Accounting Standard issued by the Institute of Chartered Accountants of India. The significant accounting policies which are consistently applied, are set out in the Notes to the Accounts.
- (3) Risk Management: Business risk evaluation and management is an ongoing process within the Company.
- (4) No penalty or strictures have been imposed on the Company by Stock Exchanges or SEBI or any statutory authorities or any matter related to capital markets during the last three years.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

K. CHANDRAN

Vice Chairman

ASHOK SHINKAR

Non-Executive Director

Mumbai, 30th May, 2011

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 31st March, 2011.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

K. CHANDRAN

Vice Chairman

ASHOK SHINKAR

Non-Executive Director

Mumbai, 30th May, 2011

CEO / CFO CERTIFICATE

The Vice Chairman(CEO, pursuant to the provisions of listing agreement), Chief Financial Officer(CFO, pursuant to the provisions of listing agreement) 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

GIRISH JUNEJA
Chief Financial Officer

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 year ended on 31st March, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the 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, 30th May, 2011

AUDITORS' REPORT

TO THE MEMBERS OF WANBURY LIMITED

- 1 We have audited the attached Balance Sheet of **WANBURY LIMITED** as at **31st March, 2011**, 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 31st March, 2011 and taken on record by Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956;
 - vi. Attention is invited to the following notes of Schedule 18 :
 - (a) Note No. 8 regarding investment in subsidiaries and other Company aggregating to Rs.3907.71 Lac advances against equity pending allotment of Rs.5,240.27 Lac and Rs.11,628.11 Lac being amount recoverable as at the year end for which no provision has been considered necessary by the management for the reasons stated in the aforesaid note.
 - (b) Note No. 16 regarding excess managerial remuneration of Rs. 63.45 Lac is subject to the approval of the Central Government for which application is being made.

In respect of (a) above, we are unable to express an opinion as to whether any provision for diminution in the value of aforesaid investments and the non recoverability of aforesaid dues, is necessary, and the consequential effect thereof on the loss for the year and on the asset and reserves, stated in the balance sheet. Had the effect of (b) above been given, the loss for the year would have been lower by Rs.63.45 Lac and assets and reserves would have been higher by Rs. 63.45 Lac.
 - vii. Subject to Para (vi) above, 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 **31st March, 2011**;
 - (b) In the case of the Profit & Loss Account, of the loss for the year ended on that date; and
 - (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

NIKHIL PATEL
Partner
Membership No.: 37032

Mumbai, 30th May, 2011

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in the paragraph 3 of our report of even date to the Members of **Wanbury Limited** on the accounts for the year ended on 31st March, 2011)

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 needs 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 31st March, 2011 for a period of more than six months from the date they became payable except in respect of income tax of Rs.170.18 Lac, profession tax of Rs.4.34 Lac 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 Lac relating to the F.Y. 2002-03 which is pending before the Sales Tax Appellate Tribunal, Andhra Pradesh.

10. The Company does not have accumulated losses as at the end of the financial year and has incurred cash losses during the current financial year. However, the Company has not incurred cash losses 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 the delay in repayment of principal aggregating to Rs.2,769.61 Lac ranging from 1 to 151 days and interest aggregating to Rs.1,214.36 Lac ranging from 1 to 182 days in respect of dues to financial institutions and Rs.443.67 Lac dues to debenture holders as referred to in Note .3 of Schedule 18 (also refer note 6 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. 7 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.

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

NIKHIL PATEL
Partner
Membership No.: 37032

Mumbai, 30th May, 2011

BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule No.	As At 31.03.2011 (Rs. in Lacs)	As At 31.03.2010 (Rs. in Lacs)
SOURCES OF FUNDS			
SHAREHOLDERS FUNDS			
Share Capital	1	1,468.93	1,468.93
Reserves & Surplus	2	14,046.13	17,024.48
		15,515.06	18,493.41
LOAN FUNDS			
Secured Loans	3	28,855.43	26,326.93
Unsecured Loans	4	6,814.40	5,791.34
		35,669.83	32,118.27
Deferred Sales Tax Liability		25.34	31.94
TOTAL		51,210.23	50,643.62
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	5	28,563.71	27,528.36
Less: Depreciation / Amortisation		6,575.13	5,479.50
Net Block		21,988.58	22,048.86
Add : Capital Work in Progress		1,074.92	1,501.32
		23,063.50	23,550.18
INVESTMENTS	6	10,471.57	10,172.31
CURRENT ASSETS			
Inventories	7	3,638.94	3,235.61
Sundry Debtors	8	6,556.51	8,222.74
Cash & Bank Balances	9	759.25	1,042.20
Loans & Advances	10	18,202.80	14,465.79
		29,157.50	26,966.34
Current Liabilities	11	10,158.96	8,536.05
Provisions	12	1,323.38	1,509.16
		11,482.34	10,045.21
Net Current Assets		17,675.16	16,921.13
TOTAL		51,210.23	50,643.62
Accounting Policies	17		
Notes to Accounts	18		

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

NIKHIL PATEL
Partner
Mumbai, 30th May, 2011

For and on behalf of the Board

K. CHANDRAN
Vice Chairman

GIRISH JUNEJA
Chief Financial Officer

ASHOK SHINKAR
Non-Executive Director

PANKAJ B. GUPTA
Company Secretary

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedule No.	For the Year ended 31.03.2011 (Rs. in Lacs)	For the period ended 31.03.2010 (Rs. in Lacs)
INCOME			
Gross Sales		31,514.25	35,475.00
Less : Excise Duty		514.76	364.18
Net Sales		30,999.49	35,110.82
Other Income	13	594.82	2,476.65
TOTAL INCOME		31,594.31	37,587.47
EXPENDITURE			
Cost of Materials	14	14,762.89	14,679.40
Personnel Cost	15	5,717.68	5,159.17
Other Expenses	16	10,126.32	11,399.53
Interest (Net)		2,304.93	2,337.20
Depreciation, Amortisation & Impairment		1,137.98	1,182.35
Less : Transferred from Revaluation Reserve		232.27	324.41
		905.71	857.94
TOTAL EXPENDITURE		33,817.53	34,433.24
PROFIT/(LOSS) BEFORE TAX		(2,223.22)	3,154.23
Less : Provision for taxation			
- Current Tax		1.32	573.77
- MAT Credit Entitlement		-	(536.06)
- Income Tax of Earlier Years		2.16	124.37
PROFIT /(LOSS) AFTER TAX		(2,226.70)	2,992.15
Profit brought forward from Previous Year		5,931.68	3,110.82
Amount available for Appropriation		3,704.98	6,102.97
APPROPRIATIONS			
Proposed Dividend		-	146.89
Tax on Dividend		-	24.40
Short Provision of Dividend of Earlier Year			
Balance carried to Balance Sheet		3,704.98	5,931.68
		3,704.98	6,102.97
Earning Per Share			
- Basic and Diluted (in Rs.)		(15.16)	20.37
- Face Value of Equity Share (in Rs.)		10.00	10.00
Accounting Policies	17		
Notes to Accounts	18		

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

For and on behalf of the Board

K. CHANDRAN
Vice Chairman

ASHOK SHINKAR
Non-Executive Director

NIKHIL PATEL
Partner
Mumbai, 30th May, 2011

GIRISH JUNEJA
Chief Financial Officer

PANKAJ B. GUPTA
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	For the Year ended 31.03.2011 (Rs. in Lacs)	For the period ended 31.03.2010 (Rs. in Lacs)
A Cash flows from Operating Activities		
Net Profit/(Loss) before Tax	(2,223.22)	3,154.23
Adjustments for:		
Depreciation	905.71	857.94
(Profit)/Loss on Sale of Assets	31.76	(3.79)
Gain on Purchase of FCCBs	-	(248.85)
Provision for Doubtful Debts	50.00	79.55
Forex Loss Adjusted Against Provision	(20.00)	(2,206.34)
Provision for Forex Loss Created (W/back)	-	(1,273.66)
Interest Charges	2,304.93	2,337.20
Amounts Written Off(Net)	55.80	74.93
Operating Profit/(Loss)before Working Capital Changes	1,104.98	2,771.21
Adjustments for:		
Trade & Other Receivables	(1,983.29)	(2,314.67)
Inventories	(403.33)	373.24
Trade Payables	1,115.18	(205.29)
Cash Generated from Operations.	(166.46)	624.49
Direct Taxes (Paid) / Refund (Net)	(209.94)	(48.77)
Net Cash generated from/(used in) Operating Activities	(376.40)	575.72
B Cash flows from Investing Activities		
Purchase of Fixed Assets	(720.26)	(895.09)
Sale of Fixed Assets	39.41	15.49
Investments	(16.86)	(2,125.18)
Advance pending allotment of shares (Net)	(282.40)	554.63
Net Cash generated from/(used in) Investing Activities	(980.11)	(2,450.15)
C Cash flows from Financing Activities		
Interest paid	(2,304.40)	(2,319.51)
Increase /(Decrease) in Borrowings	3,544.96	2,521.83
Gain on Purchase of FCCBs	-	248.85
Dividend & Tax on Dividend	(167.00)	(52.10)
Net Cash generated from/(used in) Financing Activities	1,073.56	399.07
Net increase /(decrease) in cash & cash equivalents	(282.95)	(1,475.35)
Cash and Cash equivalents as at the beginning of the year	1,042.20	2,517.55
Cash and Cash equivalents as at the end of the year	759.25	1,042.20

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, 30th May, 2011

For and on behalf of the Board

K. CHANDRAN
Vice Chairman

GIRISH JUNEJA
Chief Financial Officer

ASHOK SHINKAR
Non-Executive Director

PANKAJ B. GUPTA
Company Secretary

SCHEDULES FORMING PART OF THE ACCOUNTS

	31.03.2011 (Rs. in Lacs)	31.03.2010 (Rs. in Lacs)
SCHEDULE - 1 SHARE CAPITAL		
Authorised		
3,00,00,000 Equity Shares of Rs. 10/- each	3,000.00	3,000.00
20,00,000 Preference Shares of Rs. 100/- each	2,000.00	2,000.00
	5,000.00	5,000.00
Issued, Subscribed and Paid-Up		
1,46,89,286 Equity Shares of Rs. 10/- each fully paid-up	1,468.93	1,468.93
	1,468.93	1,468.93
Notes:		
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 shares are represented by 1,89,000 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.		
SCHEDULE - 2 RESERVES AND SURPLUS		
Capital Reserve Account		
Balance as per last Balance Sheet	683.41	683.41
Securities Premium Account		
Balance as per last Balance Sheet	3,500.24	3,450.45
Add : Write back of Premium on FCCB Purchased & Cancelled	-	603.77
Add : Exchange Gain on Premium payable on FCCB	-	77.08
	3,500.24	4,131.30
Less : Exchange Loss on Premium payable on FCCB	48.71	-
Less : Pro rata Premium on FCCB	468.47	631.06
	2,983.06	3,500.24
Revaluation Reserve		
Balance as per last Balance Sheet	5,426.34	1,464.57
Add : Assets Revalued during the year	-	5,426.34
Less : Amortisation /Impairment during the year	232.27	324.41
Reversal	2.20	1,140.16
	5,191.87	5,426.34
General Reserve		
Balance as per last Balance Sheet	1,070.56	1,070.56
Debenture Redemption Reserve		
Balance as per last Balance Sheet	412.25	412.25
Profit & Loss Account		
	3,704.98	5,931.68
	14,046.13	17,024.48

SCHEDULES FORMING PART OF THE ACCOUNTS

	31.03.2011 (Rs. in Lacs)	31.03.2010 (Rs. in Lacs)
SCHEDULE - 3 SECURED LOANS		
Debentures		
Zero Coupon Non Convertible Redeemable Debentures (NCD)	152.67	152.67
Zero Coupon Optionally Fully Convertible Debentures (OFCD)	581.99	581.99
	<u>734.66</u>	<u>734.66</u>
Term Loans		
- Rupee Loans	9,640.86	11,676.58
- Foreign Currency Loans	2,657.96	2,759.93
	<u>12,298.82</u>	<u>14,436.51</u>
Working Capital Loans		
- Rupee Loans	15,565.87	8,923.20
- Foreign Currency Loans	-	1,987.30
	<u>15,565.87</u>	<u>10,910.50</u>
Other Loans		
	256.08	245.26
	<u>28,855.43</u>	<u>26,326.93</u>

Notes :

- 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 previous 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 1st November, 2008 and 30th April, 2012 into equity shares 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 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.
- 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.
- 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) Private Limited in addition to guarantee by Expert Chemicals (India) Private Limited and a director of the Company.
- Other loans are secured by hypothecation of assets acquired against respective loans.
- Term loans and other loans include payable within a year Rs.4,401.39 Lacs (Pr. Yr. Rs 4,017.54 Lacs).

SCHEDULES FORMING PART OF THE ACCOUNTS

	31.03.2011 (Rs. in Lacs)	31.03.2010 (Rs. in Lacs)
SCHEDULE - 4 UNSECURED LOANS		
Foreign Currency Convertible Bonds		
248 1% Unsecured Foreign Currency Convertible A Bond of Euro 10,000/- each	1,568.35	1,501.89
700 1% Unsecured Foreign Currency Convertible B Bond of Euro 10,000/- each	4,426.80	4,239.20
	<u>5,995.15</u>	<u>5,741.09</u>
Inter Corporate Deposits	769.00	-
From Banks/Financial Institutions		
Rupee Loan	50.25	50.25
	<u>6,814.40</u>	<u>5,791.34</u>
Note : Due within a year Rs. 819.25 Lacs (Pr. Yr. Rs.50.25 Lacs)		
SCHEDULE - 6 INVESTMENTS		
1. Long Term		
a. Trade - Quoted		
1,800 Equity Shares of Bank of India of Rs. 10/- each [Market value Rs. 8.60 Lacs (Pr. Yr. Rs 6.13 Lacs)]	0.81	0.81
b. Trade - Unquoted		
706 Equity Shares of The Saraswat Co-op. Bank Ltd. of Rs. 10/- each.	0.07	0.07
100 Equity Shares of The Shamrao Vithal Co-op. Bank Ltd. of Rs. 25/- each.	0.03	0.03
12,71,250 Equity Shares of Bravo Healthcare Limited of Rs 10 each.	53.40	53.40
c. Non Trade - Unquoted		
i) In Subsidiary Companies		
6,489 Ordinary Shares of Wanbury Holding B. V. of Euro 1,000 each. (Pledged with Banks against loan given to the Cantabria Pharma S.L.)	3,849.02	3,849.02
13,260 Shares of Ningxia Wanbury Fine Chemicals Company Limited of USD 1 each.	5.29	5.29
5 Shares of Wanbury Global FZE of AED 1,00,000 each	68.33	68.33
Quasi Share Capital of Wanbury Global FZE	1,254.35	1,237.49
2. Advance for Investment Pending Allotment		
Wanbury Holding B. V.	5,240.27	4,957.87
	<u>10,471.57</u>	<u>10,172.31</u>
Acquired and Sold During the year	No of Shares	Acquisition Cost (Rs in Lacs)
Equity Shares of Rs.10 Each		
Beond Pharma Limited	50,000	5.00

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE - 5 FIXED ASSETS

DESCRIPTION	GROSS BLOCK						DEPRECIATION / AMORTISATION			NET BLOCK	
	As at 1-Apr-10	Additions	Revaluation	Deductions	As at 31-Mar-11	As at 1-Apr-10	For the year	Deductions	As at 31-Mar-11	As at 31-Mar-10	
	(Rs. in Lacs)										
Freehold Land	4,739.81	-	-	-	4,739.81	-	-	-	4,739.81	4,739.81	
Lease Hold Land & Land Development Expenses	485.54	-	-	-	485.54	8.07	5.94	-	471.53	477.47	
Factory Buildings	3,533.23	40.27	-	-	3,573.50	463.26	88.95	-	3,021.29	3,069.97	
Plants, Machines & Equipments	15,474.56	872.58	-	34.06	16,313.08	3,602.58	811.06	11.39	11,910.83	11,871.98	
Furnitures & Fixtures	479.42	20.19	-	-	499.60	155.68	25.66	-	318.26	323.74	
Vehicles	559.64	67.04	-	73.25	553.43	178.62	52.41	30.81	363.21	381.04	
Office Equipments	379.05	6.79	-	4.00	381.84	115.00	16.25	0.15	250.74	264.04	
Electrical Installations	145.54	-	-	-	145.54	29.81	6.90	-	108.83	115.73	
Computers	418.77	39.57	-	-	458.34	218.70	50.41	-	189.23	200.07	
Office Premises	243.00	-	-	-	243.00	46.46	-	-	196.54	196.54	
R & D Building	400.22	-	-	-	400.22	223.17	-	-	177.05	177.05	
Intangibles :											
- Brands	370.00	-	-	-	370.00	259.01	37.00	-	73.99	110.99	
- Softwares	295.15	100.22	-	-	395.38	174.71	43.40	-	177.27	120.44	
- Technical Knowhow	4.43	-	-	-	4.43	4.43	-	-	0.00	0.00	
Total	27,528.36	1,146.66	-	111.31	28,563.71	5,479.50	1,137.98	42.35	21,988.58	22,048.88	
Previous Year	25,291.07	866.19	4,286.18	2,915.08	27,528.36	7,200.53	1,182.35	2,903.38	1,074.92	1,501.32	
Add : Capital Work in Progress										23,550.20	
									TOTAL		

Notes :

1. Additions to Fixed Assets includes items of assets aggregating to Rs. 82.85 Lac (Pr. Yr. Rs. 28.33 Lac) located at Research and Development centers of the Company.
2. The title deeds of the immovable properties transferred pursuant to the Scheme of Merger are yet to be transferred in the name of the Company.
3. Capital Work in Progress includes Machinery under installation. Advance against Capital Expense, Construction material purchases and other assets under erection.

SCHEDULES FORMING PART OF THE ACCOUNTS

	31.03.2011 (Rs. in Lacs)	31.03.2010 (Rs. in Lacs)
SCHEDULE - 7 INVENTORIES		
<i>(As taken, valued and certified by the management)</i>		
Raw & Packing Materials	650.20	554.11
Work in Process	2,121.03	1,964.31
Finished / Traded Goods	855.19	704.33
Fuel	12.52	12.86
	3,638.94	3,235.61
SCHEDULE - 8 SUNDRY DEBTORS		
Over six months		
- Considered Good	1,674.63	1,439.32
- Considered Doubtful	164.00	114.00
	1,838.63	1,553.32
Other debts	4,881.87	6,783.42
	6,720.51	8,336.74
Less : Provision for Doubtful Debts	164.00	114.00
	6,556.51	8,222.74
SCHEDULE - 9 CASH & BANK BALANCES		
Cash in Hand	12.15	13.66
Balance with Scheduled Banks		
In Current Accounts	158.93	328.64
In Deposit Accounts *	588.17	699.90
	759.25	1,042.20
<i>* Under Lien With Banks and Government Authorities</i>		
SCHEDULE - 10 LOANS AND ADVANCES		
<i>(Unsecured, Considered Good)</i>		
Loans Given*	12,496.31	7,689.17
Advances recoverable in cash or in kind or for value to be received*	2,819.20	4,165.94
Deposits	383.10	368.31
MAT Credit Entitlement	948.61	948.61
Income Tax Paid	435.55	241.81
Balance with Excise & Custom Authorities	1,120.03	1,051.95
	18,202.80	14,465.79
<i>*Include dues from subsidiary companies Rs. 4,406.53 Lacs (Pr. Yr. Rs. 2,316.22 Lacs)</i>		

SCHEDULES FORMING PART OF THE ACCOUNTS

	31.03.2011 (Rs. in Lacs)	31.03.2010 (Rs. in Lacs)
SCHEDULE - 11 CURRENT LIABILITIES		
Sundry Creditors	6,002.30	6,151.13
Other Liabilities	4,131.00	2,363.54
Unpaid Dividend *	25.66	21.37
	10,158.96	8,536.04
* There are no amounts due and outstanding to be credited to 'Investor Education and Protection Fund' as on 31.03.2011		
SCHEDULE - 12 PROVISIONS		
For Forex Loss	-	20.00
For Leave Benefits	277.54	272.66
For Gratuity	225.60	216.23
For Proposed Dividend	-	146.89
For Tax on Dividend	-	24.40
For Income Tax	818.92	824.58
For Wealth Tax	1.32	4.40
	1,323.38	1,509.16
SCHEDULE - 13 OTHER INCOME		
Insurance Claim	8.88	10.30
Profit on Sale of Fixed Assets	-	3.79
Export Incentives	208.74	383.87
Interest from Banks	41.39	36.26
[Tax deducted at source Rs.4.43 Lacs (Pr. Yr. Rs. 3.57 Lacs)]		
Processing Charges	315.49	268.90
[Tax deducted at source Rs. 4.24 Lacs (Pr. Yr. Rs. 4.53 Lacs)]		
Interest from Others	1.14	0.07
[Tax deducted at source Rs.0.24 Lac (Pr. Yr. Rs. Nil)]		
Exchange Gain	19.16	1,508.66
Gain on Buy Back of FCCB	-	248.85
Miscellaneous Income	0.02	15.95
	594.82	2,476.65

SCHEDULES FORMING PART OF THE ACCOUNTS

	31.03.2011 (Rs. in Lacs)	31.03.2010 (Rs. in Lacs)
SCHEDULE - 14 COST OF MATERIALS		
A) Raw & Packing Materials		
Opening Stock	554.11	933.97
Add: Purchases	11,104.44	9,224.81
	11,658.55	10,158.78
Less: Closing Stock	650.20	554.11
	11,008.35	9,604.67
B) Purchase of Traded Goods		
	4,062.12	5,089.74
C) (Increase)/Decrease in Inventories		
Opening Stock		
- Work in Process	1,964.31	1,825.26
- Finished/Traded Goods	704.33	828.37
	2,668.64	2,653.63
Closing Stock		
- Work in Process	2,121.03	1,964.31
- Finished/Traded Goods	855.19	704.33
	2,976.22	2,668.64
(Increase)/Decrease	(307.58)	(15.01)
	14,762.89	14,679.40
SCHEDULE - 15 PERSONNEL COST		
Salaries, Wages, Bonus and Allowances	5,208.71	4,674.28
Contribution to Provident and Other Funds	342.95	331.39
Staff Welfare Expenses	166.02	153.50
	5,717.68	5,159.17

SCHEDULES FORMING PART OF THE ACCOUNTS

	31.03.2011 (Rs. in Lacs)	31.03.2010 (Rs. in Lacs)
SCHEDULE - 16 OTHER EXPENSES		
Processing Charges	139.96	62.99
Power & Fuel	1,579.41	1,438.17
Stores & Spares	354.67	424.47
Water Charges	33.31	39.96
Repairs & Maintenance		
- Buildings	14.12	26.83
- Plant & Machinery	110.97	61.68
- Others	95.72	98.26
Commission On Sales	429.86	556.62
Excise Duty	56.18	58.27
Delivery & Packing Charges	172.05	222.01
Carriage Outward	698.99	465.93
Advertisement & Sales Promotional Expenses	2,524.58	3,703.67
Cash Discount	87.95	75.19
Breakages & Expiry	492.20	342.42
Rent, Rates & Taxes	358.26	353.53
Travelling & Conveyance	1,410.75	1,339.10
Postage, Telegram & Telephone	168.67	154.52
Printing & Stationery	54.80	74.08
Provision for Doubtful Debts	50.00	79.55
Donation	6.28	4.78
Insurance	66.30	62.13
Legal & Professional Charges	421.02	862.56
Analytical Charges	4.68	19.93
Amounts Written Off (Net)	55.80	74.93
Loss on sale of Fixed Assets	31.76	-
Miscellaneous Expenses	708.03	797.95
	10,126.32	11,399.53

SCHEDULES FORMING PART OF THE ACCOUNTS

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 period 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 / Amortisation:

- 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.
- 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 year in which an asset is identified as impaired. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

g) Borrowing Costs:

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

SCHEDULES FORMING PART OF THE ACCOUNTS

A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

h) Inventories:

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

SCHEDULES FORMING PART OF THE ACCOUNTS

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.

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.2,730.27 Lacs (Rs. 3,950.02 Lacs).
- b) Bank Guarantees issued Rs.33.09 Lacs (Rs.19.18 Lacs).
- c) Disputed demands by Income Tax Authorities Rs. 40.43 Lacs (Rs. 40.43 Lacs). Amount paid there against and included under the head Loans and Advances Rs.40.43 Lacs (Rs.40.43 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. 1,098.23 Lacs (Rs. 860.21 Lacs).
- e) Estimated amounts of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 105.99 Lacs (Rs. 65.16 Lacs).
- f) Guarantees given to banks/financial institutions for loans given to subsidiaries Rs.25,296 Lacs (Rs. 24,224 Lacs). Loans outstanding at the year-end Rs. 15,007.66 Lacs (Rs. 14,773.71 Lacs).
- g) Guarantees given to banks/financial institutions for loans given to Associate Company Rs. 2,700.00 Lacs (Rs. 2,700.00 Lacs). Loans outstanding at the year-end Rs. 1,555.15 Lacs (Rs. 1,719.29 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 24th April, 2007, passed by Hon'ble Board for Industrial and Financial Reconstruction (BIFR).

The Hon'ble Supreme Court vide its order dated 16th 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 16th 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 a fresh pursuant to the directions of the Hon'ble Supreme Court in its order dated 16th May, 2008.

As per BIFR Order dated 24th 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 instalments and the Company has pursuant to the scheme, allotted Non Convertible Debentures (NCDs) of Rs.242.50 Lacs and Optionally Fully Convertible Debentures (OFCDs) of Rs.582 Lacs, to some of the lenders of erstwhile PPIL, out of which dues amounting to Rs.152.67 Lacs and Rs.291 Lacs in respect of NCDs and OFCDs respectively, remains payable at the 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 of fixed period loan Rs. 1,712.83 Lacs (Rs. 1,910.67 Lacs). Interest expense is net of interest income amounting to Rs. 1,218.13 Lacs (Rs. 594.61 Lacs).

SCHEDULES FORMING PART OF THE ACCOUNTS

5. The Company had separate IBIS software for formulation sales accounting which has been switched over to SAP. Further, the Company has changed from DCB Model to Distributionship Model (C&F) for selling formulation products. Consequently, sundry debtors pertaining to formulation business are subject to confirmation, reconciliations and adjustments, if any. Balances of debtors, creditors, loans and advances are subject to confirmation/ reconciliation and adjustments, if any.
6. The Company's application for a proposed restructuring of its debts with a cut-off date of 30th September, 2010 was admitted to the Corporate Debt Restructuring (CDR) mechanism on 6th December, 2010. The Restructuring scheme approved by CDR Empowered Group (CDR EG) vide letter of approval (LOA) dated 23rd May, 2011 is to be implemented within four months from the date of LOA. Pending implementation of restructuring scheme CDREG has approved implementation of "Holding On Operations", pursuant to which banks are forbidden to collect any interest/principal from the Company w.e.f 1st October, 2010. Since restructuring scheme will be effective upon its implementation, no effect is given in the accounts.
7. a) The Company has issued on 20th April 2007, 800 Nos. 1% Unsecured Foreign Currency Convertible A Bonds ("A Bonds") and 700 Nos. 1% Unsecured Foreign Currency Convertible B Bonds ("B Bonds") of face value of EURO 10,000 each maturing on 23rd April, 2012 and 17th December, 2012 respectively.
- The A Bonds are convertible at the option of the holders of such bonds, unless previously redeemed or purchased and cancelled, into equity shares of 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 9th March, 2012.
- The B Bonds are convertible at the option of the holders of such bonds, unless previously redeemed or purchased and cancelled, into equity shares of face value Rs.10 each at a premium of Rs.128.43, being reset conversion price of Rs. 138.43 at a fixed exchange rate of Rs. 57.22 to EURO 1 and such option is exercisable till 5th November, 2012.
- The Company may, at the option of any holders of any Bonds, repurchase at the Early Redemptions Amount, together with accrued and unpaid interest.
- 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 previous year ended on 31st March, 2010, the 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 had been credited to the Profit & Loss Account and Rs.603.77 Lacs, being premium provided on aforesaid bonds had been reversed by crediting to Securities Premium Account, in the previous year ended 31 st March, 2010.
- 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 25th April, 2007.
8. The Company has invested Rs.53.40 Lacs (Rs.53.40 Lacs) in equity shares of Bravo Healthcare Limited (BHL) and also given loan and advances aggregating to Rs. 7,221.58 Lacs (Rs.4,711.75 Lacs). Networth of BHL has been negative as per audited accounts for the year ended 31st March, 2010.
- The Company has invested Rs. 5.29 (Rs.5.29 Lacs) 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. 104.96 (Rs. 45.69 Lacs). Networth of Ningxia has been negative as per audited accounts for the year ended 31st March, 2011.
- The Company has invested Rs. 3,849.02 Lacs (Rs. 3,849.02 Lacs) in ordinary shares of Wanbury Holding B.V. ("WHBV"), a

SCHEDULES FORMING PART OF THE ACCOUNTS

wholly-owned subsidiary, which is created for making investment in step down subsidiaries and has given advances of Rs. 5,240.27 Lacs (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 & advances to the CP. Further, the Company has also receivable from CP of Rs. 4,301.57 Lacs (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.

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, 2011 to Micro, Small and Medium Enterprises on account of principal amount aggregate to Rs. 167 Lacs (Rs. 178.55 Lacs) [including overdue amount of Rs. 154.90 Lacs (Rs. 100.11 Lacs)] and interest due thereon is Rs. 10.77 Lacs (Rs. 3.40 Lacs) 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. 1.31 Lacs (Rs. 0.45 Lac) for wealth tax.
11. In respect of Deferred Sales Tax Liability, due within a year is Rs. 4.13 Lacs (Rs.6.59 Lacs).
12. The Company has reversed revaluation of brands as on 31st March, 2010, and hence, Rs. 1,140.16 Lacs, being in Revaluation Reserve, has been adjusted against value of the Brands in the previous year ended 31st March, 2010.
13. The deferred tax assets/(liabilities) arising out of timing differences comprise of the following major components:

Particulars	31.03.2011 Rs. In Lacs	31.03.2010 Rs. In Lacs
Liabilities:		
Depreciation	(2,251.21)	(2,152.83)
Assets:		
43 B Disallowance and other deferments	163.24	162.40
Unabsorbed Depreciation Business Loss restricted to deferred Tax Liabilities	2,087.97	1,990.43
Deferred Tax Assets Restricted to	2,251.21	2,152.83
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	31.03.2011 Rs. In Lacs	31.03.2010 Rs. In Lacs
Opening Balance	3.23	Nil
Add: Incurred in the current year :		
- Salaries and allowances	57.19	71.22
- Contribution to Provident & Other funds	Nil	2.64
Travelling	Nil	0.92
Total	60.42	74.77
Less: Capitalised to fixed assets	60.42	71.55
Closing Balance	Nil	3.22

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

For the Financial Year 2009-2010 the Company has paid dividend in respect of shares held by Non-Resident Shareholders on repatriation basis. Further Financial Year 2009-10 figures inter-alia includes portfolio investment and direct investment, where the amount is also credited to Non-Resident External A/c (NRE A/c). The exact amount of dividend remitted in foreign currency cannot be ascertained. The Company has not paid any dividend for the Financial Year 2008-2009. The total amount remitted in

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this respect is given below:

Particulars	31.03.2011	31.03.2010
Year to which the Dividend relates	2009-10	2008-09
Number of non-resident shareholders	223	N.A
Number of shares held by them	37,74,270	N.A
Amount of dividend (Rs. in Lacs)	37.74	N.A

16. (a) Managerial Remunerations:

Particulars	31.03.2011 Rs. In Lacs	31.03.2010 Rs. In Lacs
Salary & Allowances	176.45	349.50
Contribution of P.F. & Other Funds	13.10	19.62
TOTAL	189.55	369.12

Notes:

- i) The Company has paid excess remuneration of Rs 63.45 Lacs for the year ended 31st March 2011 as compared to remuneration payable under the provisions of Schedule XIII of the Companies Act, 1956 which is subject to approval of the Central Government. The Company is in the process of making application for the same. Pending such approval excess amount as aforesaid has been charged to the Revenue.
- ii) Above excludes provision for the future liabilities in respect of retirement benefits, which are based on actuarial valuation done on overall Company basis.

(b) Sitting fees to directors Rs.3.48 Lacs (Rs. 6.94 Lacs).

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

Particulars	31.03.2011 Rs. In Lacs	31.03.2010 Rs. In Lacs
Profit/(Loss) Before Tax	(2,223.22)	3,154.23
Add: Remuneration to Directors	176.45	349.50
Director' Sitting Fees	3.48	6.94
(Profit)/ Loss on sale of Fixed Assets	31.76	(3.79)
Net Profit/(Loss) as per Section 349	(2,011..53)	3,506.91

17. Details of Auditors' Remuneration :

Particulars	31.03.2011 Rs. In Lacs	31.03.2010 Rs. In Lacs
A) Statutory Auditor's Remuneration		
- Audit Fees	9.5	9.50
- Certification & Other Matters	5.78	6.30
- Out of Pocket Expenses	0.14	0.28
TOTAL	15.42	16.08
B) Branch Auditors' Remuneration	0.6	0.40
C) Cost Audit Fees	0.75	0.75

Note: Above figures are exclusive of service tax.

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18. a) Earning in Foreign Currency :

Particulars	31.03.2011 Rs. In Lacs	31.03.2010 Rs. In Lacs
FOB Value of Exports	11,663.85	13,731.94
Freight, Insurance, etc.	342.68	206.90
Others	Nil	6.72

b) CIF Value of Imports:

Particulars	31.03.2011 Rs. In Lacs	31.03.2010 Rs. In Lacs
Raw Materials [Including High Seas purchases Rs. 84.51 Lacs (Rs. 76.69 Lacs)]	3,655.59	3,243.73
Capital Goods	15.16	22.48

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

Particulars	31.03.2011 Rs. In Lacs	31.03.2010 Rs. In Lacs
Interest	289.17	286.60
Commission Expense	50.61	129.03
Legal & Professional Fees	7.65	92.87
Other Expenses (including travelling and business promotion)	193.78	400.69

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.575.73 Lacs (Rs.576.87 Lacs).

20. Earning Per Share :

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

Particulars	31.03.2011	31.03.2010
Profit/ (Loss) after Tax - Rs. In Lacs	(2,226.70)	2,992.15
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	10
Earning / (Deficit) Per Share (Basic & Diluted) Rs.	(15.16)	20.37

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 "Employees 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.

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

Particulars	31.03.2011 Rs. In Lacs	31.03.2010 Rs. In Lacs
Provident Fund, Employee's Pension Scheme and MLWF	243.20	233.05
Employees State Insurance	10.19	6.22
Super Annuation Fund	3.78	4.35
TOTAL	257.17	243.62

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 Plan) based on actuarial reports as on 31st March 2011.

Particulars	31.03.2011 Rs. in Lacs	31.03.2010 Rs. in Lacs
a) Changes in Defined Benefit Obligation		
Opening defined benefit obligation	236.85	174.21
Current service cost	56.91	63.67
Interest cost	19.54	14.81
Actuarial loss / (gain)	(38.44)	8.38
Benefit (paid)	(24.56)	(24.23)
Closing defined benefit obligation	250.29	236.85
b) Changes in Fair Value of Assets		
Opening fair value of plan assets	20.62	16.34
Expected return on plan assets	1.89	1.54
Actuarial gain / (loss)	(1.11)	(0.66)
Contributions of employer	10.00	6.82
Benefits (paid)	(6.71)	(3.41)
Closing fair value of plan assets	24.69	20.62

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Particulars	31.03.2011 Rs. in Lacs	31.03.2010 Rs. in Lacs
c) Amount recognised in the Balance Sheet		
Present value of the obligations as at year end	250.29	236.85
Fair value of the plan assets as at year end	24.69	20.62
Net (asset) / liability recognised as at year end	225.60	216.23
d) Expenses recognised in the Profit and Loss Account		
Current service cost	56.91	63.67
Interest on defined benefit obligations	19.54	14.80
Expected return on plan assets	(1.89)	(1.53)
Net actuarial loss / (gain) recognised in the current year	(37.33)	(9.04)
Total Expense	37.23	85.99
e) Asset information		
Government of India Securities	-	-
Equity Shares of listed companies	-	-
Property	-	-
Bank Balance	-	-
Funds managed by Insurer	100%	100%
f) Principal actuarial assumptions used		
Discount rate (p.a.)	8.25%	8.5%
Expected rate of return on plan assets (p.a.)	8.5%	8.5%
Annual increase in salary cost (p.a.)	7%	7%

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. During the previous year, the Company has revalued leasehold land & development expenses, factory buildings, plant, machinery & equipments, furniture & fixture, office equipments & electrical installations at the manufacturing locations at Tarapur, Patalganga, Tanaku and R&D Centre at Turbhe as on 31st March, 2011. 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 in the previous year ended 31st March, 2010.
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. 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 31.03.2011	As At 31.03.2010
US \$	Sell	Indian Rupees	Nil	4.4 Lacs

Note: FCCB of Euro 94.8 Lacs (Euro 94.8 Lacs) are convertible at a fixed exchange rate (refer Note No.6 above).

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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
Assets			
Trade Receivables	EURO	3.34	211.04
		(6.77)	(409.98)
	GBP	Nil	Nil
Loans and Advances	USD	(1.16)	(78.75)
		42.40	1,893.28
	EURO	(64.91)	(2,930.04)
Advance pending allotment of shares	EURO	68.02	4,301.57
		(37.49)	(2,270.53)
	GBP	0.04	2.68
Bank Balance	JPY	(Nil)	(Nil)
		2.28	1.23
	EURO	(Nil)	(Nil)
Trade Payables	EURO	85.70	5,240.27
		(81.04)	(4,957.87)
	EURO	0.01	0.63
Other Payables	USD	(Nil)	(Nil)
		0.04	2.02
	USD	(Nil)	(Nil)
Liabilities			
Secured Loans	USD	21.41	956.15
		(16.13)	(728.04)
	EURO	0.18	11.37
	GBP	(0.17)	(10.45)
	JPY	Nil	Nil
Unsecured Loans	GBP	(0.04)	(2.53)
		Nil	Nil
	USD	(22.78)	(11.04)
Interest accrued but not due	GBP	0.05	3.62
		(Nil)	(Nil)
	USD	59.53	2,657.96
Interest accrued but not due	EURO	(98.85)	(4,462.15)
		Nil	Nil
	GBP	(3.89)	(235.55)
Interest accrued but not due	EURO	Nil	Nil
		(0.73)	(49.53)
	USD	94.80	5,995.15
Interest accrued but not due	EURO	(94.80)	(5,741.09)
		0.24	14.99
	USD	(0.24)	(14.35)
Interest accrued but not due	USD	Nil	Nil
		(0.02)	(0.69)

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25. Mark to Market loss is Rs. Nil (Rs. 12.73 Lacs) in respect of foreign currency derivative instruments outstanding as at 31st March, 2011. 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 Nil (Rs. 20.00 Lacs) to meet the anticipated forex losses.

Provision for Foreign Exchange Losses

Particulars	31.03.2011 Rs in Lacs	31.03.2010 Rs in Lacs
Opening balances	20.00	3500.00
Additional Provision made during the period	Nil	Nil
Amount used during the period	20.00	2206.34
Unused amount reversed during the period	Nil	1273.66
Closing Balance	Nil	20.00

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. 315.29 Lacs (Rs. 219.27 Lacs) are recognised in the Profit and Loss Account under "Rent, Rates & Taxes" under Schedule-16.

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

Particulars	31.03.2011 Rs. in Lacs	31.03.2010 Rs. in Lacs
Not later than one year	231.68	232.44
Later than one year but not later than five years	120.75	310.87
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. 5,240.27 Lacs (Rs. 4,957.87 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	Rs. in Lacs	
	Outstanding as on 31.03.2011	Maximum balance outstanding during the period
Ningxia Wanbury Fine Chemicals Co. Ltd. – a subsidiary company	Nil (Rs.45.69)	Nil (Rs.45.69)

SCHEDULES FORMING PART OF THE ACCOUNTS

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

Particulars	Outstanding as on 31.03.2011	Rs. in Lacs
		Maximum balance outstanding during the period
Bravo Healthcare Ltd.	7,221.58	7,221.58
	(4,711.75)	(4,711.75)
Expert Chemicals (India) Pvt. Ltd.	692.63	1,247.02
	(1,114.90)	(1,114.90)
Cantabria Pharma S L - a subsidiary company	4,301.57	4,301.57
	(2,270.53)	(2,270.53)

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	14,71,551	905.86
	(25,89,889)	(1,563.95)
- its Subsidiary Company	1,000	381.28
	(1000)	Equivalent to Euro 5,94,000 (31.04)
		Equivalent to Euro 5,94,000

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 (Up to 31st Aug. 2010)
- Mr. Ashok Shinkar Whole-time Director (Up to 31st Dec. 2010)
- Dr. Rajaram Samant Whole-time Director (Up to 20th May. 2010)

SCHEDULES FORMING PART OF THE ACCOUNTS

B. Transactions carried out with related parties:

Sr. No. Transactions	Related Party Relation	31.03.2011 Rs. in Lacs	31.03.2010 Rs. in Lacs
1) Advances Given:			
Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	Nil	104.66
Ningxia Wanbury Fine Chemicals Co. Ltd	Subsidiary Company	Nil	271.84
Bravo Healthcare Ltd.	Associate Company	Nil	569.39
2) Advances Given Received Back:			
Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	424.15	Nil
3) Inter Corporate Deposits Given:			
Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	263.87	102.00
Cantabria Pharma SL	Subsidiary Company	1,388.58	1,274.33
Bravo Healthcare Ltd.	Associate Company	6,827.11	6,226.09
4) Repayment of Inter Corporate Deposits Given:			
Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	263.87	Nil
Cantabria Pharma SL	Subsidiary Company	Nil	65.15
Bravo Healthcare Ltd.	Associate Company	4,626.09	1,953.43
5) Inter Corporate Deposits Taken:			
Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	769.00	Nil
6) Interest on ICD Taken:			
Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	19.58	Nil
7) Expenses Reimbursed from:			
Cantabria Pharma SL	Subsidiary Company	34.60	59.68
Bravo Healthcare Ltd.	Associate Company	166.38	Nil
Wanbury Infotech Pvt Ltd.	Associate Company	Nil	31.73
8) Remuneration paid:			
Mr. K. R. N. Moorthy	Key Management Personnel	41.91	149.23
Mr. K. Chandran	Key Management Personnel	74.63	109.56
Mr. Ashok Shinkar	Key Management Personnel	63.45	71.73
Dr. Rajaram Samant	Key Management Personnel	9.55	38.60
9) Advances given for Investment:			
Wanbury Holding B. V.	Subsidiary Company	282.40	264.74
10) Investment:			
Wanbury Holding B. V.	Subsidiary Company	Nil	819.37
Wanbury Global FZE	Subsidiary Company	16.86	1,305.81
11) Purchase of Materials:			
Ningxia Wanbury Fine Chemicals Co. Ltd	Subsidiary Company	106.77	410.62
Bravo Healthcare Ltd.	Associate Company	340.33	582.17
12) Dividend Paid:			
Kingsbury Investment Inc.	Major Shareholders	30.24	Nil
Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	25.90	Nil
Magnum Equifin Pvt. Ltd.	Major Shareholders	5.00	Nil
13) Interest Income:			
Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	124.46	112.80
Bravo Healthcare Ltd.	Associate Company	552.72	192.81
Cantabria Pharma SL	Subsidiary Company	408.55	199.04

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Sr. No. Transactions	Related Party Relation	31.03.2011 Rs. in Lacs	31.03.2010 Rs. in Lacs
14) Information Technology Services taken: Wanbury Infotech Pvt. Ltd.	Associate Company	122.15	152.32
15) Conversion of Advance for Investment Pending Allotment to Inter Corporate Deposit Given: Bravo Healthcare Ltd.	Associate Company	Nil	3,830.54

C. Balances due from/to related parties

Sr. No. Particulars	Related Party Relation	31.03.2011 Rs. in Lacs	31.03.2010 Rs. in Lacs
1) Inter Corporate Deposits Given: Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	690.75	690.75
Cantabria Pharma SL	Subsidiary Company	3,777.09	1,803.30
Bravo Healthcare Ltd.	Associate Company	7,139.36	4,408.98
2) Inter Corporate Deposits Taken: Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	769.00	Nil
3) Loans and Advances Given: Ningxia Wanbury Fine Chemicals Co. Ltd.	Subsidiary Company	104.96	45.69
Cantabria Pharma SL	Subsidiary Company	524.48	467.23
Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	Nil	424.15
Bravo Healthcare Ltd.	Associate Company	82.23	302.77
4) Sundry Creditors / Other Liabilities: Wanbury Infotech Pvt. Ltd.	Associate Company	8.81	3.71
5) Advances for Investment : Wanbury Holding B.V.	Subsidiary Company	5,240.27	4,957.87
6) Interest Receivable: Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	1.88	Nil

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

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31. Consumption of Materials

a. Consumption of Raw Materials and Packing Materials

Item	Unit	31.03.2011		31.03.2010	
		Qty.	Rs. in Lacs	Qty.	Rs. in Lacs
DCDA	M.T.	4,263.13	3,313.51	4,009.78	3,047.94
DMA Hcl	M.T.	4,884.67	3,048.16	2,682.75	1,169.53
Methanol	M.T.	2,912.13	440.58	2,645.65	361.22
Others			4,206.10		5,025.98
Total			11,008.35		9,604.67
		%	Rs. in Lacs	%	Rs. in Lacs
Imported(including High Sea purchases)		34.31	3,777.33	36.09	3,466.35
Indigenous		65.69	7,231.02	63.91	6,138.32
Total		100.00	11,008.35	100.00	9,604.67
b. Consumption of Stores & Spares :					
		%	Rs. in Lacs	%	Rs. in Lacs
Imported		-	-	-	-
Indigenous		100.00	314.25	100.00	392.50
Total		100.00	314.25	100.00	392.50

32. Details of Installed Capacity and Production:

Class of Goods	Units of Measurement	Installed Capacity	Production
		Quantity	Quantity
Bulk Drugs	M.T.	9,654.00 p. a. (9,654.00) p. a.	7,456.22 (7,330.00)
Formulations			
- Tablets	No. in Lacs	5,400 p.a. (5,400) p.a.	Nil (Nil)
- Capsules	No. in Lacs	2,100 p.a. (2,100) p.a.	Nil (Nil)
- Dry Syrup (60 ML)	No. of Bottles in Lacs	60 p.a. (60) p.a.	Nil (Nil)
- Sachets (3&5 gm)	No. in Lacs	72 p.a. (72) p.a.	Nil (Nil)
- Sachets (22 gm)	No. in Lacs	60 p.a. (60) p.a.	Nil (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.

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

Class of Goods	Unit of Measurement	31.03.2011		31.03.2010		31.03.2009	
		Qty.	Rs. in Lacs	Qty.	Rs. in Lacs	Qty.	Rs. in Lacs
Bulk Drugs	M. T.	14.03	47.30	0.076	2.02	92.76	180.25
Formulations:							
Liquids	Kilo Ltrs.	57.81	142.71	55.63	130.74	30.89	108.82
Tablets	No. in Million	17.35	371.76	20.16	292.63	11.71	270.64
Vials	No. in Million	0.23	59.45	0.17	46.10	0.26	64.11
Capsules	No. in Million	14.13	174.79	9.74	136.67	5.17	125.36
Ampoule	No. in Million	0.26	39.77	0.31	37.77	0.22	55.87
Others		-	1.17	-	12.98	-	-
Processed Food							
Powders	Tonnes	5.06	17.00	6.06	43.56	7.01	21.82
Liquids	Kilo Ltrs.	0.47	1.24	0.73	1.83	0.59	1.49
Total			855.19		704.32		828.37

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

Class of Goods	Units of Measurement	31 st March, 2011		31 st March, 2011	
		Purchases during the period		Sales during the period	
		Quantity	Rs. in Lacs	Quantity	Rs. in Lacs
Bulk Drugs	M. T.	-	-	7,470.17	17,391.89
		(-)	(-)	(7,406.93)	(18,120.68)
Formulations:					
Liquids	Kilo Ltrs.	389.62	787.11	362.78	2,040.31
		(465.44)	(890.79)	(424.76)	(2,348.61)
Tablets	No. in Million	102.30	1,665.45	94.16	5,437.50
		(133.72)	(2,083.36)	(117.42)	(6,258.87)
Vials	No. in Million	0.84	206.51	0.65	343.30
		(1.18)	(391.03)	(0.90)	(663.14)
Capsules	No. in Million	84.20	1,008.11	72.98	4,301.35
		(108.62)	(1,333.33)	(103.59)	(6070.54)
Ampoule	No. in Million	1.19	181.60	0.92	312.72
		(1.32)	(189.23)	(1.12)	(543.15)
Processed Food					
Powders	M. T.	59.31	204.18	52.29	349.85
		(59.80)	(176.63)	(54.44)	(336.07)
Liquids	Kilo Ltrs.	2.26	5.80	2.25	10.82
		(3.38)	(11.52)	(2.86)	(12.83)
Others			3.36		811.85
			(13.85)		(756.93)
Total			4,062.12		30,999.49
			(5,089.74)		(35,110.82)

Note -Sales excludes free replacements / offers

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

Signatures to Schedules 1 to 18

For and on behalf of the Board

K. CHANDRAN
Vice Chairman

ASHOK SHINKAR
Non-Executive Director

GIRISH JUNEJA
Chief Financial Officer

PANKAJ B. GUPTA
Company Secretary

Mumbai, 30th May, 2011

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No. L51900MH1988PLC048455 State Code 11
 Balance Sheet Date 31.03.2011

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

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

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

Total Liabilities 5121023 Total Assets 5121023

Sources of Funds

Paid-up Capital	Share Cap. Suspense
146893	NIL
Reserves & Surplus	Secured Loans
1404613	2885543
Unsecured Loans	Deferred S.Tax Liability
681440	2534

Application of Funds

Net Fixed Assets	Investments
2306350	1047157
Net Current Assets	
1767516	

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

Turnover	Total Expenditure
3159431	3381753
Profit/Loss Before Tax	Profit/Loss After Tax
(222322)	(222670)
Earning Per Share in Rs.	Dividend Rate %
(15.16)	NIL

V. Generic Names of Three 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

ASHOK SHINKAR
Non-Executive Director

GIRISH JUNEJA
Chief Financial Officer

PANKAJ B. GUPTA
Company Secretary

Mumbai, 30th May, 2011

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, 2011 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. 36,377.14 Lacs as at 31st March, 2011, total revenue of Rs. 7,616.05 Lacs and net cash outflows of Rs. 295.11 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.7,221.58 Lacs for which no provision has been considered necessary by the management for the reasons stated in note no.9 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. 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, 2011 ;
 - ii. In the case of Consolidated Profit and Loss Account, of loss 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, 30th May, 2011

CONSOLIDATED BALANCE SHEET

AS AT 31STMARCH, 2011

	Schedule No.	As At 31.03.2011 (Rs. in Lacs)	As At 31.03.2010 (Rs. in Lacs)
SOURCES OF FUNDS			
SHAREHOLDERS FUNDS			
Share Capital	1	1,468.93	1,468.93
Preference Share Application Money	2	-	1,902.19
Reserves & Surplus	3	10,901.84	15,109.92
		12,370.77	18,481.03
LOAN FUNDS			
Secured Loans	4	43,863.10	41,100.68
Unsecured Loans	5	6,814.40	5,791.34
		50,677.50	46,892.02
DEFERRED SALES TAX LIABILITY		25.34	31.94
DEFERRED TAX LIABILITY		-	711.98
MINORITY INTEREST		2,666.24	764.05
[Refer Note No.27 of Schedule 19]			
TOTAL		65,739.85	66,881.02
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	6	55,699.17	53,514.41
Less: Depreciation, Amortisation & Impairment		11,814.95	9,801.02
Net Block		43,884.22	43,713.39
Add : Capital Work in Progress		1,455.83	2,171.81
		45,340.05	45,885.20
GOODWILL ON CONSOILDATION		-	346.78
[Refer Note no.26 of Schedule 19]			
INVESTMENTS	7	54.31	54.31
CURRENT ASSETS			
Inventories	8	4,917.58	5,234.02
Sundry Debtors	9	9,702.74	14,439.19
Cash & Bank Balances	10	883.51	1,461.57
Loans & Advances	11	15,276.08	12,723.37
		30,779.91	33,858.15
Current Liabilities	12	12,915.65	11,652.25
Provisions	13	2,057.60	1,611.17
		14,973.25	13,263.42
Net Current Assets		15,806.66	20,594.73
PROFIT & LOSS ACCOUNT		4,538.83	-
TOTAL		65,739.85	66,881.02
Accounting Policies	18		
Notes to Accounts	19		

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

NIKHIL PATEL
Partner
Mumbai, 30th May, 2011

For and on behalf of the Board

K. CHANDRAN
Vice Chairman

GIRISH JUNEJA
Chief Financial Officer

ASHOK SHINKAR
Non-Executive Director

PANKAJ B. GUPTA
Company Secretary

CONSOLIDATED PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31STMARCH, 2011

	Schedule No.	For the Year ended 31.03.2011 (Rs. in Lacs)	For the period ended 31.03.2010 (Rs. in Lacs)
INCOME			
Gross Sales		38,732.72	47,622.77
Less : Excise Duty		514.76	364.18
Net Sales		38,217.96	47,258.59
Other Income	14	880.94	4,738.56
Total Income		39,098.90	51,997.15
EXPENDITURE			
Cost of Materials	15	18,619.84	20,200.61
Personnel Cost	16	9,324.47	9,471.54
Other Expenses	17	15,284.99	16,335.36
Interest (Net)		3,355.21	3,819.99
Depreciation, Amortisation & Impairment		1,849.64	1,921.93
Less : Transferred from Revaluation Reserve		232.27	324.41
		1,617.37	1,597.52
Total Expenditure		48,201.88	51,425.02
PROFIT/(LOSS) BEFORE PRIOR PERIOD ITEM		(9,102.98)	572.13
Prior Year Adjustment		-	487.80
PROFIT/(LOSS) BEFORE TAX		(9,102.98)	1,059.93
Less : Provision for Taxation			
- Current Tax		1.32	573.77
- MAT Credit Entitlement		-	(536.07)
- Deferred Tax		(727.73)	56.40
- Income Tax of Earlier Years		2.16	124.37
PROFIT/(LOSS) AFTER TAX		(8,378.73)	841.46
Profit brought forward from Previous Year		3,839.90	3,169.90
Amount available for Appropriation		(4,538.83)	4,011.36
APPROPRIATIONS			
Proposed Dividend		-	146.89
Tax on Dividend		-	24.40
Transfer to Statutory Reserve		-	0.17
Balance carried to Balance Sheet		(4,538.83)	3,839.90
		(4,538.83)	4,011.36
Earning Per Share			
- Basic and Diluted - (in Rs.)		(57.04)	5.73
- Face Value of Equity Share - (in Rs.)		10.00	10.00
Accounting Policies	18		
Notes to Accounts	19		

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

NIKHIL PATEL
 Partner
 Mumbai, 30th May, 2011

For and on behalf of the Board

K. CHANDRAN
 Vice Chairman

GIRISH JUNEJA
 Chief Financial Officer

ASHOK SHINKAR
 Non-Executive Director

PANKAJ B. GUPTA
 Company Secretary

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2011

	For the Year ended 31.03.2011 (Rs. in Lacs)	For the period ended 31.03.2010 (Rs. in Lacs)
A Cash flows from Operating Activities		
Net Profit/(Loss) before Tax	(9,102.98)	1,059.93
Adjustments for:		
Depreciation/Amortisation/Impairment	1,617.37	1,597.52
Loss/(Profit) on Sale of Assets	31.76	(10.63)
Gain on Purchase of FCCBs	-	(248.85)
Provision for Doubtful Debts	777.73	145.71
Forex Loss Adjusted Against Provision	(20.00)	(2,206.34)
Provision for Forex Loss Created (W/back)	-	(1,273.66)
Interest charges	3,355.21	3,819.99
Goodwill on Consolidation Written off	346.78	-
Amounts Written Off	55.80	74.93
Operating Profit before Working Capital Changes	(2,938.33)	2,958.60
Adjustments for:		
Trade & Other Receivables	1,624.70	(1,581.86)
Inventories	316.44	1,056.80
Trade Payables & Other Current Liabilities	1,693.14	1,775.96
Cash Generated from / (used in) Operations	695.95	4,209.50
Direct Taxes (Paid) Refund-Net	(205.75)	(48.97)
Net Cash from / (used in) Operating Activities	490.20	4,160.53
B Cash flows from Investing Activities		
Purchase of Fixed Assets	(1,364.93)	(1,131.45)
Sale of Fixed Assets	39.47	22.33
Purchases of Investments	-	(316.93)
Net Cash from / (used in) Investing Activities	(1,325.46)	(1,426.05)
C Cash flows from Financing Activities		
Preference Share / Application Money	-	(227.09)
Interest paid	(3,354.68)	(3,802.28)
Increase (Decrease) in Borrowings	3,778.88	(408.72)
Gain on purchase of FCCBs	-	248.85
Dividend & Tax on Dividend Paid	(167.00)	(52.10)
Net Cash from / (used in) Financing Activities	257.20	(4,241.35)
Net increase (decrease) in cash & cash equivalents	(578.06)	(1,506.87)
Cash and Cash equivalents as at the beginning of the year	1,461.57	2,968.44
Cash and Cash equivalents as at the end of the year	883.51	1,461.57

Notes :

- 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.
- Additions to Fixed Assets (including movements in Capital Work-in-Progress) are considered as a part of investing activities.
- Previous year's figures excludes advance against share given in earlier years and converted to loans given during the previous year.
- The previous year's figures have been regrouped wherever necessary.

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

For and on behalf of the Board

K. CHANDRAN
Vice Chairman

ASHOK SHINKAR
Non-Executive Director

NIKHIL PATEL
Partner
Mumbai, 30th May, 2011

GIRISH JUNEJA
Chief Financial Officer

PANKAJ B. GUPTA
Company Secretary

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	31.03.2011 (Rs. in Lacs)	31.03.2010 (Rs. in Lacs)
SCHEDULE - 1 SHARE CAPITAL		
Authorised		
3,00,00,000 Equity Shares of Rs. 10/- each	3,000.00	3,000.00
20,00,000 Preference Shares of Rs.100/- each	2,000.00	2,000.00
	<u>5,000.00</u>	<u>5,000.00</u>
Issued, Subscribed and Paid-Up		
1,46,89,286 Equity Shares of Rs. 10/- each fully paid-up	1,468.93	1,468.93
	<u>1,468.93</u>	<u>1,468.93</u>
Notes:		
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 are represented by 1,89,000 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 shares 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.		
SCHEDULE - 2 PREFERENCE SHARE APPLICATION MONEY		
Preference Share Application Money	-	1,902.19
	<u>-</u>	<u>1,902.19</u>

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	31.03.2011 (Rs. in Lacs)	31.03.2010 (Rs. in Lacs)
SCHEDULE - 3 RESERVES & SURPLUS		
Capital Reserve Account		
Balance as per last Balance Sheet	683.41	683.41
Securities Premium Account		
Balance as per last Balance Sheet	3,500.24	3,450.45
Add : Write back of Premium on FCCB Purchased and Cancelled	-	603.77
Add : Exchange Gain on Premium payable on FCCB	-	77.08
	3,500.24	4,131.30
Less : Exchange Loss on Premium payable on FCCB	48.71	-
Less : Pro rata Premium on FCCB	468.47	631.06
	2,983.06	3,500.24
Revaluation Reserve		
Balance as per last Balance Sheet	5,426.34	1,464.57
Add : Assets Revalued during the year (Refer Note No. 21 of Schedule 19)	-	5,426.34
Less : Amortisation/ Impairment during the period	232.27	324.41
Less : Reversal (Refer Note No. 13 of Schedule 19)	2.20	1,140.16
	5,191.87	5,426.34
General Reserve		
Balance as per last Balance Sheet	1,070.55	1,070.55
Debenture Redemption Reserve		
Balance as per last Balance Sheet	412.25	412.25
Statutory Reserve		
Balance as per last Balance Sheet	0.37	0.22
Less : Adjusted against Goodwill on Consolidation		0.02
Add : Transfer from Profit & Loss Account	-	0.17
	0.37	0.37
Foreign Currency Translation Reserve		
	560.33	176.85
Profit & Loss Account		
	-	3,839.90
	10,901.84	15,109.92

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	31.03.2011 (Rs. in Lacs)	31.03.2010 (Rs. in Lacs)
SCHEDULE - 4 SECURED LOANS		
Debentures		
Zero Coupon Non Convertible Redeemable Debentures (NCD)	152.67	152.67
Zero Coupon Optionally Fully Convertible Debentures (OFCD)	581.99	581.99
	<u>734.66</u>	<u>734.66</u>
Term Loans		
- Local Currency Loans	9,640.86	11,676.58
- Foreign Currency Loans	15,749.02	15,602.05
	<u>25,389.88</u>	<u>27,278.63</u>
Working Capital Loans		
- Local Currency Loans	15,565.87	8,923.20
- Foreign Currency Loans	1,916.60	3,918.93
	<u>17,482.47</u>	<u>12,842.13</u>
Other Loans		
	256.09	245.26
	<u>43,863.10</u>	<u>41,100.68</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 1st May,2007. The Company redeemed Part A of Rs. 60 relating to 1,49,709 NCD's during the previous 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 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.
- 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, 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 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 the 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. 8,055.06 Lacs (Pr.Yr.Rs. 4,623.14 Lacs).

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	31.03.2011 (Rs. in Lacs)	31.03.2010 (Rs. in Lacs)
SCHEDULE - 5 UNSECURED LOANS		
Foreign Currency Convertible Bonds		
248 1% Unsecured Foreign Currency Convertible A Bond of Euro 10,000/- each	1,568.35	1,501.89
700 1% Unsecured Foreign Currency Convertible B Bond of Euro 10,000/- each	4,426.80	4,239.20
	<u>5,995.15</u>	<u>5,741.09</u>
Inter Corporate Deposits	769.00	-
From Banks/Financial Institutions		
Local Currency Loan	50.25	50.25
	<u>6,814.40</u>	<u>5,791.34</u>
Note : Due within a year Rs. 819.25 Lacs (Pr.Yr. Rs. 50.25 Lacs)		
SCHEDULE - 7 INVESTMENTS		
1. Long Term		
a. Trade - Quoted		
1,800 Equity Shares of Bank of India of Rs. 10/- each [Market value Rs. 8.60 Lacs (Pr.Yr. Rs. 6.13 Lacs)]	0.81	0.81
b. Trade - Unquoted		
706 Equity Shares of The Saraswat Co-op. Bank Ltd. of Rs. 10/- each.	0.07	0.07
100 Equity Shares of The Shamrao Vithal Co-op. Bank Ltd. of Rs. 25/- each.	0.03	0.03
12,71,250 Equity Shares of Bravo Healthcare Limited of Rs. 10/- each.	53.40	53.40
	<u>54.31</u>	<u>54.31</u>
Details of Bought and Sold	No. of Shares	Acquisition Cost
Equity Shares of Rs. 10/- each		(Rs. in Lacs)
Beond Pharma Limited	50,000	5.00
SCHEDULE - 8 INVENTORIES		
<i>(As taken, valued and certified by the management)</i>		
Raw & Packing Materials	695.73	1,062.17
Work in Process	2,121.03	1,964.31
Finished / Traded Goods	2,088.30	2,194.68
Fuel	12.52	12.86
	<u>4,917.58</u>	<u>5,234.02</u>

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

SCHEDULE - 6 FIXED ASSETS

DESCRIPTION	GROSS BLOCK			DEPRECIATION / AMORTISATION			NET BLOCK			
	As at 1-Apr-10	Additions	Revaluation	Deductions/ Adjustment	As at 31-Mar-11	As at 1-Apr-10	For the year	Deductions/ Adjustment	As at 31-Mar-11	As at 31-Mar-10
Freehold Land	4,739.81	-	-	-	4,739.81	-	-	-	4,739.81	4,739.81
Lease Hold Land & Land Development Expenses	485.54	-	-	-	485.54	8.07	5.94	-	471.53	477.47
Factory Buildings	3,533.24	40.27	-	-	3,573.51	463.29	88.95	-	3,021.26	3,069.95
Plants, Machineries & Equipments	15,474.55	872.59	-	(34.06)	16,313.07	3,602.58	811.06	(11.38)	11,910.81	11,871.97
Furnitures & Fixtures	500.36	20.19	-	0.57	521.11	170.68	27.76	0.71	321.97	329.68
Vehicles	559.64	67.04	-	(73.25)	553.43	178.64	52.41	(30.82)	353.19	381.00
Office Equipments	466.44	6.79	-	(0.31)	472.92	168.14	31.11	2.52	271.14	298.30
Electrical Installations	145.54	-	-	-	145.54	29.79	6.90	-	108.84	115.75
Computers	419.20	39.57	-	0.02	458.79	218.90	50.53	0.01	189.34	200.30
Office Premises	243.00	-	-	-	243.00	46.46	-	-	196.54	196.54
R & D Building	400.22	-	-	-	400.22	223.17	-	-	177.05	177.05
Intangibles :										
- Goodwill	15,768.83	-	-	669.80	16,438.63	2,302.40	160.90	105.37	13,869.96	13,466.43
- Brands	10341.20	-	-	469.69	10,810.89	2,158.12	547.98	95.11	8,009.68	8,183.08
- Softwares	432.41	100.22	-	5.65	538.30	226.35	66.07	2.77	243.10	206.06
- Technical Knowhow	4.43	-	-	-	4.43	4.43	-	-	-	-
Total	53,514.41	1,146.67	-	1,038.09	55,699.17	9,801.02	1,849.64	164.30	43,884.22	43,713.39
Previous Year	55,754.16	866.19	4,286.18	(7,392.12)	53,514.41	11,236.63	1,921.93	(3,357.54)	9,801.02	
Add : Capital Work in Progress										
TOTAL									1,455.83	2,171.81
									45,340.05	45,885.20

Notes:

- Additions to Fixed Assets includes items of assets aggregating to Rs. 82.85 Lacs (Pr. Yr. Rs. 28.33 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.

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	31.03.2011 (Rs. in Lacs)	31.03.2010 (Rs. in Lacs)
SCHEDULE - 9 SUNDRY DEBTORS		
Over six months		
- Considered Good	1,674.63	3,728.50
- Considered Doubtful	907.49	114.00
	2,582.12	3,842.50
Other debts	8,028.11	10,710.69
	10,610.23	14,553.19
Less : Provision for Doubtful Debts	907.49	114.00
	9,702.74	14,439.19
SCHEDULE - 10 CASH & BANK BALANCES		
Cash in Hand	12.15	15.53
Balance with Scheduled Banks		
In Current Accounts	229.43	696.72
In Deposit Accounts	641.93	749.32
	883.51	1,461.57
SCHEDULE - 11 LOANS AND ADVANCES		
(Unsecured, Considered Good)		
Loans Given	9,918.92	6,281.14
Advances recoverable in cash or in kind or for value to be received	2,469.29	3,894.88
Deposits	383.68	385.74
MAT Credit Entitlement	948.61	948.61
Income Tax Paid	435.55	161.06
Balance with Excise & Custom Authorities	1,120.03	1,051.94
	15,276.08	12,723.37
SCHEDULE - 12 CURRENT LIABILITIES		
Sundry Creditors	7,708.49	8,238.14
Other Liabilities	5,181.50	3,392.74
Unpaid Dividend	25.66	21.37
	12,915.65	11,652.25

* There are no amounts due and outstanding to be credited to 'Investor Education and Protection Fund' as on 31.03.2011.

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	31.03.2011 (Rs. in Lacs)	31.03.2010 (Rs. in Lacs)
SCHEDULE - 13 PROVISIONS		
For Forex Loss	-	20.00
For Leave Benefits	277.54	272.67
For Gratuity	225.60	216.23
For Proposed Dividend	-	146.89
For Tax on Dividend	-	24.40
For Income Tax	818.92	743.62
For Wealth Tax	1.32	4.40
For Others	734.22	182.96
	2,057.60	1,611.17
SCHEDULE - 14 OTHER INCOME		
Insurance Claim	8.88	10.30
Export Incentives	208.74	383.87
Profit on Sale of Fixed Assets	-	10.63
Interest from Banks	41.41	36.55
[Tax deducted at source Rs. 4.43 Lacs (Pr.Yr. Rs. 3.57 Lacs)]		
Processing Charges	315.49	268.90
[Tax deducted at source Rs. 4.24 Lacs (Pr.Yr. Rs. 4.53 Lacs)]		
Interest from Others	1.14	0.07
[Tax deducted at source Rs. 0.24 Lac (Pr.Yr. Rs. Nil)]		
Sales Commission	290.33	-
Sale of Marketing Rights	-	1,807.85
Gain on Buy Back of FCCB	-	248.85
Exchange Gain (Net)	14.48	1,358.66
Miscellaneous Income	0.47	612.88
	880.94	4,738.56

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	31.03.2011 (Rs. in Lacs)	31.03.2010 (Rs. in Lacs)
SCHEDULE - 15 COST OF MATERIALS		
A) Raw & Packing Materials		
Opening Stock	1,062.17	1,322.21
Add: Purchases	11,425.95	10,474.18
	12,488.12	11,796.39
Less: Closing Stock	695.73	1,062.17
	11,792.39	10,734.22
B) Purchase of Traded Goods	6,877.79	8,678.01
C) (Increase)/Decrease in Inventories		
Opening Stock		
- Work in Process	3,454.67	1,825.26
- Finished/Traded Goods	704.33	3,122.11
	4,159.00	4,947.37
Closing Stock		
- Work in Process	2,121.03	1,964.31
- Finished/Traded Goods	2,088.31	2,194.69
	4,209.34	4,158.99
(Increase)/Decrease	(50.34)	788.38
	18,619.84	20,200.61
SCHEDULE - 16 PERSONNEL COST		
Salaries, Wages, Bonus and Allowances	8,274.32	8,300.72
Contribution to Provident and Other Funds	854.92	918.81
Staff Welfare Expenses	195.23	252.01
	9,324.47	9,471.54

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	31.03.2011 (Rs. in Lacs)	31.03.2010 (Rs. in Lacs)
SCHEDULE - 17 OTHER EXPENSES		
Processing Charges	139.96	62.99
Power & Fuel	1,579.41	1,438.16
Stores & Spares	354.67	424.47
Water Charges	33.31	39.96
Cost of Marketing Rights	1,085.61	745.98
Repairs & Maintenance		
- Buildings	14.12	26.83
- Plant & Machinery	110.97	61.68
- Others	95.72	328.13
Administration Charges	182.10	-
Commission On Sales	429.86	556.62
Excise Duty	56.18	58.27
Delivery & Packing Charges	252.08	304.89
Carriage Outward	698.99	465.93
Advertisement & Sales Promotional Expenses	3,708.12	5,724.56
Cash Discount	87.95	75.19
Breakages & Expiry	492.20	342.42
Rent, Rates & Taxes	931.52	889.29
Travelling & Conveyance	1,410.75	1,339.10
Postage, Telegram & Telephone	168.67	154.52
Printing & Stationery	54.80	74.08
Provision for Doubtful Debts	777.73	145.71
Donation	6.28	4.78
Insurance	80.14	67.36
Legal & Professional Charges	795.07	1,010.34
Analytical Charges	223.96	293.61
Goodwill on Consolidation Written Off	346.78	-
Loss on Assets Sold	31.76	-
Amounts Written Off (Net)	55.80	74.93
Miscellaneous Expenses	1,080.48	1,625.56
	15,284.99	16,335.36

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

SCHEDULE - 18

ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements:

- i) The financial statements of the subsidiaries used in the consolidation are drawn up to the same reporting date as that of the Parent Company, namely 31st March, 2011.
- 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.

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

- 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 realisation 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

- 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.

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

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 st March, 2011	% of beneficial ownership held as at 31 st March, 2011
Wanbury Holding B. V.	Netherland	100% (100%)	100% (100%)
Ningxia Wanbury Fine Chemicals Company Limited	China	100% (100%)	100% (100%)
Wanbury Global FZE	UAE	100% (100%)	100% (100%)
Cantabria Pharma S.L. (Wholly-owned subsidiary of Wanbury Holding B.V.)	Spain	100% (100%)	100% (100%)
Laboratories Wanbury S.L. (Wholly-owned subsidiary of Cantabria Pharma S.L.)	Spain	100% (100%)	100% (100%)

- b) Accounts of the aforesaid subsidiary companies are for the year from 1st April, 2010 to 31st March, 2011 and are incorporated in the consolidated financial statements. Financial statements and other financial information of aforesaid subsidiaries have been audited by other auditors.

2. Contingent Liabilities:

- Bank Letter of Credit outstanding at the year-end Rs. 2730.27 Lacs (Rs. 3,950.02 Lacs).
 - Bank Guarantees issued Rs. 33.09 Lacs (Rs. 19.18 Lacs).
 - Disputed demands by Income Tax Authorities Rs. 40.43 Lacs (Rs. 40.43 Lacs). Amount paid there against and included under the head Loans and Advances Rs.40.43 Lacs (Rs.40.43 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.1,098.23 Lacs (Rs.860.21 Lacs).
 - Estimated amounts of contracts remaining to be executed on capital account and not provided for (net of advances) Rs.105.99 Lacs (Rs. 65.16 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. 1,555.15 Lacs (Rs. 1,719.29 Lacs).
 - 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 .
3. The Wanbury Group operates solely in the pharmaceuticals segment and hence no separate disclosure for segment wise information is required.
4. The Pharmaceutical Products of India Limited (PPIL) was merged with the Parent Company, pursuant to the Order dated 24th April,

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

2007, passed by Hon'ble Board for Industrial and Financial Reconstruction(BIFR).

The Hon'ble Supreme Court vide its order dated 16th 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 16th May, 2008. In the meanwhile, the 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 16th May, 2008.

As per BIFR Order dated 24th 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 instalments and the Parent Company has pursuant to the scheme, allotted Non Convertible Debentures (NCDs) of Rs. 242.50 Lacs to and optionally fully convertible debenture (OFCDs) of Rs. 582 Lacs, to some of the lenders of erstwhile PPIL out of which dues amounting to Rs. 152.67 Lacs and Rs. 291 Lacs in respect of NCD & OFCDs respectively, remain 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. 2,279.28 Lacs (Rs. 2,746.81 Lacs). Interest expense is net of interest income amounting to Rs. 790.00 Lacs (Rs. 395.17 Lacs).
6. The Parent Company has separate IBIS software for formulation sales accounting which has been switched over to SAP. Further, the Company has changed from DCB Model to Distributionship Model (C&F) for selling formulation products. Consequently, sundry debtors pertaining to formulation business are subject to confirmation, reconciliations and adjustments, if any. Balances of debtors, creditors, loans and advances are subject to confirmation/ reconciliation and adjustments, if any.
7. The Parent Company's application for a proposed restructuring of its debts with a cut-off date of 30th September, 2010 was admitted to the Corporate Debt Restructuring (CDR) mechanism on 6th December, 2010. The Restructuring scheme approved by CDR Empowered Group (CDR EG) vide Letter of Approval (LOA) dated 23rd May, 2011 is to be implemented within four months from the date of LOA. Pending implementation of "Holding On Operations", pursuant to which banks are forbidden to collect any interest/ principal from the Company w.e.f 1st October, 2010. Since restructuring scheme will be effective upon its implementation, no effect is given in the accounts.
8. a) The Parent Company has issued on 20th April 2007, 800 Nos. 1% Unsecured Foreign Currency Convertible A Bonds ("A Bonds") and 700 Nos. 1% Unsecured Foreign Currency Convertible B Bonds ("B Bonds") of face value of EURO 10,000 each maturing on 23rd April, 2012 and 17th December, 2012 respectively.

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 9th March, 2012.

The "**B Bonds**" are convertible at the option of the holders of such bonds, unless previously redeemed or purchased and cancelled, into equity shares of 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 5th November, 2012.

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

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.

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

- c) During the previous year-ended on 31st March, 2010, 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 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 25th April, 2007.
9. The Parent Company has invested Rs. 53.40 Lacs (Rs. 53.40 Lacs) in equity shares of Bravo Healthcare Limited (BHL) and also given loan and advances aggregating to Rs. 7,221.58 Lacs. (Rs. 4,711.75 Lacs). Networth of BHL has been negative as per audited accounts for the year ended 31st March 2010.

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.

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 31st March, 2011 to Micro, Small and Medium Enterprises on account of principal amount aggregate to Rs. 167.00 Lacs (Rs. 178.54 Lacs) [including overdue amount of Rs. 154.90 Lacs (Rs. 100.11 Lacs)] and interest due thereon is Rs. 10.77 Lacs (Rs. 3.40 Lacs) 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. 1.31 Lacs (Rs. 0.45 Lac) for wealth tax.
12. In Parent Company In respect of Deferred Sales Tax Liability, due within year is Rs. 4.13 Lacs (Rs. 6.59 Lacs).
13. The Parent 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 brand in the previous year ended 31st March, 2010.
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	31.03.2011 Rs. In Lacs	31.03.2010 Rs. In Lacs
Liabilities:		
Depreciation	(2,251.21)	(2,152.83)
Assets:		
43 B Disallowance and other deferments	163.24	162.40
Unabsorbed Depreciation Business Loss restricted to deferred Tax Liabilities	2,087.97	1,990.43
Deferred Tax Asset Restricted to	2,251.21	2,152.83
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	31.03.2011 Rs. In Lacs	31.03.2010 Rs. In Lacs
Liabilities:		
Depreciation	Nil	(711.98)
Net Deferred Tax Assets (Liabilities)	Nil	(711.98)

In case of Wanbury Group, deferred tax assets are recognised to the extent of deferred tax liabilities. Total deferred tax liabilities (Net) aggregate to Rs. Nil (Rs 711.98 Lacs).

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

Particulars	31.03.2011 Rs. In Lacs	31.03.2010 Rs. In Lacs
Opening Balance	3.23	Nil
Add: Incurred in the current year :		
- Salaries and allowances	57.19	71.22
- Contribution to funds	Nil	2.64
- Travelling	Nil	0.92
Total	60.42	74.78
Less: Capitalised to Fixed Assets	60.42	71.55
Closing Balance	Nil	3.23

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

Particulars	31.03.2011 Rs. In Lacs	31.03.2010 Rs. In Lacs
Salary & Allowances	176.45	349.50
Contribution of P.F. & Other Funds	13.10	19.62
TOTAL	189.55	369.12

Note:

- i) The Parent Company has paid excess remuneration of Rs 63.45 Lacs for the year ended 31st March 2011 as compared to remuneration payable under the provisions of Schedule XIII of the Companies Act, 1956 which is subject to approval of the Central Government. The Company is in the process of making application for the same. Pending such approval excess amount as aforesaid has been charged to the Revenue.
- ii) Above excludes provision for the future liabilities in respect of retirement benefits, which are based on actuarial valuation done on overall company basis.

(b) Sitting fees to Directors Rs.3.48 Lacs (Rs. 6.94 Lacs).

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

17. Details of Auditors' Remuneration:

Particulars	31.03.2011 Rs. In Lacs	31.03.2010 Rs. In Lacs
A) Statutory Auditor		
Auditors' Remuneration		
- Audit Fees	16.30	20.15
- Certification & Other Matters	5.78	6.30
- Out of Pocket Expenses	0.14	0.28
TOTAL	22.22	26.73
B) Branch Auditors Remuneration	0.60	0.40
C) Cost Audit Fees	0.75	0.75

Note: Above figures are exclusive of service tax.

18. In the case of 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. 575.73 Lacs (Rs. 576.87 Lacs).

19. Earning Per Share :

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

Particulars	31.03.2011	31.03.2010
Profit/(Loss) after Tax - (Rs. in Lacs)	(8,378.73)	841.46
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.)	(57.04)	5.73

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:

Particulars	Rs. in Lacs	
	31.03.2011	31.03.2010
Provident Fund, Employees' Pension Scheme and MLWF	243.20	233.05
Employees State Insurance	10.19	6.22
Super Annuation Fund	3.78	4.35
Total	257.17	243.62

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

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

amounts in the Accounts :

Particulars	Rs. in Lacs	
	31.03.2011	31.03.2010
Social Security Scheme	511.97	587.43
Total	511.97	587.43

Defined Benefit Plans

Gratuity:

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

- a. **On normal retirement / early retirement / withdrawal / resignation:**
As per the provisions of 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 31st March, 2011.

Particulars	31.03.2011	31.03.2010
	Rs. in Lacs	Rs. in Lacs
a) Changes in Defined Benefit Obligation		
Opening defined benefit obligation	236.85	174.21
Current service cost	56.91	63.67
Interest cost	19.54	14.81
Actuarial loss / (gain)	(38.44)	8.38
Liabilities settled on sale of business	Nil	Nil
Benefit (paid)	(24.56)	(24.23)
Closing defined benefit obligation	250.29	236.85
b) Changes in Fair Value of Assets		
Opening fair value of plan assets	20.62	16.34
Expected return on plan assets	1.89	1.54
Actuarial gain / (loss)	(1.11)	(0.66)
Contributions of employer	10.00	6.82
Assets distributed on sale of business	Nil	Nil
Benefits (paid)	(6.71)	(3.41)
Closing fair value of plan assets	24.69	20.62
c) Amount recognised in the Balance Sheet		
Present value of the obligations as at year end	250.29	236.85
Fair value of the plan assets as at year end	24.69	20.62
Amount not recognised as an asset	Nil	Nil
Net (asset) / liability recognised as on 31st March 2011	225.60	216.23

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

d) Expenses recognised in the Profit and Loss Account

Current service cost	56.91	63.67
Interest on defined benefit obligation	19.54	14.80
Expected return on plan assets	(1.89)	(1.53)
Net actuarial loss / (gain) recognised in the current year	(37.33)	9.04
Total Expense	37.23	85.99

e) Asset information

Government of India Securities	-	-
Corporate Bonds	-	-
Special Deposit Scheme	-	-
Others - Policy with LIC	100%	100%

f) Principal actuarial assumptions used

Discount rate (p.a.)	8.25%	8.5%
Expected rate of return on plan assets (p.a.)	8.5%	8.5%
Annual increase in salary cost (p.a.)	7%	7%

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.

- In the previous year the Parent Company has revalued leasehold land and development expenses, factory buildings, plant, machinery & equipments, furniture and fixtures, office equipments and electrical installations at the manufacturing locations at Tarapur, Patalganga, Tanaku and R & D Centre at Turbhe as on 31st 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 in the previous year ended on 31st March 2010.
- 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. There is no reversal of impairment amount during the year.
- 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 31.03.2011	As At 31.03.2010
US \$	Sell	Indian Rupees	Nil	4.4 Lacs

Note: FCCB of Euro 94.80 Lacs (Euro 94.80 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
Assets :			
Trade Receivables	USD	42.40 (65.97)	1,893.19 (2,961.96)
	EURO	3.34 (6.77)	211.04 (409.98)
	GBP	Nil (1.16)	Nil (78.75)

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

Particulars	Foreign Currency Denomination	Foreign Currency Amount in Lacs	Indian Rupees equivalent in Lacs
Loans and Advances	GBP	0.04	2.68
		(Nil)	(Nil)
	JPY	2.28	1.23
		(Nil)	(Nil)
EURO	18.76	1,199.70	
	(6.36)	(395.85)	
Bank Balance	EURO	0.01	0.63
		(Nil)	(Nil)
	USD	0.04	2.02
		(Nil)	(Nil)
Liabilities :			
Trade Payables	USD	20.69	924.03
		(15.65)	(711.53)
	EURO	0.18	11.37
		(0.17)	(10.45)
	GBP	Nil	Nil
JPY	(0.04)	(2.53)	
		Nil	Nil
		(22.78)	(11.04)
Secured Loans	USD	59.53	2,657.96
		(98.85)	(4,462.15)
	EURO	Nil	Nil
		(3.89)	(235.55)
GBP	Nil	Nil	
		(0.73)	(49.53)
Unsecured Loans	EURO	94.80	5,995.15
		(94.80)	(5,741.09)
Interest accrued but not due	USD	Nil	Nil
		(0.02)	(0.69)
	EURO	0.24	14.99
		(0.24)	(14.35)
Other Payables	GBP	0.05	3.62
		(Nil)	(Nil)

24. In case of Parent Company Mark to Market loss is Rs.Nil (Rs. 12.73 Lacs) in respect of foreign currency derivative instruments outstanding as at 31st March, 2011. 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. Nil (Rs. 20.00 Lacs) to meet the anticipated forex losses.

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

Provision for Foreign Exchange Losses		
Particulars	31.03.2011	31.03.2010
	Rs. in Lacs	Rs. in Lacs
Opening balances	20.00	3,500.00
Additional Provision made during the year	Nil	Nil
Amount used during the year	20.00	2,206.34
Unused amount reversed during the year	Nil	1,273.66
Closing Balance	Nil	20.00

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

The Wanbury Group Company 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 Company has given refundable interest-free security deposits in accordance with the agreed terms. The lease payments of Rs. 583.64 Lacs (Rs. 473.42 Lacs) are recognised in the Profit and Loss Account under "Rent, Rates & Taxes" under Schedule-17.

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

Particulars	31.03.2011	31.03.2010
	Rs. in Lacs	Rs. in Lacs
Not later than one year	231.68	232.44
Later than one year but not later than five years	120.75	310.87
Later than five years	Nil	Nil

26. Goodwill (Net) on consolidation comprises of :

Particulars	31.03.2011	31.03.2010
	Rs. in Lacs	Rs. in Lacs
Goodwill (Capital Reserve) in respect of		
Wanbury Holding B.V., Netherland	Nil	346.78
Cantabria Pharma S L	Nil	Nil
Total	Nil	346.78

Goodwill on consolidation amounting to Rs 346.78 Lacs has been written off during the year

27. Minority interest represents the 4,511 (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.

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

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 (Up to 31st Aug. 2010)
- Mr. Ashok Shinkar Whole-time Director (Up to 31st Dec. 2010)
- Dr. Rajaram Samant Whole-time Director (Up to 20th May. 2010)

B. Transactions carried out with related parties:

Sr. No. Transactions	Related Party Relation	31.03.2011 Rs. in Lacs	31.03.2010 Rs. in Lacs
1) Advances Given:			
Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	Nil	104.66
Bravo Healthcare Ltd.	Associate Company	Nil	569.39
2) Inter Corporate Deposits Given:			
Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	263.87	102.00
Bravo Healthcare Ltd.	Associate Company	6,827.11	6,226.09
3) Repayment of Inter Corporate Deposits Given:			
Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	263.87	Nil
Bravo Healthcare Ltd.	Associate Company	4,626.09	1,953.43
4) Inter Corporate Deposits Taken:			
Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	769.00	Nil
5) Advances Given Received Back:			
Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	424.15	Nil
6) Repayment of Inter Corporate Deposits Taken:			
Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	19.58	Nil
7) Expenses Reimbursed from:			
Bravo Healthcare Ltd.	Associate Company	166.38	Nil
Wanbury Infotech Pvt Ltd.	Associate Company	Nil	31.73
8) Remuneration Paid:			
Mr. K. R. N. Moorthy	Key Management Personnel	41.91	149.23
Mr. K. Chandran	Key Management Personnel	74.63	109.56
Mr. Ashok Shinkar	Key Management Personnel	63.45	71.73
Dr. Rajaram Samant	Key Management Personnel	9.55	38.60
9) Purchase of Materials:			
Bravo Healthcare Ltd.	Associate Company	340.33	582.17
10) Dividend:			
Kingsbury Investment Inc.	Major Shareholders	30.24	Nil
Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	25.90	Nil
Magnum Equifin Pvt. Ltd.	Major Shareholders	5.00	Nil
11) Interest Income:			
Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	124.46	112.80
Bravo Healthcare Ltd.	Associate Company	552.72	192.81

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

12) Information Technology Services taken:			
Wanbury Infotech Pvt. Ltd.	Associate Company	122.15	152.32
13) Conversion of Advance for Investment Pending allotment to Inter Corporate Deposit Given:			
Bravo Healthcare Ltd.	Associate Company	Nil	3,830.54

C. Balances due from/to related parties

Sr. No.	Transactions	Related Party Relation	31.03.2011 Rs. in Lacs	31.03.2010 Rs. in Lacs
1) Inter Corporate Deposits Given:				
	Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	690.75	690.75
	Bravo Healthcare Ltd.	Associate Company	7,139.36	4,408.98
2) Inter Corporate Deposits Taken:				
	Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	769.00	Nil
3) Loans and Advances Given:				
	Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	Nil	424.15
	Bravo Healthcare Ltd.	Associate Company	82.23	302.77
4) Sundry Creditors / Other Liabilities:				
	Wanbury Infotech Pvt. Ltd.	Associate Company	8.81	3.71
5) Interest Receivable:				
	Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	1.88	Nil

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

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

Signatures to Schedules 1 to 19

For and on behalf of the Board

K. CHANDRAN
Vice Chairman

ASHOK SHINKAR
Non-Executive Director

GIRISH JUNEJA
Chief Financial Officer

PANKAJ B. GUPTA
Company Secretary

Mumbai, 30th May, 2011



WANBURY LIMITED

Registered Office : BSEL Tech Park, B-Wing,
10th Floor, Sector 30 A, Opp. Vashi Railway Station,
Vashi, Navi Mumbai - 400 705, 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-Third Annual General Meeting of the Company to be held on Tuesday, 27th September, 2011 at :
Hotel Tunga Regency, Plot No. 37, Sector 30 A , Vashi, Navi Mumbai – 400 705, Maharashtra
and at any adjournment thereof.

Signed this _____ day of _____ 2011.

**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 - 400 705, 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)

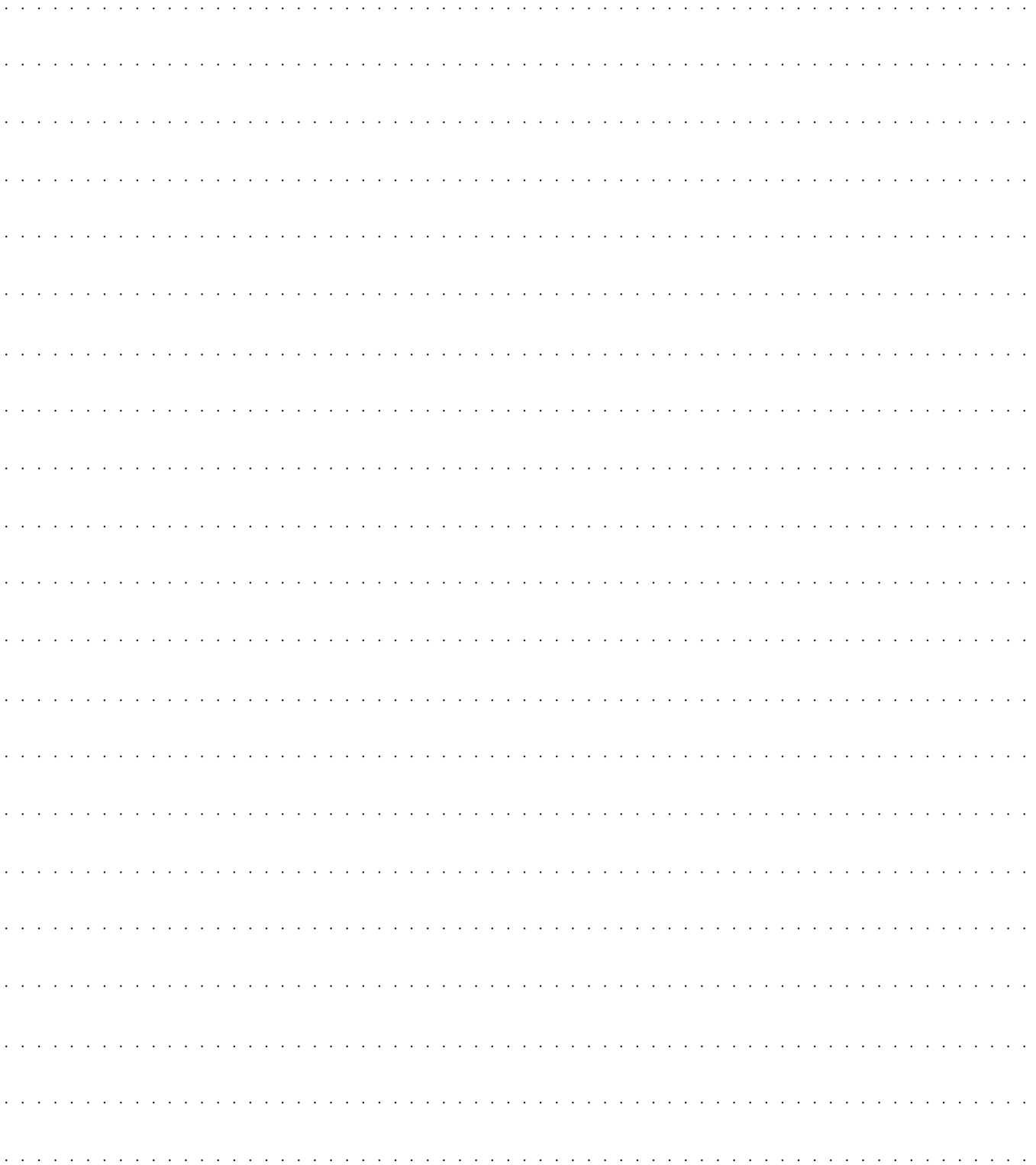
No.of shares held _____.

I hereby record my presence at the Twenty-Third Annual General Meeting of the Company held on Tuesday, 27th September, 2011
at Hotel Tunga Regency, Plot No. 37, Sector 30 A , Vashi, Navi Mumbai – 400 705, Maharashtra.

Member's / Proxy's Signature*

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

NOTES

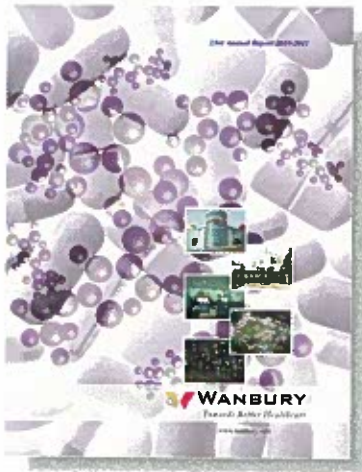
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WANBURY LIMITED

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