



WANBURY LIMITED

24th Annual Report 2011-2012

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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 (Upto 28 May 2012)

Company Secretary

Mr. Pankaj B. Gupta (Upto 30 June 2011)
Mr. Mangesh Bhosale (From 28 May 2012)

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
Email: 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
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

NOTICE

Notice is hereby given that the Twenty-Fourth Annual General Meeting of the Members of Wanbury Limited will be held on Monday, the 24 day of September 2012 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 31 March 2012 and the Statement of Profit & Loss for the year ended on that date, along with the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Dr. P. L. Tiwari – Director of the Company, who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.
3. 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. Kolath & Co., Chartered Accountants, Chennai,, be and are hereby appointed as Branch Auditors of the Company, to audit the accounts of the Company’s Plant situated at Tanaku, West Godavari District, Andhra Pradesh, to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting of the Company, at a remuneration to be decided by the Board of Directors.”

Registered Office:
BSEL Tech Park, B Wing,
10th Floor, Sector 30-A, Vashi
Navi Mumbai – 400 705
Date: 28 May 2012
Place: Vashi, Navi Mumbai

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

Mangesh Bhosale
Vice President - Finance &
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 Dematerialized 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 Dematerialized Form are requested to write their Client ID and DP ID numbers and those who hold shares in Physical Form are requested to write their Folio Number in the Attendance Slip for easy identification at the meeting and number of shares held by them.

6. The Share Transfer Books and the Register of Members will remain closed from Monday, 17 September 2012 to Monday, 24 September 2012 (both days inclusive) for the purpose of Annual General Meeting.
7. At the ensuing Annual General Meeting Dr. P. L. Tiwari retire by rotation and being eligible offer himself for re-appointment. Their brief resume are as under:

Name	Dr. P. L. Tiwari
Age	67 Years
Qualification	M. D. (Med.), MRCP (London, Glasgow), FRCP (Edin.)
Expertise in Specific Area	Cardiology
Date of First Appointment on the Board of the Company	09.03.2005
No. of Shares held in the Company	NIL
Name of the other public limited companies in which	Director: Astec Company Private Limited
Directorship held and Committee Membership/ Chairmanship held.	Committee Membership: Audit Committee - 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: 28 May 2012
Place: Vashi, Navi Mumbai

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

Mangesh Bhosale
Vice President - Finance &
Company Secretary

DIRECTORS' REPORT

Your Directors present the Twenty-Fourth Annual Report together with the Audited Accounts of the Company for the year ended on 31 March 2012.

FINANCIAL HIGHLIGHTS:

	(₹ in Lacs)	
	For the year ended on 31.03.2012	For the year ended on 31.03.2011
Total Revenue	35,537.46	33,037.63
Total Expenditure	37,934.35	35,262.16
Profit / (Loss) before Taxation	(1,613.68)	(2,224.53)
Income Tax	-	2.16
Profit / (Loss) for the year after Tax	(1,613.68)	(2,226.69)

OPERATIONAL REVIEW:

The financial highlights are as under:

The Total Revenue for the financial year under review was ₹ 35,537.46 Lacs as against ₹ 33,037.63 Lacs in the previous year. The Total Expenditure was ₹ 37,934.35 Lacs as against ₹ 35,262.16 Lacs.

The Loss before Tax for the financial year under review was ₹ 1,613.68 Lacs as against a Loss before Tax of ₹ 2,224.53 Lacs.

Exports of the Company during the year under review were ₹ 15,266.37 Lacs as against ₹ 12,006.53 Lacs in the previous year.

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

Your Company's 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 achieve a significant growth in formulation business revenues and profitability.

DIVIDEND:

The Board of Directors of the Company has not recommended any dividend for the financial year 2011-2012 on account of negative performance.

ALLOTMENT OF EQUITY SHARES:

The Company has allotted 26,90,000 Equity Shares to Expert Chemicals (I) Pvt. Ltd. on 30 March 2012, a promoter group company, consequent to its contribution made pursuant to the provisions of Corporate Debt Restructuring Scheme approved by Corporate Debt Restructuring (CDR) Cell.

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

The Hon'ble Board for Industrial and Financial Reconstruction (BIFR) is considering the Rehabilitation and Revival cum Merger of the Pharmaceutical Products of India Limited (PPIL) with the Company afresh, pursuant to the Order of Hon'ble Supreme Court of India dated 16 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 € 15 Million (Euro Fifteen Million Only)

on 20 April, 2007, in two parts. First part consists of 800 nos. Foreign Currency Convertible “A” Bonds of face value of € 10,000 each i.e. size of Bond A was € 8 Million and second part consists of 700 nos. Foreign Currency Convertible “B” Bonds of face value of € 10,000 each i.e. size of Bond B was € 7 Million, in accordance with the terms and conditions mentioned in the offering circular dated 25 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 ₹ 10/- each have been issued at a conversion price of ₹ 138.43 per equity share upon conversion of 128 Foreign Currency Convertible A Bonds of face value of € 10,000 each and 424 Foreign Currency Convertible “A” Bonds of face value of € 10,000 each at 90% of their face value have been bought back by the Company.

Total numbers of FCCB(A) outstanding as on 31 March 2012 were 248 and Total No. of FCCB(B) outstanding as on 31 March 2012 were 700.

SUBSIDIARY COMPANIES :

The Company does not have a non listed Indian subsidiary. However, the Company had 5 foreign subsidiaries as on 31 March 2012. 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 8 February 2011, the Company is not attaching along with its Annual Report, detailed financial statement of accounts comprising of Balance Sheet, Statement of Profit & Loss, reports of Directors & the Auditors and other information of its subsidiary companies.

Any Shareholder interested in obtaining the Balance Sheet, Statement of Profit & Loss, Directors’ Report and Auditors’ Report of the subsidiaries of the Company may write to the Company for the same.

DIRECTORS:

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

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

AUDITORS AND AUDITORS’ REPORT :

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

The Board recommends M/s. Kolath & Co., Chartered Accountants, Chennai as Branch Auditors of the Company to audit the accounts of the Company’s Plant situated at Tanaku, West Godavari District, Andhra Pradesh. M/s. Kolath & Co. has confirmed their eligibility and willingness to accept the office of the Branch Auditor, if appointed.

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 and formulation business of the Company for the year ended on 31 March 2012, 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 2012-2013 i.e. from 1 April 2012 to 31 March 2013.

An application is being made to the Central Government for its approval for the appointment of Mr. Hemant V. Shah as Cost Accountant for the financial year 2012-2013 i.e. from 1 April 2012 to 31 March 2013.

FIXED DEPOSITS:

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

CORPORATE GOVERNANCE REPORT AND MANAGEMENT DISCUSSION & ANALYSIS REPORT:

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

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

DIRECTORS' RESPONSIBILITY STATEMENT:

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

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

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

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

ACKNOWLEDGEMENTS:

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

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

K. CHANDRAN
VICE CHAIRMAN

DR. P. L. TIWARI
DIRECTOR

Mumbai, 28 May 2012

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) Furnace Oil based boiler converted to agro waste based boiler thereby non renewable resource usage has stopped besides providing a significant cost saving in the times of high crude prices
- (ii) Furnace Oil based non IBR inefficient boilers (efficiency 65 %) converted to IBR based efficient boilers (80 – 85 %) hence the reduction in fuel quantity required for operations
- (iii) Process improvement related to Distillation time reduction in crystallizer of Metformin to save fuel as well power reduction in vacuum pumps
- (iv) Pump efficiency improvement by providing coating to the pumps – 2 % efficiency improvement
- (v) Continuous centrifuge in place of batch centrifuge to conserve energy of 210 HP per batch
- (vi) Regular cleaning of cooling towers with descaling agents to improve efficiency there by reduction in timecycle of batches.

INFORMATION AS PER PRESCRIBED FORM A :

	For the year ended on 31.03.2012	For the year ended on 31.03.2011
1. Electricity		
(a) Purchased		
Unit (KWH)	1,08,80,082	1,11,04,187
Total Amount (in ₹)	5,65,49,990	5,41,79,243
Rate / Unit (in ₹)	5.20	4.88
(b) Own Generation		
Unit (KWH)	8,16,783	8,68,395
Total Amount (in ₹)	1,05,64,638	1,00,00,497
Rate / Unit (in ₹)	12.93	11.52
2. Furnace Oil & LDO		
Quantity (Litres)	7,84,050	27,01,126
Total Amount (in ₹)	2,96,64,347	7,66,16,160
Average Rate (₹ per Litre)	37.83	28.36
3. Briquette		
Quantity (MT)	3,714	-
Total Amount (in ₹)	2,16,67,225	-
Average Rate (₹ per MT)	5,833.93	-
4. Coal		
Quantity (MT)	4,346	3,928
Total Amount (in ₹)	1,82,20,067	1,25,47,173
Average Rate (₹. per MT)	4,192.38	3,194.29

(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 has a centre situated in Turbhe, Navi Mumbai and has strength of 29 dedicated scientists. They are engaged in process development in new API's, Cost improvement projects as well scale up of the new developed API's in the factory. They also support trouble shooting if any in the factory. They are the valuable key in the technical support.

In the last year, R & D has mainly concentrated on enhancement of capacity and cost improvements of the existing products. Cost improvement of four products were successfully demonstrated and executed in the manufacturing plants.

FORMULATION DIVISION

R&D Centre has launched innovative fixed dose combination: NOCK 3 tablets.

New oral formulations launched in the last financial year include : Gro 9 sachets (Arginine) , Crich (Progesterone) soft Gelatin capsules, Cpink M tablets (line extension of Cpink brand) and Bonanza range (Unique Algaecal and combinations), Indukt with Clomifene Citrate (50/100mg tabs).

Antibacterial Injectable formulation Tagbact was launched in last financial year.

New product Effervescent vaginal Tablets of Progesterone has been launched with novel technology.

R & D is working on developing formulations using APIs of your Company and assisting the customers of your Company's API buyers.

R & D is working on various new molecules to be launched in new financial year:

Soft Gelatin capsules

- Myoinositol
- DHEA (Dihydroepiandrosterone)
- Lubiprostone

Sachets

- Myoinositol with Folic acid
- Vitamin D3 (Adtrol line extension)
- Collagen Peptide

Tablets

Unique FDC and Innovative Technology formulations.

EXPENDITURE ON R&D	(₹ in Lacs)
Capital	0.58
Recurring	478.91
Total	479.49
Total R&D expenditure as a percentage of Total Revenue	1.35%

(3) FOREIGN EXCHANGE EARNING AND OUTGO:

(₹ in Lacs)

Particulars	For the year ended on 31.03.2012	For the year ended on 31.03.2011
Income:		
Foreign Exchange earned by the Company:		
F.O.B. Value of Exports.	14,989.43	11,663.85
Freight, Insurance Etc.	276.94	342.68
Total Income	15,266.37	12,006.53
Expenditure:		
C.I.F. Value of Imports		
Raw Material (including High Seas purchases)	4,412.10	3,655.59
Capital Goods	-	15.16
Interest	245.86	289.17
Commission Paid	150.59	50.61
Legal & Professional Fees	28.16	7.65
Travelling & Other Exp.	34.48	193.78
Total Expenditure	4,871.19	4,211.96

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

K. CHANDRAN
VICE CHAIRMAN

DR. P. L. TIWARI
DIRECTOR

Mumbai, 28 May 2012

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

Name of the Subsidiary Company	Financial year / period of the subsidiary company	Date from which it became subsidiary	Extent of Interest of the holding Company in the Capital and Reserve of the subsidiary company at the end of the financial year / period of the subsidiary company		Net aggregate amount of the subsidiary company's profit / (loss) not dealt with in the holding Company's accounts		Net aggregate amount of the subsidiary company's profit / (loss) dealt with in the holding Company's accounts	
			a) Number of shares held	b) extent of holding	Current year / period	Previous year / period	Current year / period (₹ in Lacs)	Previous year/period (₹ in Lacs)
Wanbury Holdings B. V., Netherlands	1 April 2011 to 31 March 2012	15 September 2006	6,489 Ordinary Equity Shares of Face Value of Euro 1000 each.	100%	NIL	NIL	(126.98)	(117.42)
Cantabria Pharma S. L., Spain	1 April 2011 to 31 March 2012	2 October 2006	1000 shares of Face Value of Euro 60 each (Refer Note 1)	100%	NIL	NIL	(2,076.44)	(4,625.28)
Laboratories Wanbury S. L., Spain	1 April 2011 to 31 March 2012	28 September 2007	2709 shares of Face Value of Euro 1 each (Refer Note 2)	100%	NIL	NIL	-	-
Ningxia Wanbury Fine Chemicals Co. Ltd., China	1 April 2011 to 31 March 2012	24 October 2007	13,260 shares of Face Value of US\$ 1 each.	100%	NIL	NIL	(12.77)	(1.04)
Wanbury Global FZE	1 April 2011 to 31 March 2012	6 April 2009	5 shares of Face Value of AED 1,00,000/- each.	100%	NIL	NIL	(59.59)	(1,061.52)

Notes:

- (1) Shares are held by Wanbury Holdings B. V., Netherlands, a wholly owned subsidiary of the Company.
- (2) Shares are held by Cantabria Pharma S. L., Spain.
- (3) There is no change in holding Company's interest in the subsidiaries between the end of the financial year of the subsidiaries and the end of the holding Company's financial year.
- (4) No material changes have been occurred between the end of 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.
- (5) Pursuant to the exemption given by the Central Government, Ministry of Corporate Affairs, vide its General Circular No. 2/2011 dated 8 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 OF DIRECTORS

K. CHANDRAN
VICE CHAIRMAN

DR. P. L. TIWARI
DIRECTOR

MANGESH BHOSALE
VICE PRESIDENT FINANCE & COMPANY SECRETARY

Mumbai, 28 May 2012

INFORMATION ON THE FINANCIAL OF THE SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31 MARCH, 2012

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 Khaimah, UAE
The financial year / period ended on	31 March 2012	31 March 2012	31 March 2012	31 March 2012	31 March 2012
	(₹ In Lacs)	(₹ In Lacs)	(₹ In Lacs)	(₹ In Lacs)	(₹ In Lacs)
Capital	6,515.26	34.49	2.03	5.29	68.33
Ordinary Share Application Money	5,348.35	-	-	-	-
Quasi Share Capital	-	-	-	-	1,254.35
Reserves	869.64	(10,081.07)	(1.65)	(5.52)	(30.52)
Total Liabilities	12,752.67	28,393.68	1.98	123.57	1,292.84
Total Assets	12,752.67	28,393.68	1.98	123.57	1,292.84
Turnover (net)	-	4,480.81	-	22.38	-
Profit / (Loss) before Tax	(126.98)	(2,076.44)	-	(12.77)	(59.59)
Profit / (Loss) after Tax	(126.98)	(2,076.44)	-	(12.77)	(59.59)

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

K. CHANDRAN
VICE CHAIRMAN

DR. P. L. TIWARI
DIRECTOR

MANGESH BHOSALE
VICE PRESIDENT FINANCE & COMPANY SECRETARY

Mumbai, 28 May 2012

Management Discussion and Analysis Report

Industry Overview

According to McKinsey, India is the 14th largest Pharmaceutical market and third largest in terms of manufacturing Pharma products by volume in the world. By 2015, it is expected to reach top 10 in the world beating Brazil, Mexico, South Korea and Turkey.

The Indian pharmaceutical market is currently estimated at US\$ 12 bn and is expected to reach US\$ 74 billion in Sales by 2020 according to a PricewaterhouseCoopers (PWC) Report. The industry which recorded a 9.9% growth till 2010 is expected to grow at a rate of 9.5% until 2015. The increasing population of the higher-income group in the country is expected to open a potential US\$ 8 bn market for multinational companies selling costly drugs by 2015.

India continues to be the largest exporter of Generic drugs in the world. The Indian generic market is estimated at US\$ 11 bn and is expected to grow at a CAGR of nearly 17% between 2011 to 2014. According to IMS health, the shift in global drug spending towards generics is expected to rise to 39 per cent of total Pharma spending in 2015, up from 27 per cent in 2010.

The US market remains the largest market for generics and in the short to medium term will remain a major focus for the sector and a growth driver for a number of Indian Pharma companies. During 2011, of the total 431 Abbreviated New Drug Application (ANDA) approved by the US FDA, Indian pharma companies received 144 approvals for the ANDA's and 49 tentative approvals, amounting to over 33 per cent of the FDA approvals in 2011.

Compared to \$21 billion in 2011, Patented products worth US\$ 52 billion are expected to expire in 2012. This would offer significant market opportunity for lower priced generics and a clear visibility for profit and revenue growth for the generic-focused Indian Pharma companies.

A growing demand for generics, subsequent increase in capacity utilization and better cost rationalization will ensure stability to the sector's operating margins. Margins for Indian Pharma companies could also improve with the depreciating rupee; the extent, however, would be governed by the amount of imports and hedging policies adopted.

Government Initiatives

The government is planning to set up a US\$ 639.56 mn Venture Capital (VC) fund to give a boost to drug discovery and strengthen the pharma infrastructure in the Country.

The government had issued an expression of Interest (EOI) for technical and financial bids for the selection of a global level consultant for the preparation of a detailed project report in order to develop India as a drug discovery and pharma innovation hub by 2020. The Drugs and Pharmaceuticals Manufacturers Association has received an in-principal approval for its proposed special economic zone (SEZ) for Pharmaceuticals, bulk drugs, active pharmaceutical ingredients (API) and Formulations to be located at Nakkapalli Mandal in Visakhapatnam district. The Department of Pharmaceuticals has prepared "Pharma Vision 2020" for making India one of the leading destinations for end-to-end drug discovery and Innovations.

Challenges facing the industry

Most of the drug companies in India are grappling with declining productivity of in-house R&D, Patent expiration of number of block buster drugs, increasing legal and regulatory concerns and pricing issue. As a result larger pharmaceutical companies are shifting the business model with greater outsourcing of discovery services, clinical research and manufacturing.

In addition to the global financial conditions and the threat of a broad recession, the Indian Pharma Industry would have to contend with following additional challenges.

- Effects of new product patent
- Drug Price Control
- Regulatory Reforms
- Quality Management and
- Conformance to global standards

However, Indian Pharma companies are expected to do well due to the generic experience and lower manufacturing cost.

Company Overview

(A) Domestic Formulations Business

Your Company was focused on restructuring the Formulations Business during the year to lay the foundation for robust and sustainable growth. This included major initiatives like implementation of mandatory order with cheque system to boost collections and curb doubtful orders. This not only led to significant reduction in the overdue amount in the market but also to lower sales. These initiatives coupled with scarcity of funds due to delay in final approval and disbursal of CDR funds led to drop in sales for the year.

However, the Company undertook the following initiatives which would help grow the Formulation business significantly over the mid-long term.

- **Appointment President, Formulations** – During the year the Company has appointed President, Formulation. He has nearly 30 years of experience in the Pharmaceutical Industry and has worked some of the top Pharmaceutical companies in India.
- **Introduced a new reporting system for Sales Force** – From an on paper weekly reporting to a new real time online reporting system has been put in place by the Company, which helps in tracking the performance of the sales force on a real time basis.
- **Introduced New Order System** – The Company only accepts orders on receipt of cheques now. This initiative has improved the overall collections and has streamlined the cash flow cycle of the Formulation business.

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 the best in class. Key performing brands for your Company are:-

CPink – An iron supplement based on Ferrous Ascorbate preparation is a ₹ 2,800 Lakh (ORG MAT Mar 2011) brand and ranked 2nd in Ferrous Ascorbate category. CPink has revolutionized Iron therapy by introducing the formulation prepared through patented IIC (Integrated Iron Complexation) technology. CPink with IIC technology maximizes Iron absorption & prevents GI irritation.

Adtrol plus - 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 years and men above 50 years.

Rabiplus- Our brand of Rabiprazole is ₹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 ₹1,200 Lakh brand, growing at 57% with second rank in folic acid market. The drug 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.

The Company had limited new product launches during the year due to the delay in CDR approval. However, the Company did launch the following new products during the year:

- **GRO 9**
- **CRich**
- **Adtrol D**

(B) Active Pharmaceutical Ingredients (API) Business:

The API division led by the new management achieved the 20% top line growth target it had set for itself last year. The division benefited from better price realization across products including Metformin, mainly due to favorable exchange rates obtained for exports during the year. The Company has introduced significant cost reduction initiatives over the last one year in order to sustain its competitiveness in a highly price sensitive market.

API Research and Development (R & D) Centre increased its man power at Tanuku factory to improve process efficiency of

already commercialized products. DSIR has approved your Company's R&D centre of Tanuku. During the year, the R & D Centre of your Company has developed lab scale processes for 3 Active Pharmaceutical Ingredients (APIs), increasing capacity to three times that of its key product with minimal investment.

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 products wherein nearly a 15 % cost reduction was achieved.

(C) International Formulations Business – Cantabria Pharma

The Spanish economy contracted by 0.3% in the opening quarter of 2012 is expected to shrink through 2012. This will make it difficult for the government to achieve its fiscal deficit targets, which may lead to more austerity measures and the government turning to the EU for help in dealing with its bank problems.

Spain's unemployment rate jumped to 24.4% during the first quarter of 2012. This was the highest rate in 18 years. With the economy already in contraction, unemployment is likely to continue to climb in the coming quarters. Spanish industrial production deteriorated further with the Industrial output falling by 7.5%.

Due to continuous price cuts and the declining demand due to the current economic scenario, the Cantabria Pharma business has become unviable. Therefore the Company has decided to divest the company and exit Spain. Though the Company initiated appropriate measures for the divestment of the Cantabria Business, it could not get the desired response due to the prevailing economic scenario. However, the Company will continue to aggressively pursue the same.

(D) Research & Development (R & D)

The Company's R & D is recognized 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

(E) Human Resource (HR) Initiatives at Wanbury

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, 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 organization 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.

(F) Cost Reduction Initiatives

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 :

The focus of the cost reduction strategy has been largely on Energy cost savings. Major energy saving areas included fuel input, boiler operation, steam transmission, lighting & power distribution, Motors & Pumps & cooling towers.

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

- Furnace oil based boilers were converted into agro waste based boilers thereby replacing the non-renewable resource with renewable resources and achieving significant cost saving in the times of high crude prices.
- Furnace oil based non IBR (Indian Boiler Regulation) and inefficient boilers (efficiency 65 %) were converted to IBR based efficient boilers (80 – 85 %) thereby reducing the fuel quantity required for operations.
- Process improvement related to Distillation time reduction in crystallization of Metformin to save fuel was initiated.
- Pump efficiency was also improved by providing coating to the pumps
- Continuous centrifuge was put in place of batch centrifuge to conserve energy of 210 HP per batch.
- Regular cleaning of cooling towers with descaling agents was undertaken to improve efficiency thereby reducing time cycle of batches.

(G) 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 Administration – 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.

(H) 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.

(I) Internal Control Systems and 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.

(J) Financial Review:

Particulars	2011-2012	2010-2011
Net Sales	33,636	30,911
Exports	15,266	12,007
Total Income	35,537	33,038
Total Cost	33,483	30,277
EBITDA	2,055	2,762
PBT	(1,614)	(2,225)
PAT	(1,614)	(2,227)

Your Company has generated Net Sales of ₹ 33,636 Lacs and Exports Sales of ₹ 15,266 Lacs (accounting for nearly 45% of the Total Net Sales) for the financial year 2011-2012 as against Net Sales of ₹ 30,911 Lacs and Exports Sales of ₹ 12,007 Lacs (accounting for nearly 39% of the Total Net Sales) for the financial year 2010-2011. Total Income for financial year has been ₹ 31,594 Lacs as against ₹. 37,587 Lacs for the financial year 2010-2011.

The API business generated Net Sales of ₹ 21,060 Lacs and accounted for 63% of Net Sales of ₹ 33,636 Lacs in the financial year 2011-2012 as against 57% during the financial year 2010-2011. The Formulation business generated Net Sales of ₹ 12,576 Lacs and accounted for 37% of the Net Sales in the financial year 2011-2012 as against 43% during the financial year 2010-2011.

Your Company had an EBITDA of ₹ 2,055 Lacs in the financial year 2011-2012 as against ₹ 2,762 Lacs in the financial year 2010-2011 on account of following:

- (a) The API business registered a 20%
- (b) Formulation overall sale down by 6% mainly due to loss of Pharma (Main) Division and Osteolife Division Business
- © The Formulation business Gross Margins improved by 2.7%, while the API business Gross Margin declined by 0.6%

- (d) The EBITDA margin of the Company declined by 3%.
- a. API business EBITDA margin increased from 10% to 13%.
 - b. Formulation business had a negative 7% EBITDA margin.

(K) Corporate Debt Restructuring:

The Corporate Debt Restructuring (CDR) Cell approved Corporate Debt Restructuring proposal of the Company vide its letter dated 23 May 2011. The Master Restructuring Agreement (MRA) was signed on 19 September 2011 and the documentation for the same was completed in February 2012.

(L) Cautionary Statement:

Statements in the "Management Discussion and Analysis" describing the Company's objectives, estimates, expectations or projections may be "forward looking statements" within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations, include Government regulations, patent laws, tax regimes, economic developments within India and countries in which the Company conducts business, litigation and other allied factors.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

K. CHANDRAN
VICE CHAIRMAN

DR. P. L. TIWARI
DIRECTOR

Mumbai, 28 May 2012

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. Ashok Shinkar	Non - Executive Director	8	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.

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 2011-2012, 5 Board Meetings were held on 30/05/2011, 12/08/2011, 27/09/2011, 07/11/2011 and 10/02/2012. The gap between two Board Meetings has not exceeded four months.

Directors Attendance Record

Name of Director	No. of Board Meetings attended during the period	Whether last AGM attended
Mr. K. Chandran	5	YES
Mr. Ashok Shinkar	2	NO
Mr. A. L. Bongirwar	5	NO
Mr. N. K. Puri	4	YES
Dr. P. L. Tiwari	4	YES
Mr. P. R. Dalal	5	NO

(3) BOARD COMMITTEES:

At present, the Board has five committees namely the Audit Committee, the Investors' Grievance Committee, the Remuneration Committee, the Risk 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 30/05/2011, 12/08/2011, 07/11/2011, and 10/02/2012.

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	3
Mr. P. R. Dalal – Member	4
Mr. Ashok Shinkar – Member	2

Mr. Pankaj Gupta, Company Secretary & Compliance Officer acted as Secretary of the Audit Committee upto 30 June 2011.

Terms of Reference :

The terms of reference to the Audit Committee include:

- a. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- b. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- c. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- d. 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 & 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 30/05/2011, 12/08/2011, 07/11/2011, and 10/02/2012. 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	3
Mr. K. Chandran – Member	Executive Director	4
Mr. Ashok Shinkar – Member	Non - Executive Director	2

Total 12 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 1 April 2011 and at the end of the year i.e. 31 March 2012.

(C) REMUNERATION COMMITTEE:

The Remuneration Committee has been formed for evaluating & recommending the executive director's 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).

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

The Company did not have a scheme of Stock Options till the financial year ended on 31 March 2012. The equity share holding of directors of the Company as on 31 March 2012 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 (₹)
Mr. A. L. Bongirwar	1,16,000/-
Dr. P. L. Tiwari	92,000/-
Mr. N. K. Puri	92,000/-
Mr. Ashok Shinkar	48,000/-
Mr. P. R. Dalal	1,08,000/-

Remuneration to Executive Directors:				(₹ in Lacs)	
Name of Director	Salary & Perquisites	Performance Linked Bonus	Total	Service Tenure	
Mr. K. Chandran	72.60	-	72.60	Upto 30.08.2013	

(D) 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

(E) DAY-TO-DAY AFFAIRS COMMITTEE :

The Day-to-Day Affairs Committee has three members Mr. K. Chandran – Chairman, Mr. Rajeev Roy and Mr. P. V. Pasupathy. The Day-to-Day Affairs Committee meets to take decisions on the matters delegated by the Board of Directors. During the period under review 5 meetings of the Committee were held.

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 ₹5 Crore and to decide terms & conditions of such borrowings and guarantees.
- (iii) Giving Power of Attorney to personnel of the Company to deal with Government Authorities / Semi Government Authorities and private bodies including Income Tax Department, Excise Department, Sales Tax Department, Custom Department, Court Matters, Company Law Matters, Maharashtra Industrial Development Corporation, Maharashtra Pollution Control Board, etc.
- (iv) To appoint C&F Agent, Selling Agent, Purchasing Agent, Distributor on Consignment Basis (DCBs), Transport Agent, Warehouse Agent, and other agents relating to the operations of the Company.

- (v) To authorise the persons to represent the Company in the general meeting of the other Company, in which the Company is member.
- (vi) To obtain manufacturing license or any other license on loan license basis or any other basis.
- (vii) To issue and allot Equity Shares of the Company upon conversion request from the FCCB Holders.
- (viii) To issue and allot Equity Shares of the Company to the OFCD Holders, as and when the OFCD Holders exercise conversion option.
- (ix) To issue and allot Equity Shares of the Company to the Warrant Holders, as and when the Warrant Holders exercise conversion option.
- (x) To allow companies, whether already incorporated or to be incorporated, to use “Wanbury” word in their name and also to use logo of the Company.

(4) GENERAL BODY MEETING

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

Financial Year	Date	Time	Venue
2010-2011	27 September 2011	12:00 Noon	Hotel Tunga Regency, Plot No. 37, Sector 30A, Vashi, Navi Mumbai
2009-2010	12 August 2010	12:00 Noon	Silk Lounge, Imperial Banquets, Raghuleela Arcade, Opp. Vashi Railway Station, Vashi, Navi Mumbai – 400 705
2008-2009	29 September 2009	12:00 Noon	Hotel Tunga Regency, Plot No. 37, Sector 30A, Vashi, Navi Mumbai

(b) Postal Ballot:

During the year under review, the Company has passed below mentioned 3 special resolutions through Postal Ballot (the same three special resolutions were also passed by the Company through Postal Ballot on 18th July, 2011).

S. No.	Particulars of Resolution	Type of Resolution	Date of passing Resolution	Number of votes in Favour of Resolution (% of Vote In Favour of Resolution)	Number of Votes Against the Resolution (% of Vote Against the Resolution)
01	Allotment of Equity Shares of the Company on preferential allotment basis to Expert Chemicals (I) Pvt. Limited.	Special Resolution	16/03/2012	45,45,759 & 99.84%	7,156 & 0.16%
02	Rehabilitation cum Merger Scheme of the Pharmaceutical Products of India Limited with Wanbury Limited.	Special Resolution	16/03/2012	45,46,009 & 99.85%	6,906 & 0.15%
03	Allotment of Equity Shares, Warrants and Optionally Fully Convertible Debentures pursuant to Rehabilitation cum Merger Scheme of the Pharmaceutical Products of India Limited with Wanbury Limited.	Special Resolution	16/03/2012	45,45,599 & 99.84%	7,256 & 0.16%

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

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

S. No.	Date of AGM	Subject Matter
01	29 September 2009	Appointment of and remuneration to be paid to Mr. Ashok Shinkar as Whole-time Director of the Company
02	12 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; and
 - (v) Wanbury Global FZE, Ras Al Khaimah, UAE.
- # Subsidiary of Wanbury Holdings B. V., Netherlands
* Subsidiary of Cantabria Pharma S. L., Spain

(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	:	Monday, 24 day of September 2012
Venue	:	Hotel Tunga Regency, Plot No. 37, Sector 30A, Vashi, Navi Mumbai – 400 705
Time	:	12:00 Noon

(b) Financial Calendar

For quarter ended on 30 June 2012	Unaudited Result within 45 days from the end of the quarter.
For quarter ended on 30 September 2012	Unaudited Result within 45 days from the end of the quarter.
For quarter ended on 31 December 2012	Unaudited Result within 45 days from the end of the quarter.
For quarter ended on 31 March 2013	Unaudited Result within 45 days from the end of the quarter or Audited Result within 60 days from the end of Financial year 2012-13.

Annual General Meeting for the year ended on 31 March 2013: On or before 30 September 2013.

(c) Book Closure

The Share Transfer Books and the Register of Members will remain closed from Monday, 17 September 2012 to Monday, 24 day of September 2012 (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 2012-13.

The Company has paid custody fee to National Securities Depository Limited (NSDL) and Central Depository Securities Limited (CDSL) for the financial year 2012-13.

(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 ₹ 10/- each have been issued as under:

Particular	No. of Equity Shares Allotted	Cumulative Total	Date of Allotment
Upon amalgamation (Refer Note 1)	94,86,358	94,86,358	15 October 2004
GDR Issue (Refer Note 2)	32,61,000	1,27,47,358	3 October 2005
Merger (Refer Note 3)	64,668	1,28,12,026	2 June 2007
Merger (Refer Note 3)	5,62,618	1,33,74,644	27 June 2007
FCCB Conversion	2,06,674	1,35,81,318	3 September 2007
FCCB Conversion	95,070	1,36,76,388	1 November 2007
FCCB Conversion	103,337	1,37,79,725	13 December 2007
FCCB Conversion	1,24,004	1,39,03,729	16 January 2008
Merger (Refer Note 4)	7,85,557	1,46,89,286	17 March 2008
Preferential Allotment (Refer Note 5)	26,90,000	1,73,79,286	30 March, 2012

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 ₹10/- each, the Global Depository Receipt Holders. {Distinctive Number From 09486359 to 12747358}.

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

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

Note 5: The Corporate Debt Restructuring proposal of the Company has been approved by the Corporate Debt Restructuring Cell vide its letter dated 23 May 2011. Pursuant to the provisions of Corporate Debt Restructuring Scheme, the Company has on 30 March 2012 allotted 26,90,000 (Twenty Six Lac Ninety Thousand) Equity Shares at a price of ₹37.50 (Rupees Thirty Seven and Paise Fifty only) {Face Value of ₹10/- and Premium ₹ 27.50/-} per Equity Share to Expert Chemicals (I) Pvt. Limited, a promoter group company.

(g) Stock Data:

Monthly Volume and High, Low & Close of Market price of Company's Equity Shares traded on the Bombay Stock Exchange Limited, Mumbai during the period ended on 31 March 2012 were as under:

Month	High (₹)	Low (₹)	Close (₹)	BSE Sensex Close	Volume (No. of Shares)
April 2011	38.80	30.20	33.00	19,135.96	5,41,639
May 2011	39.10	29.70	34.45	18,503.28	10,67,806
June 2011	35.25	25.00	29.45	18,845.87	2,34,248
July 2011	32.20	27.25	28.80	18,197.20	1,43,563
August 2011	30.00	23.40	24.25	16,676.75	1,62,204
September 2011	29.90	23.40	24.05	16,453.76	1,55,072
October 2011	25.00	20.60	23.80	17,705.01	47,365
November 2011	27.00	19.85	21.10	16,123.46	93,943
December 2011	24.00	19.30	19.55	15,454.92	1,00,422
January 2012	26.25	19.75	23.40	17,193.55	1,41,825
February 2012	34.65	23.35	24.05	17,752.68	5,34,174
March 2012	25.15	19.50	20.60	17,404.20	1,18,922

Source: BSE Website

Monthly Volume and High, Low & Close of Market price of Company's Equity Shares traded on the National Stock Exchange Limited, Mumbai during the period ended on 31 March 2012 were as under:

Month	High (₹)	Low (₹)	Close (₹)	S & P CNX Nifty Close	Volume (No. of Shares)
April 2011	44.00	29.75	33.40	5,749.50	4,28,522
May 2011	39.15	29.10	34.60	5,560.15	11,72,462
June 2011	35.50	27.10	29.40	5,647.40	3,18,673
July 2011	32.50	28.35	28.80	5,482.00	1,50,249
August 2011	30.90	23.15	24.40	5,001.00	1,77,351
September 2011	29.95	23.15	24.00	4,943.25	1,72,079
October 2011	25.15	22.75	23.50	5,326.60	62,244
November 2011	25.50	19.80	21.20	4,832.05	1,08,178
December 2011	23.70	19.60	19.90	4,624.30	86,782
January 2012	26.20	19.35	23.50	5,199.25	1,46,825
February 2012	35.35	22.85	24.10	5,385.20	6,27,115
March 2012	24.95	19.35	20.75	5,295.55	84,804

Source: NSE Website

(h) Distribution Schedule on number of Shares as on 31 March, 2012

No. of Shares	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Upto 100	12,196	61.78	7,04,358	4.05
101 to 200	2,954	14.96	5,23,285	3.01
201 to 500	2,547	12.90	9,31,104	5.36
501 to 1000	1,062	5.38	8,67,869	4.99
1001 to 5000	802	4.06	17,92,825	10.32
5001 to 10000	103	0.52	7,24,301	4.17
10001 to 100000	66	0.33	17,00,734	9.79
100001 and above	13	0.07	1,01,34,810	58.31
Total	19,743	100.00	1,73,79,286	100.00

(i) Distribution Schedule on scrip value as on 31 March 2012:

Share of Nominal Value in ₹	No. of Share holders	% of Share holders	Total Amount in ₹	% of Amount
Upto 5000	17,697	89.63	2,15,87,470	12.42
5001 to 10000	1,062	5.38	86,78,690	4.99
10001 to 20000	491	2.49	75,68,860	4.36
20001 to 30000	169	0.86	44,12,040	2.54
30001 to 40000	75	0.38	27,68,570	1.59
40001 to 50000	67	0.34	31,78,780	1.83
50001 to 100000	103	0.52	72,43,010	4.17
100001 and above	79	0.40	11,83,55,440	68.10
Total	19,743	100.00	17,37,92,860	100.00

(j) Shareholding Pattern as on 31 March 2012 was as under:

Category	No. of Shares Held	% of Holding
(A) Promoter Holding		
Indian Promoter	41,64,730	23.96
Foreign Promoter	30,24,000	17.40
Person acting in Concert	-	-
Sub Total (A)	71,88,730	41.36
Non – Promoters Holding		
(B) Institutional Investors		
Mutual Funds and UTI	10,117	0.06
Banks, Financial Institutions, Insurance Companies, (Central/State Govt. Institutions / Non - government Institutions) FIs	7,58,240	4.36
	-	-
Sub – Total (B)	7,68,357	4.42
(C) Others		
Private Corporate Bodies	22,19,681	12.77
Individual Shareholders Holding Nominal Capital up to ₹1 Lac.	50,09,046	28.82
Individual Shareholders Holding Nominal Capital in excess of ₹ 1 Lac	13,18,153	7.59
Clearing Members	85,349	0.49
OCB	94,680	0.54
NRI	128,290	0.74
Bank of New York (GDR issue)	5,67,000	3.27
Sub – Total (C)	94,22,199	54.22
GRAND TOTAL (A+B+C)	1,73,79,286	100.00

(k) Dematerialization of shares and liquidity:

60.03% representing 1,04,34,11 Equity Shares were held in dematerialized form and the balance 39.97 % were in physical form as on 31 March 2012.

(l) Outstanding GDRs

1,89,000 GDRs were Outstanding as on 31 March 2012, representing 5,67,000 Equity Shares, constituting 3.26% of the paid-up Equity Share Capital of the Company.

(m) Outstanding Warrants

11,25,236 Warrants were Outstanding as on 31 March 2012.

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

(n) Optionally Fully Convertible Debentures

58,199 Zero Coupon Optionally Fully Convertible Debentures (OFCDs) of face values of ₹1,000/- each (Rupees One Thousand each) of the aggregate nominal value of ₹ 5,81,99,000/- (Rupees Five Crore Eighty One Lac Ninety Nine Thousand only) were Outstanding as on 31 March 2012.

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 ₹ 125 per share

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

The aforesaid OFCD were issued pursuant to the Order of Hon'ble BIFR dated 24 April 2007.

(o) Outstanding Foreign Currency Convertible Bonds (FCCB)

248 Foreign Currency Convertible A Bonds of €10,000 each were Outstanding as on 31 March 2012.

700 Foreign Currency Convertible B Bonds of €10,000 each were Outstanding as on 31 March 2012.

These Bonds are convertible at the option of the holders of such Bonds into Equity Shares of ₹10 each of the Company at a conversion price of ₹138.43 with a fixed exchange rate on conversion of ₹57.22 to €1.00.

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

(p) Conversion of Foreign Currency Convertible Bonds

During the period under review the Company has not received any application for conversion of FCCB into Equity Shares of the Company. However up to 31 March 2012, in terms of the Offering Memorandum dated 25 April 2007, the Company has received applications for conversion of Foreign Currency Convertible A Bonds aggregating € 12,80,000 into fully paid-up Equity Shares in the Company. Consequently 5,29,085 fully paid Equity Shares of ₹10/- each, were allotted and issued at a conversion price of ₹138.43 per share and the said shares were listed with BSE & NSE up to 31 March 2012.

(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.

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. Mangesh Bhosale - Vice President Finance and 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

DR. P. L. TIWARI
DIRECTOR

Mumbai, 28 May 2012

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 period ended as on 31 March 2012.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

K. CHANDRAN
VICE CHAIRMAN

DR. P. L. TIWARI
DIRECTOR

Mumbai, 28 May 2012

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

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 31 March 2012 as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of the 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 the 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 off the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

NIKHIL PATEL
Partner
Membership No. 37032

Mumbai, 28 May 2012

AUDITORS' REPORT

TO THE MEMBERS OF WANBURY LIMITED

- 1 We have audited the attached Balance Sheet of **WANBURY LIMITED** as at **31 March 2012**, the Statement of Profit & Loss 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, Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - v. On the basis of written representation received from the Directors as on 31 March 2012 and taken on record by Board of Directors, we report that none of the Directors is disqualified as on 31 March 2012 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*
 - (a) *Note 37 of the financial statements regarding investment in subsidiaries and other company aggregating to ₹ 3,907.71 Lacs, advances against equity pending allotment of ₹ 5,348.35 Lacs and ₹ 12,313 Lacs being amount recoverable as at the year end for which no provision has been considered necessary by the management for the reasons stated in the aforesaid note.*
 - (b) *Note 34 of the financial statements regarding non provision for shortfall in recovery against trade receivables and loans & advances (impact unascertained), pending confirmation and reconciliation of balances and our inability to comment thereon.*
 - (c) *Note 42 of the financial statements regarding excess managerial remuneration of ₹ 19.37 Lacs is subject to the approval of the Central Government for which application is being made.*

In respect of (a) and (b) 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 assets, liabilities and reserves stated in the balance sheet. Had the effect of (c) above been given, the loss for the year would have been lower by ₹ 19.37 Lacs and assets and reserves would have been higher by ₹ 19.37 Lacs.

- 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 31 March 2012;
 - (b) In the case of the Statement of Profit & Loss, of the loss for the year ended on that date; and
 - (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

NIKHIL PATEL
Partner
Membership No. 37032

Mumbai, 28 May 2012

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 **31 March 2012**)

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 there under 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. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed cost records have been maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
9. According to the information and explanations given to us in respect of statutory and other dues:
 - a) *Except in some cases where there have been delays*, the Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State

Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues with the appropriate authorities during the year. According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid dues were in arrears, as at 31 March 2012 for a period of more than six months from the date they became payable *except in respect of income tax ' 173.52 Lacs, profession tax of ' 3.29 Lacs and statutory dues of erstwhile PPIL referred to in note 33 of the financial statements.*

- 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 ₹ 19.95 Lacs 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 as well as in the immediately preceding financial year.
 11. Based on our audit procedures and on the basis of information and explanations given to us, *Non Convertible Debentures of ₹ 152.67 Lacs and Optionally Fully Convertible Debentures of ₹ 581.99 Lacs have remained unpaid as referred to in note 10.1 and 10.2 respectively of the financial statements, pending fresh order of BIFR (refer note 33 of the financial statements). There is delay in payment of interest to Foreign Currency Convertible Bond-holders aggregating to ₹ 64.79 Lacs ranging from 91 to 275 days. Term loans of ₹ 68.02 Lacs taken by erstwhile PPIL from banks/financial institutions have remained unpaid as referred to in note 10.4 of the financial statements, pending fresh order from BIFR (refer note 33 of the financial statements). Considering the effect of CDR Scheme (refer note 35 of the financial statements), except delay in payment of interest of ₹ 37.01 Lacs ranging from 1 to 157 days, there is no delay in payment of dues to banks/financial institutions.*
 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 subsidiary 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. The Company has not raised any money by public issue during the year.
 21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

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

NIKHIL PATEL
Partner
Membership No. 37032

Mumbai, 28 May 2012

BALANCE SHEET AS AT 31 MARCH 2012

₹ In Lacs

	Note No	31 March 2012	31 March 2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	1,737.93	1,468.93
Reserves and Surplus	4	12,303.19	14,046.14
		14,041.12	15,515.07
Non-Current Liabilities			
Long-term borrowings	5	26,096.05	13,339.85
Other Long term liabilities	6	525.64	2,063.43
Long-term provisions	7	551.91	435.40
		27,173.60	15,838.68
Current Liabilities			
Short-term borrowings	8	5,660.64	16,385.12
Trade payables	9	6,014.62	6,165.30
Other current liabilities	10	13,442.39	8,296.07
Short-term provisions	11	222.10	456.86
		25,339.75	31,303.35
	TOTAL	66,554.47	62,657.10
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	12A	20,510.73	21,363.73
Intangible assets	12B	177.05	251.26
Fixed Asset held for sale	12C	373.59	373.59
Capital work-in-progress	12D	1,271.24	994.10
		22,332.61	22,982.68
Non-current investments	13	10,579.65	10,471.57
Long Term loans and advances	14	16,006.50	14,757.50
Other non-current assets	15	1.24	0.05
		48,920.00	48,211.80
Current assets			
Inventories	16	4,417.58	3,638.94
Trade receivables	17	7,967.65	6,556.51
Cash and Bank Balances	18	1,700.95	759.19
Short-term loans and advances	19	3,542.99	3,485.33
Other current assets	20	5.30	5.33
		17,634.47	14,445.30
	TOTAL	66,554.47	62,657.10

Significant Accounting Policies

2

The accompanying notes are an integral part of these financial statements.

For and on behalf of the Board

As per our report of even date
For Kapoor & Parekh Associates
Chartered Accountants

K. Chandran
Vice Chairman

Dr. P. L. Tiwari
Director

Nikhil Patel
Partner
Mumbai, 28 May 2012

Mangesh Bhosale
Vice President Finance &
Company Secretary

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31 MARCH 2012

₹ In Lacs

	Note No.	31 March 2012	31 March 2011
Revenue from operations (Net)	21	34,455.05	31,523.71
Other Income	22	1,082.41	1,513.92
Total Revenue		35,537.46	33,037.63
EXPENSES:			
Cost of materials consumed	23	13,469.28	11,008.35
Purchase of Stock-in-Trade	24	4,260.26	4,062.12
Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	25	(568.05)	(307.58)
Employee benefits expense	26	6,155.84	5,717.68
Financial costs	27	3,508.70	4,079.94
Depreciation and amortization expense	28	943.13	905.71
Other expenses	29	10,165.19	9,795.94
Total Expenses		37,934.35	35,262.16
Profit/(Loss) before exceptional items and tax		(2,396.89)	(2,224.53)
Exceptional Items-Income/(Expense)		783.21	-
Profit/(Loss) before tax		(1,613.68)	(2,224.53)
Tax expense:			
-Current tax		-	-
-Deferred tax		-	-
-Income Tax of the Earlier Years		-	2.16
Profit/(Loss) for the year		(1,613.68)	(2,226.69)
There are no Extra Ordinary Items and Discontinuing Operations.			
Basic & Diluted Earning /(Deficit) Per Share in ₹ [Face Value of Equity Share ₹ 10/-]	30	(10.97)	(15.16)

Significant Accounting Policies

2

The accompanying notes are an integral part of these financial statements.

For and on behalf of the Board

As per our report of even date
For Kapoor & Parekh Associates
 Chartered Accountants

K. Chandran
 Vice Chairman

Dr. P. L. Tiwari
 Director

Nikhil Patel
 Partner
 Mumbai, 28 May 2012

Mangesh Bhosale
 Vice President Finance &
 Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

	31 March 2012	₹ In Lacs 31 March 2011
A Cash flows from Operating Activities		
Net Profit/(Loss) before Tax	(1,613.68)	(2,224.53)
Non-cash adjustment to reconcile profit before tax to net cash flows:		
Depreciation	943.13	905.71
(Profit)/Loss on Sale of Assets	56.10	31.76
Provision for Doubtful Debts	99.98	50.00
Provision for Doubtful Advances	42.72	-
Forex Loss Adjusted Against Provision	-	(20.00)
Interest Charges	3,508.70	4,079.94
Amounts Written Off(Net)	74.50	55.80
Operating Profit/(Loss)before Movements/Adjustments:	3,111.45	2,878.68
Movements/Adjustments for:		
Decrease/(Increase) in Trade Receivable	(1,511.12)	1,616.24
Decrease/(Increase) in Long term Loans and Advances	(1,448.69)	(3,978.36)
Decrease/(Increase) in Short term Loans & Advances	(174.87)	295.30
Decrease/(Increase) in Other Non Current Assets	(1.19)	(0.05)
Decrease/(Increase) in Other Current Assets	0.03	9.09
Decrease/(Increase) in Other Bank Balances	0.04	(4.29)
Decrease/(Increase) in Inventories	(778.64)	(403.33)
Increase/(Decrease) in Other Long term Liabilities	80.03	60.90
Increase/(Decrease) in Other Current Liabilities	3,382.56	2,436.98
Increase/(Decrease) in Long term provisions	116.51	(53.50)
Increase/(Decrease) in Short term provisions	(19.68)	42.51
Increase/(Decrease) in Trade Payables	(150.68)	133.41
Cash Generated from/(used in) Operations.	2,605.76	3,033.58
Direct Taxes Paid (Net of Refunds)	(15.38)	(205.95)
Net Cash generated from/(used in) Operating Activities	2,590.38	2,827.63
B Cash flows from Investing Activities		
Purchase of Fixed Assets	(636.22)	(733.93)
Proceeds from Sale of Fixed Assets	54.81	39.40
Decrease/(Increase) in Fixed Deposits	60.71	338.27
Purchase of Non Current Investments	-	(16.86)
Advance to Subsidiary -pending allotment of shares	(108.08)	(282.40)
Net Cash generated from/(used in) Investing Activities	(628.78)	(655.52)
C Cash flows from Financing Activities		
Increase/(Decrease) in Long Term Borrowings	12,756.20	(3,097.45)
Increase/(Decrease) in Short Term Borrowings	(10,724.49)	4,667.17
Interest paid	(3,999.53)	(3,521.46)
Share Issue Proceeds	1,008.75	-
Dividend & Dividend Distribution Tax Paid	(0.04)	(167.00)
Net Cash generated from/(used in) Financing Activities	(959.11)	(2,118.74)
Net increase /(decrease) in cash & cash equivalents	1,002.50	53.37
Cash and Cash equivalents as at the beginning of the year	371.90	318.53
Cash and Cash equivalents as at the end of the year	1,374.40	371.90

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

	31 March, 2012	₹In Lacs 31 March, 2011
Components of cash and cash equivalents		
Cash on Hand	15.90	12.15
Cheques/drafts on hand	511.40	-
Balances with Banks	331.17	133.27
In Deposit Accounts (Under Lien)	515.93	226.48
	1,374.40	371.90

Notes :

1. Above Cash Flow Statement has been prepared under the 'Indirect Method' set out in the Accounting Standard - 3 on cash flow statement prescribed in the Companies (Accounting Standards) Rules, 2006.
2. Additions to Fixed Assets (including movements in Capital Work-in-Progress) are considered as a part of investing activities.
3. Figures in brackets indicates outflow.
4. Previous year's figures are regrouped & recasted wherever required.

As per our report of even date
For Kapoor & Parekh Associates
Chartered Accountants

Nikhil Patel
Partner
Mumbai, 28 May 2012

For and on behalf of the Board

K. Chandran
Vice Chairman

Dr. P. L. Tiwari
Director

Mangesh Bhosale
Vice President Finance &
Company Secretary

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

1. GENERAL INFORMATION:

Wanbury Limited ("the Company") is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its equity shares are listed on two stock exchanges in India. The Company is engaged in the business of pharmaceutical and related activities, including research.

2. SIGNIFICANT ACCOUNTING POLICIES:

2.1. Basis of Accounting

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention unless otherwise specified. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year unless otherwise specified.

During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

2.2. 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.

2.3. 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.

2.4. 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.

2.5. Depreciation / Amortisation:

- i) Cost of leasehold land is being amortized over the period of lease.
- ii) Brands and Technical Know-how are amortised over a period of ten and five years respectively.
- iii) Softwares are amortised @ 16.21% p.a.
- iv) On all other assets, depreciation is provided on straight-line basis in the manner and at the rates prescribed in Schedule XIV of the Companies Act, 1956.
- v) Depreciation is not provided in respect of assets held for sale.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

2.6. 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 statement of profit and loss 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.

2.7. 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.

2.8. 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.

2.9. Investments:

- i) Long term investments are stated at cost of acquisition unless there is permanent fall in their realization 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.

2.10. 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 statement of profit and loss.

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

2.11. 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. Income 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.

2.12. 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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

2.13. 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.

2.14. 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.

2.15. 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.

2.16. 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 statement of profit and loss.

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.

Defined benefit in the form of compensated absences is provided for based on actuarial valuation at the year-end in accordance with Company's policies.

2.17. 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.

2.18. 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 Statement of Profit & Loss.

2.19. 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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

	31 March, 2012 ₹ In Lacs	31 March, 2011 ₹ In Lacs
3 Share Capital		
Authorised		
20,00,000 Preference Shares of ₹ 100/- each	2,000.00	2,000.00
3,00,00,000 Equity Shares of ₹ 10/- each	3,000.00	3,000.00
	<u>5,000.00</u>	<u>5,000.00</u>
Issued, Subscribed and Paid-Up		
1,73,79,286(Pr. Yr. 1,46,89,286) Equity Shares of ₹ 10/- each fully paid up	1,737.93	1,468.93
	<u>1,737.93</u>	<u>1,468.93</u>

3.1 Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year:

Particulars	31 March 2012		31 March 2011	
	Number	₹ In Lacs	Number	₹ In Lacs
Shares outstanding at the beginning of the year	14,689,286	1,468.93	14,689,286	1,468.93
Add: Shares allotted as fully paid up during the year	2,690,000	269.00	-	-
Less: Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	17,379,286	1,737.93	14,689,286	1,468.93

3.2 Terms/Rights attached to Equity Shares :

The Company has issued only one class of Equity Shares having a par value of ₹ 10 per share. Each holder of Equity Shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees.

In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the numbers of Equity Shares held by the shareholders.

3.3 Outstanding Options to subscribe to Equity Shares :

11,25,236 warrants of the face value of ₹ 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 ₹ 10/- each at the premium of ₹ 125/- per share which is exercisable within five years from 27 June 2007, being the date of allotment of the warrants.

Refer Note 36(a) for terms of conversion of Foreign Currency Convertible Bonds into Equity Share of the Company.

Refer Note 35 for rights of lender under CDR scheme to convert dues into Equity Shares of the Company under certain condition stipulated in Master Restructuring Agreement dated 19 September 2011.

3.4 Details of Equity Shares held by each shareholders holding more than 5% :

Name of Shareholder	31 March 2012		31 March 2011	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Kingsbury Investments Inc	3,024,000	17.40%	3,024,000	20.59%
Expert Chemicals (India) Pvt. Ltd.	4,164,730	23.96%	1,471,551	10.02%

3.5 13,48,175 Shares were allotted in the financial year ended 30 September 2008 pursuant to the scheme of amalgamation of erstwhile PPIL and erstwhile DOCL with the Company, without payment being received in cash.

3.6 Out of the above Equity Shares 5,67,000 (Pr. Yr. 5,67,000) shares are represented by 1,89,000 (Pr. Yr. 1,89,000) Global Depository Receipts.

3.7 The Company has allotted 26,90,000 Equity Shares of ₹ 10/- each at the premium of ₹ 27.50 per Equity Shares to Expert Chemicals (India) Private Limited on 30 March 2012 on preferential basis pursuant to the Corporate Debt Restructuring Scheme.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

	31 March, 2012 ₹ In Lacs	31 March, 2011 ₹ In Lacs
4 Reserves & Surplus		
Capital Reserves		
As per last Balance Sheet	683.41	683.41
Securities Premium Account		
Balance as at beginning of the year	2,983.06	3,500.24
Add : On allotment of equity shares	739.75	-
	3,722.81	3,500.24
Less : Exchange Loss on Premium payable on FCCB	130.47	48.71
Pro rata Premium on FCCB	506.25	468.47
Balance as at the year end	3,086.09	2,983.06
Debenture Redemption Reserve		
As per last Balance Sheet	412.25	412.25
Revaluation Reserve		
Balance as at beginning of the year	5,191.87	5,426.34
Less: Amortisation during the year	232.27	232.27
Reversal on sale of assets	-	2.20
Balance as at the year end	4,959.60	5,191.87
General Reserve		
As per last Balance Sheet	1,070.56	1,070.56
Surplus in the Statement of Profit and Loss		
Balance as at beginning of the year	3,704.96	5,931.68
Loss for the year	(1,613.68)	(2,226.69)
Balance as at the year end	2,091.28	3,704.99
	12,303.19	14,046.14

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

5	Long Term Borrowings	31 March, 2012 ₹ In Lacs	31 March, 2011 ₹ In Lacs
	Term Loans (Secured)		
	From Banks (Rupee)	23,079.58	4,503.00
	From Banks (Foreign Currency)	2,897.67	2,657.97
	Vehicle & Other Loans (Secured)		
	From Banks (Rupee)	33.45	106.72
	From Others (Rupee)	67.84	55.80
	Foreign Currency Convertible Bonds (Unsecured) (Refer Note 36)		
	248 1% Foreign Currency Convertible A Bond of Euro 10,000/- each	-	1,568.35
	700 1% Foreign Currency Convertible B Bond of Euro 10,000/- each	-	4,426.80
	Deferred Sales Tax Loan (Unsecured)	17.51	21.21
		26,096.05	13,339.85

5.1 (a) For the year ended 31 March 2012:

Term Loans are secured by pari passu first charge on all the present and future movable and immovable fixed assets of the Company situated at Patalganga and Tarapur, three brands of the Company and second charge, except in respect of Term Loans from State Bank of India which has a first charge, on all the present and future movable and immovable fixed assets of the Company situated at Tanuku and second pari passu charge on entire present and future current assets of the Company and pledge of 8,22,242 equity shares of the Company held by Expert Chemicals (I) Private Limited, in addition to guarantee of Expert Chemicals (I) Pvt. Ltd., Bravo Healthcare Ltd. and Mr. K. Chandran, Director of the Company.

(b) For the year ended 31 March 2011:

Rupee 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, in addition to guarantee by Expert Chemicals (India) Private Limited, Wanbury Holding B.V. (Netherland) and a Director 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 Companys brands. An exclusive pledge on a portion of promoters' shares has already been created.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

5.2 Vehicle and other loans are secured by hypothecation of assets acquired against respective loans.

5.3 Rate of Interest:

(a) For the Year Ended 31 March 2012 :

The rate of interest on term loans vary between 1% to 9.5% p.a., on vehicle and other loans vary between 8.62% to 12.65%p.a. and deferred sales tax loan is interest free.

(b) For the Year Ended 31 March 2011 :

The rate of interest on term loans vary between 13% to 13.5% p.a., on vehicle and other loans vary between 8.3% to 12.65%p.a. and deferred sales tax loan is interest free.

5.4 Repayment of Loans	31 March 2012 ₹ In Lacs	31 March 2011 ₹ In Lacs
<u>Term Loan:</u>		
Year of Repayment		
2012-13	-	2,207.00
2013-14	2,127.69	1,378.93
2014-15	2,205.36	2,389.59
2015-16	1,713.24	1,185.44
2016-17	1,978.60	-
2017-18	4,516.87	-
2018-19	4,775.80	-
2019-20	4,621.61	-
2020-21	4,038.08	-
<u>Vehicle & Other Loan:</u>		
Year of Repayment		
2012-13	-	89.99
2013-14	45.11	48.20
2014-15	31.50	21.43
2015-16	24.67	2.90
<u>Deferred Sales Tax Loan:</u>		
Year of Repayment		
2012-13	-	4.11
2013-14	4.14	4.14
2014-15	13.37	12.97

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

	31 March 2012 ₹ In Lacs	31 March 2011 ₹ In Lacs
6 Other Long Term Liabilities		
FCCB Premium Payable	-	1,617.82
Security Deposits from Customers	525.64	445.61
	525.64	2,063.43
7 Long Term Provisions		
Provision for employee benefits		
Provision for Gratuity	205.83	180.90
Provision for Leave Benefits	346.08	254.50
	551.91	435.40
8 Short Term Borrowings		
Working Capital Loans repayable on demand (Secured)		
From Banks (Rupee)	5,610.14	15,565.87
<p>(Above loans are secured by a pari-passu first charge on current assets and three brands of the Company, second charge on fixed assets and pledge of 8,22,242 equity shares of the Company held by Expert Chemicals (I) Pvt. Ltd., in addition to guarantee of Expert Chemicals (I) Pvt. Ltd., Bravo Healthcare Ltd. and Mr. K. Chandran, Director of the Company.)</p>		
Loans and advances from related party (Unsecured)		
Inter Corporate Deposits from Expert Chemicals (I) Pvt. Ltd.	0.25	769.00
Loan repayable on demand (Unsecured)		
From Banks (Rupee)	29.94	29.94
From Others (Rupee)	20.31	20.31
	5,660.64	16,385.12
9 Trade Payables		
Micro, Small and Medium Enterprises (Refer note 38)	71.43	167.00
Others	5,943.19	5,998.30
	6,014.62	6,165.30

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

	31 March 2012 ₹ In Lacs	31 March 2011 ₹ In Lacs
10 Other Current Liabilities		
Current maturities of :		
-Term Loan (Refer Note 5.1 for Security)	1,152.84	3,224.76
-Vehicle & Other Loan (Refer Note 5.2 for Security)	86.71	93.57
-Deferred Sales Tax Loan	4.11	4.13
-Zero Coupon Optionally Fully Convertible Debentures	-	291.00
-Foreign Currency Convertible Bonds (Unsecured) (Refer Note 36)		
-248 1% Foreign Currency Convertible A Bond of Euro 10,000/- each	1,694.83	-
-700 1% Foreign Currency Convertible B Bond of Euro 10,000/- each	4,783.80	-
Interest accrued but not due on borrowings	16.20	21.32
Interest accrued and due (Refer Note 10.3)		
-On Secured Borrowings	7.46	557.95
-On Foreign Currency Convertible Bonds	64.79	-
Unpaid dividends	25.62	25.66
(Amount transferable to Investor Education & Protection Fund when due)		
Security Deposits from Customers	25.00	70.00
FCCB Premium Accrued but not due	2,254.55	-
Payables for Fixed Assets	1,043.86	809.36
Statutory Dues Payable	730.30	760.59
Overdrawn Bank Balances	229.89	159.75
Unpaid Dues of Long Term Borrowings- Secured (Refer Note 5.1 and 10.3)	-	1,287.13
Unpaid Dues of Long Term Borrowings of erstwhile PPIL - Secured (Refer Note 10.4)	68.02	68.02
Unpaid Matured Zero Coupon Non Convertible Redeemable Debentures (NCD)	152.67	152.67
Unpaid Matured Zero Coupon Optionally Fully Convertible Debentures(OFCD)	581.99	290.99
Other Payables	519.75	479.17
	13,442.39	8,296.07

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

- 10.1 The NCD are to be secured by a pari passu charge on the fixed assets of the Company situated at Patalganga and Plot No. J-17 at Tarapur. The NCD comprises of Part A of ₹ 60 and Part B of ₹ 40 which are redeemable at par at the end of two years and three years respectively from 1 May 2007. The Company had redeemed Part A of ₹ 60 relating to 1,49,709 NCD's in the earlier years. NCD's amounting to ₹ 55.67 Lacs and ₹ 97 Lacs was due for repayment on 1 May, 2009 and 1 May 2010 respectively. However, since the matter is under consideration of BIFR, the same will be paid as per the order of BIFR. Also Refer Note 33.
- 10.2 The OFCD are to be secured by a pari passu charge on the fixed assets of erstwhile PPIL situated at Plot No. 24 at Tarapur and fixed assets at Mazgaon. OFCD are convertible between 1 November 2008 and 30 April 2012 into equity shares at a price being higher of ₹ 125/- and 67% of the three months average weekly closing price prior to the date of exercise of such right. amounting to ₹ 290.99 Lacs and ₹ 291 Lacs was due for repayment on 30 April 2010 and 30 April 2011 respectively. However, since the matter is under consideration of BIFR, the same will be paid as per the order of BIFR. Also Refer Note 33.
- 10.3 In the previous year, there is delay in repayment of term loans aggregating to ₹ 1,287.13 Lacs ranging from 1 to 152 days. There is delay in payment of interest on secured borrowings aggregating to ₹ 7.46 Lacs (Pr. Yr. ₹ 557.95 Lacs) ranging from 3 to 18 days (Pr. Yr. 1 to 152 days) in respect of dues to banks /financial institutions. There is delay ranging from 91 to 275 days (Pr. Yr. Nil) in payment of interest on FCCB aggregating to ₹ 64.79 Lacs (Pr. Yr. Nil).
- 10.4 Term loans of erstwhile PPIL amounting to ₹ 68.02 Lacs(Pr. Yr. ₹ 68.02 Lacs)are secured by a pari-passu first charge on its fixed assets of erstwhile PPIL. The said dues were payable as per Merger Cum Revival Scheme approved by the BIFR wide its order dated 24 April 2007. However, since the matter is under fresh consideration of BIFR, the same will be paid as per the order of BIFR. Also Refer Note 33.

	31 March 2012 ₹ in Lacs	31 March 2011 ₹ In Lacs
11 Short Term Provisions		
Provision for employee benefits		
Provision for Gratuity	12.54	44.70
Provision for Leave Benefits	31.35	23.05
Bonus Provision	7.19	4.42
Others		
Provision for Income Tax (Net of Payment)	168.30	383.37
Provision for Wealth Tax	2.72	1.32
	222.10	456.86

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

12. Fixed Assets : ₹ in Lacs

DESCRIPTION	GROSS BLOCK			DEPRECIATION / AMORTISATION			NET BLOCK	
	As at 1-Apr-11	Additions	Deductions	As at 1-Apr-11	for the year	Deduction	As at 31-Mar-12	As at 1-Apr-11
12A								
Tangible Asset								
Free Hold Land	4,739.81	-	-	-	-	-	4,739.81	4,739.81
Lease Hold Land	485.53	-	-	14.01	5.94	-	465.58	471.53
Factory Building	3,573.51	149.37	-	552.22	110.34	-	3,060.31	3,021.29
Plant & Machinery	16,313.08	76.10	-	4,402.18	818.67	-	11,168.33	11,910.83
Furniture & Fixtures - Others	499.61	2.17	34.57	181.34	26.98	8.22	200.09	318.26
Vehicles	553.43	106.51	115.16	544.78	52.90	36.06	327.61	353.21
Office Equipments	381.84	0.43	3.94	378.33	17.89	0.61	229.95	250.74
Electrical Installations	145.54	-	2.55	36.70	6.89	0.43	99.81	108.83
Computers - Others	458.35	20.22	-	269.10	57.27	-	152.20	189.23
Total	27,150.69	354.81	156.23	5,786.97	1,096.89	45.32	20,510.73	21,363.73
Previous Year's Total	26,215.54	1,046.45	111.31	4,771.72	1,057.58	42.35		
12B								
Intangible Asset								
Brand (Setcal)	370.00	-	-	296.00	37.00	-	37.00	73.99
Brands - Formulation Revalued								
Software	395.38	4.28	-	218.10	41.50	-	140.05	177.27
Technical Knowhow	4.43	-	-	4.43	-	-	-	-
Total	769.80	4.28	-	518.53	78.50	-	177.05	251.26
Previous Year's Total	669.58	100.22	-	438.15	80.39	-		
12C								
Asset held for Sale								
Office Premises (Erstwhile PPIL)	243.00	-	-	46.46	-	-	196.54	196.54
BUILDING - R & D (Erstwhile PPIL)	400.22	-	-	223.17	-	-	177.05	177.05
Total	643.22	-	-	269.63	-	-	373.59	373.59
Previous Year's Total	643.22	-	-	269.63	-	-		
Capital Work-in-Progress								
Total							1,271.24	994.10
							22,332.61	22,982.68

Notes:

1. Additions to Fixed Assets includes item of assets aggregating to ₹ 0.58 Lacs (Pr. Yr. ₹ 82.85 Lacs) located at Research and Development centres 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, construction material purchases and other assets under erection.
4. Refer Note 33 & 54 for Asset held for Disposal.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

	31 March 2012 ₹ In Lacs	31 March 2011 ₹ In Lacs
13 Non Current Investments		
Trade Investments		
In Subsidiaries (Unquoted)		
Ningxia Wanbury Fine Chemicals		
13,260 Shares of USD 1 each	5.29	5.29
Other Investments		
In Subsidiaries (Unquoted)		
Wanbury Holding B. V.		
6,489 Ordinary Shares of Euro 1,000 each (Pledged with Banks against loan given to the Cantabria Pharma S.L.)	3,849.02	3,849.02
Advance for Investment Pending Allotment	5,348.35	5,240.27
Wanbury Global FZE		
5 Shares of AED 1,00,000 each	68.33	68.33
Quasi Share Capital	1,254.35	1,254.35
In Other Entities		
Unquoted		
The Saraswat Co-op. Bank Ltd.		
706 Equity Shares of ₹ 10 each	0.07	0.07
The Shamrao Vithal Co-op. Bank Ltd.		
100 Equity Shares of ₹ 25 each	0.03	0.03
Bravo Healthcare Limited		
12,71,250 Equity Shares of ₹ 10 each	53.40	53.40
Quoted		
Bank of India		
1,800 Equity Shares of ₹ 10 each	0.81	0.81
	10,579.65	10,471.57
Aggregate amount of quoted investments	0.81	0.81
Market Value of quoted investments	6.50	8.60
Aggregate amount of unquoted investments	10,578.83	10,470.75

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

	31 March 2012 ₹ In Lacs	31 March 2011 ₹ In Lacs
14 Long Term Loans & Advances (Unsecured, considered good)		
Capital Advances	371.24	80.81
Security Deposits	358.62	383.10
Loans and advances to related parties (Refer note 53)	12,317.43	12,320.74
Mat Credit Entitlement	748.93	948.61
Other Loans and Advances	2,210.28	1,024.24
	16,006.50	14,757.50
15 Other Non Current Assets		
Fixed Deposit with Bank (Under Lien)	1.07	0.05
Interest Accrued on fixed deposit	0.17	-
	1.24	0.05
16 Inventories (As certified by the management)		
Raw Materials and Packing Materials	852.70	650.20
Work-in-Progress	2,115.79	2,121.03
Finished Goods	435.95	28.89
Goods-in transit- Finished Goods	-	18.42
Stock in Trade	992.53	807.88
Fuel	20.61	12.52
	4,417.58	3,638.94
17 Trade Receivables (Unsecured)		
-Over Six months from the date they are due for payment		
Considered good	2,258.72	1,674.63
Considered doubtful	263.98	164.00
	<u>2,522.70</u>	<u>1,838.63</u>
Less: Provision for doubtful debts	263.98	164.00
	<u>2,258.72</u>	<u>1,674.63</u>
-Others from the date they are due for payment		
Considered good	5,708.93	4,881.88
	7,967.65	6,556.51

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

	31 March 2012 ₹ In Lacs	31 March 2011 ₹ In Lacs
18 Cash and Bank Balances		
Cash & Cash Equivalents		
Cash on Hand	15.90	12.15
Cheques/drafts on hand	511.40	-
Balances with Banks	331.17	133.27
Fixed Deposit with Bank (Under Lien)	515.93	226.48
	1,374.40	371.90
Other Bank Balances		
Earmarked balances with banks-Unpaid Dividend	25.62	25.66
Fixed Deposit with Bank (Under Lien)	300.93	361.63
	326.55	387.29
	1,700.95	759.19
19 Short-term Loans and Advances (Unsecured, Considered Good)		
Loans and Advances to Employees	610.21	631.22
Advance to Creditors	482.87	262.67
Prepaid Expenses	7.65	47.02
Export Benefit Receivable	510.20	715.31
Balance with Statutory/Government Authorities		
Balances with Excise Authorities	1,095.20	1,120.03
VAT Receivable	836.86	709.08
	3,542.99	3,485.33
20 Other Current Assets		
Interest Accrued on Bank Fixed Deposits	5.30	5.33
	5.30	5.33
21 Revenue From Operation		
Sale of products		
Finished Goods/Bulk Drugs	21,538.69	18,078.41
Traded Goods	12,601.66	13,347.49
Processing Charges	439.42	315.49
Other Operating Revenue		
Sale of Scrap	88.94	88.34
Export Incentive	290.35	208.74
	34,959.06	32,038.47
Less:Excise Duty	504.01	514.76
	34,455.05	31,523.71
22 Other Income		
Interest Income	277.85	1,241.08
Exchange Gain- Net	763.79	263.94
Insurance Claim	40.06	8.88
Miscellaneous Income	0.71	0.02
	1,082.41	1,513.92

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

	31 March 2012 ₹ In Lacs	31 March 2011 ₹ In Lacs
23 Cost of Materials Consumed		
Raw & Packing Materials		
Opening Stock	650.20	554.11
Add: Purchases	13,671.78	11,104.44
	14,321.98	11,658.55
Less: Closing Stock	852.70	650.20
	13,469.28	11,008.35
24 Purchase of Stock-in-Trade		
Purchase of Stock-in-Trade	4,260.26	4,062.12
	4,260.26	4,062.12
25 Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade		
Inventories at the beginning of the year		
- Finished Goods	47.31	2.03
- Work-in-Progress	2,121.03	1,964.31
- Stock-in-Trade	807.88	702.30
	2,976.22	2,668.64
Inventories at the end of the year		
- Finished Goods	435.95	47.31
- Work-in-Progress	2,115.79	2,121.03
- Stock-in-Trade	992.53	807.88
	3,544.27	2,976.22
Net (Increase)/Decrease in Inventories	(568.05)	(307.58)
26 Employee Benefit Expense		
Salaries, Wages, Bonus and Allowances	5,681.70	5,208.71
Contribution to Provident and Other Funds	332.64	342.95
Staff Welfare Expenses	141.50	166.02
	6,155.84	5,717.68
27 Finance Cost		
Interest expense	2,407.29	3,503.48
Other borrowing costs	223.03	331.69
Applicable net (gain) loss on foreign currency transactions and translation	878.38	244.77
	3,508.70	4,079.94

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

	31 March 2012 ₹ In Lacs	31 March 2011 ₹ In Lacs
28 Depreciation and amortisation expense (Refer note 12)		
Depreciation and amortization expense	1,175.40	1,137.98
Less: Transferred from Revaluation Reserve	(232.27)	(232.27)
	943.13	905.71
29 Other Expenses		
Advertisement & Sales Promotional Expenses	2,173.62	2,524.58
Travelling & Conveyance	1,556.58	1,410.75
Power & Fuel	1,467.31	1,579.41
Breakages & Expiry	857.07	492.20
Carriage Outward	596.76	698.99
Legal & Professional Charges	513.16	421.02
Commission on Sales	451.03	429.86
Consumption of Stores, Spares & Consumables	375.49	354.67
Rent	318.77	315.29
Provision for Doubtful Debts	99.98	50.00
Provision for Doubtful Advances	42.72	-
Repairs to Machineries	110.13	110.97
Amounts Written Off (Net)	74.50	55.80
Rates & Taxes	61.13	42.20
Insurance	60.89	66.30
Loss on sale of Fixed Assets	56.10	31.76
Excise Duty	32.28	56.18
Repairs to Buildings	16.28	14.12
Miscellaneous Expenses	1,301.39	1,141.84
	10,165.19	9,795.94
30 Earning Per Share:		
Profit/ (loss) after Tax - ₹ In Lacs	(1,613.68)	(2,226.69)
Weighted Average Number of Equity Shares	14,703,985	14,689,286
Nominal value of Equity Shares in ₹	10.00	10.00
Basic & Diluted Earning /(Deficit) Per Share in ₹	(10.97)	(15.16)

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

31. Contingent liabilities:

Sr No.	Particulars	31 March 2012 ₹ in Lacs	31 March 2011 ₹ in Lacs
a)	Letter of Credit Opened	1,071.00	2,730.27
b)	Bank Guarantee issued	35.76	33.09
c)	Guarantees given to banks/financial institutions for loans given to subsidiaries	27,336.00 (Euro 400 Lacs)	25,296.00 (Euro 400 Lacs)
	Loans outstanding at the year end	16,713.59 (Euro 244.57 Lacs)	15,007.66 (Euro 237.31 Lacs)
d)	Guarantees given to banks/financial institutions for loans given to Other	2,700.00	2,700.00
	Loans outstanding at the year end	1,784.33	1,555.15
e)	Estimated amounts of contracts remaining to be executed on capital account and not provided for (net of advances)	379.25	105.99
f)	Disputed demands by Income Tax Authorities	40.43	40.43
	Amount paid there against	40.43	40.43
	Disputed demands by Sales Tax Authorities	33.27	33.27
	Amount paid under protest	13.32	13.32
g)	Claims against the Company not acknowledged as debts	425.65	1,098.23

Future cash flows in respect of liability under clause (a) to (e) are dependent on terms agreed upon with the parties and in respect of liability under clause (f) & (g) are dependent on decisions by relevant authorities of respective disputes.

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

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

The Hon'ble Supreme Court vide its Order dated 16 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 Sick Industrial Companies (Special Provisions) Act, 1985 (SICA), in response to a suit filed by one of the unsecured creditors of Erstwhile PPIL.

The BIFR has directed IDBI Bank, which has been appointed as Operating Agency, to formulate new Draft Rehabilitation Scheme (DRS) pursuant to the Order of Hon'ble Supreme Court of India dated 16 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 16 May 2008.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

As per BIFR Order dated 24 April 2007, statutory dues of erstwhile PPIL comprising of income tax ₹ 250.36 Lacs, profession tax ₹ 6.06 Lacs, custom duty ₹ 230 Lacs, sales tax ₹ 8.50 Lacs and excise duty ₹ 15.62 Lacs were required to be paid in six annual installments and the Company has pursuant to the scheme, allotted Non Convertible Debentures (NCDs) of ₹ 242.50 Lacs and Optionally Fully Convertible Debentures (OFCDs) of ₹ 581.99 Lacs, to some of the lenders of erstwhile PPIL, out of which dues amounting to ₹ 152.67 Lacs and ₹ 581.99 Lacs in respect of NCDs and OFCDs respectively, remains payable at the year end. Since BIFR is considering the matter afresh, pending fresh directives from the BIFR, aforesaid dues have not been paid.

34. The Company had separate IBIS software for formulation sales accounting which had been switched over/ linked to SAP in earlier years and also had changed from DCB Model to Distributorship Model (C&F) for selling formulation products. Consequently, trade receivables pertaining to formulation business are subject to confirmation, reconciliations and adjustments, if any.

Further, balances of trade receivables, trade payables, loans and advances are subject to confirmation/ reconciliation and adjustments, if any.

However, in the opinion of management, as recovery and other measures are under active consideration, the amount outstanding has been considered good and recoverable.

35. The Corporate Debt Restructuring (CDR) proposal of the Company, having 30 September 2010 as the cutoff date, has been approved by the CDR Cell vide its Letter of Approval (LOA) dated 23 May 2011. Subsequently on execution of the Master Restructuring Agreement (MRA) dated 19 September 2011, effect of CDR Scheme has been given in the financial statements as per the MRA and excess interest accounted for the period 1 October 2010 to 31 March 2011 amounting to ₹ 783.21 Lacs has been reversed during the year and shown as exceptional item in the financial statement.

MRA among other terms and conditions, provide for:

- a) Additional fund, non fund based assistance from the CDR lenders;
 - b) Promoters to bring further contributions in stages;
 - c) Reporting and other compliances by the Company; and
 - d) Right to the CDR lenders to convert at their option, the whole of the outstanding amount or 20% of rupee equivalent of the defaulted amount into fully paid-up equity shares of the Company at par, in case of certain defaults by the Company.
36. a) The Company has issued on 20 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 € 10,000 each maturing on 23 April 2012 and 17 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 ₹ 10 each at a premium of ₹ 128.43, being conversion price of ₹ 138.43 at a fixed exchange rate of ₹ 57.22 to € 1 and such option being exercisable till 9 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 ₹ 10 each at a premium of ₹ 128.43, being reset conversion price of ₹ 138.43 at a fixed exchange rate of ₹ 57.22 to € 1 and such option is exercisable till 5 November 2012.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 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 year ended on 31 March 2010, the Company bought back and cancelled 424 Foreign Currency Convertible “A” Bonds of face value of € 10,000 each.
 - 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 ₹ 10/- each have been issued at a conversion price of ₹ 138.43 per equity share upon conversion of 128 Foreign Currency Convertible “A Bonds” of face value of € 10,000 each.
 - e) The balance of 248 “A bonds” & 700 “B Bonds” have remained outstanding at the year-end.
37. The Company has invested ₹ 53.40 Lacs (Pr. Yr. ₹ 53.40 Lacs) in equity shares of Bravo Healthcare Limited (BHL) and also given loan and advances aggregating to ₹ 7,502.60 Lacs (Pr. Yr. ₹ 7,221.58 Lacs). Networth of BHL has been negative as per audited accounts for the year ended 31 March 2011.

The Company has invested ₹ 5.29 Lacs (Pr. Yr. ₹ 5.29 Lacs) in shares of Ningxia Wanbury Fine Chemicals Company Limited (Ningxia) , a wholly-owned subsidiary and net amount recoverable as at the year end is ₹ 123.81Lacs (Pr. Yr. ₹ 104.69 Lacs). Networth of Ningxia has been negative as per audited accounts for the year ended 31 March 2012.

The Company has invested ₹ 3,849.02 Lacs (Pr. Yr. ₹ 3,849.02 Lacs) in ordinary share of Wanbury Holding B.V. (“WHBV”), a wholly-owned subsidiary, which is created for making investment in step down subsidiaries and has given advances of ₹ 5,348.35 Lacs (Pr. Yr. ₹ 5,240.27 Lacs) to be adjusted against shares which is pending allotment. WHBV has made investment in it's wholly-owned subsidiary, Cantabria Pharma S.L. (“CP”) and given loans & advances to the CP. Further, the Company has also receivable from CP of ₹ 4,686.59 Lacs (Pr. Yr. ₹ 4,301.57 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 and is contemplating steps for their revival, fund infusion etc. Hence, no provision has been considered necessary at this juncture in respect of aforesaid investments in and dues recoverable from them.

38. Disclosure of trade payable 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”. Amount outstanding as on 31 March 2012 to Micro, Small and Medium Enterprises on account of principal amount aggregate to ₹ 71.43 Lacs (Pr. Yr. ₹ 167.00 Lacs) [including overdue amount of ₹ 48.39 Lacs (Pr. Yr. ₹ 154.90 Lacs)] and interest due thereon is ₹ 10.03 Lacs (Pr. Yr. ₹ 10.77 Lacs) and interest paid during the year ₹ Nil (Pr. Yr. ₹ Nil). Since as per the terms/understanding with the parties, no interest is payable, hence no provision has been made for the aforesaid interest (Refer note 9).

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

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

(₹ in Lacs)

Particulars	31 March 2012	31 March 2011
Liabilities:		
Depreciation	(2,245.43)	(2,251.21)
Assets:		
43 B Disallowance and other deferments	1,052.75	163.24
Unabsorbed Depreciation & Business Loss	2,182.39	2,918.10
Total Assets	3,235.14	3,081.34
Deferred Tax Asset Restricted to	(2,245.43)	(2,251.21)
Net Deferred Tax Assets (Liabilities)	Nil	Nil

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

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

(₹ in Lacs)

Particulars	31 March 2012	31 March 2011
Opening Balance	Nil	3.23
Add: Incurred in the current year :		
Salaries and allowances	Nil	57.19
Total	Nil	60.42
Less: Capitalised to fixed assets	Nil	60.42
Closing Balance	Nil	Nil

41. Remittance in foreign currency on account of dividend:

During the previous year ended 31 March 2011, the Company has paid dividend for FY 2009-2010 in respect of shares held by Non-Resident Shareholders on repatriation basis. This inter-alia includes portfolio investment and direct investment, where the amount is also credited to Non-Resident External A/c. The exact amount of dividend remitted in foreign currency cannot be ascertained. The total amount remitted in this respect is given below:

Particulars	31 March 2012	31 March 2011
Year to which the Dividend relates	2010-11	2009-10
Number of non-resident shareholders	NA	223
Number of shares held by them	NA	37,74,270
Amount of dividend (₹ in Lacs)	NA	37.74

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

42. (a) Managerial Remunerations:

(₹ in Lacs)

Particulars	31 March 2012	31 March 2011
Salary & Allowances	67.37	176.45
Contribution of P.F. & Other Funds	5.23	13.10
TOTAL*	72.60	189.55

*The Company has paid excess Remuneration of ₹ 19.37 Lacs for the year ended 31 March 2012 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 the application for the same. Pending such approval excess amount as aforesaid has been charged to the revenue. 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 ₹ 4.56 Lacs (Pr. Yr. ₹ 3.48 Lacs).

43. Details of Auditors Remuneration:

(₹ in Lacs)

Particulars	31 March 2012	31 March 2011
A) Statutory Auditors Remuneration		
- Audit Fees	11.50	9.50
- Certification & Other Matters	5.49	5.78
- Out of Pocket Expenses	0.37	0.14
TOTAL	17.36	15.42
B) Branch Auditors Remuneration	1.00	0.60
C) Cost Audit Fees	0.75	0.75

Note: Above figures are exclusive of service tax.

44. a) Earning in Foreign Currency :

(₹ in Lacs)

Particulars	31 March 2012	31 March 2011
FOB Value of Exports	14,989.43	11,663.85
Freight, Insurance etc.	276.94	342.68

b) CIF Value of Imports:

(₹ in Lacs)

Particulars	31 March 2012	31 March 2011
Raw Materials [Including High Seas purchases ₹ 1,624.11 Lacs (Pr. Yr. ₹ 84.51 Lacs)]	4,412.10	3,655.59
Capital Goods	Nil	15.16

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

c) Expenditure in Foreign Currency :

(₹ in Lacs)

Particulars	31 March 2012	31 March 2011
Interest	245.86	289.17
Commission expense	150.59	50.61
Legal & Professional Fees	28.16	7.65
Other Expenses (including travelling and business promotion)	34.48	193.78

45. 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 ₹ 478.91 Lacs (Pr. Yr. ₹ 575.73 Lacs).

46. Employee Benefits

As required by Accounting Standard- 15 "Employees Benefits" the disclosure are as under:

Defined Contribution Plans

The Company offers its employees defined contribution plans in the form of provident fund (PF) and Employee's Pension Scheme (EPS) with the government, and certain state plans such as Employee's 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.

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

(₹ in Lacs)

Particulars	31 March 2012	31 March 2011
Provident Fund, Employee's Pension Scheme and MLWF	259.58	243.20
Employees State Insurance	11.08	10.19
Super Annuation Fund	3.47	3.78
TOTAL	274.13	257.17

Defined Benefit Plans

Gratuity:

The Company makes annual contributions to the Employee's 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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

Disclosures for defined benefit plans (i.e. Gratuity Funded Plan) based on actuarial reports as on 31 March 2012.

		(₹ in Lacs)	
	Particulars	31 March 2012	31 March 2011
(a)	Changes in Defined Benefit Obligation		
	Opening defined benefit obligation	250.29	236.85
	Current service cost	59.00	56.91
	Interest cost	21.27	19.54
	Actuarial loss / (gain)	(38.75)	(38.44)
	Benefit (paid)	(44.26)	(24.56)
	Closing defined benefit obligation	247.55	250.29
(b)	Changes in Fair Value of Assets		
	Opening fair value of plan assets	24.69	20.62
	Expected return on plan assets	2.19	1.89
	Actuarial gain / (loss)	0.26	(1.11)
	Contributions of employer	2.49	10.00
	Benefits (paid)	(0.43)	(6.71)
	Closing fair value of plan assets	29.19	24.69
(c)	Amount recognised in the Balance Sheet		
	Present value of the obligations as at year end	247.55	250.29
	Fair value of the plan assets as at year end	29.19	24.69
	Net (asset) / liability recognised as at year end	218.36	225.60
(d)	Expenses recognised in the Profit and Loss Account		
	Current service cost	59.00	56.91
	Interest on defined benefit obligation	21.27	19.54
	Expected return on plan assets	(2.19)	(1.89)
	Net actuarial loss / (gain) recognized in the current year	(39.01)	(37.33)
	Total expense	39.08	37.23
(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.)	8.50%	8.25%
	Expected rate of return on plan assets (p.a.)	8.50%	8.50%
	Annual increase in salary cost (p.a.)	7.00%	7.00%

The estimates of future salary increase, considered in the actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

Leave Encashment:

The Company's employees are entitled for compensated absences which are allowed to be accumulated and encashed as per the Company policies. Up to previous year ended on 31 March 2011, liability of compensated absences aggregating ₹ 277.54 Lacs was provided as per management's estimate. From this year the same is being provided based on report of independent actuary using the Projected Unit Credit Method. Accordingly ₹ 377.43 Lacs being liability as at the year-end for compensated absences as per actuarial valuation has been provided in the accounts.

47. 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.
48. 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 \$	
			31 March 2012	31 March 2011
US \$	Sell	Indian Rupees	45 Lacs	Nil

Note: FCCB of Euro 94.8 Lacs (Pr. Yr. Euro 94.8 Lacs) are convertible at a fixed exchange rate (Refer note 36 above).

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

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

Particulars	Foreign Currency	Foreign Currency	Foreign Currency	₹ in Lacs	₹ in Lacs
		Amt in Lacs 31 March 2012	Amt in Lacs 31 March 2011	31 March 2012	31 March 2011
Assets					
Trade Receivables	EURO	7.58	3.34	517.94	211.04
	USD	35.10	42.40	1,795.41	1,893.28
Loans and Advances	EURO	68.58	68.02	4,686.59	4,301.57
	GBP	0.04	0.04	3.05	2.68
	JPY	15.87	2.28	9.91	1.23
Advance pending allotment of shares	EURO	87.30	85.70	5,348.35	5,240.27
Bank Balance	EURO	0.01	0.01	0.68	0.63
	USD	0.02	0.04	1.04	2.02
Liabilities					
Trade Payables	USD	21.52	21.41	1,100.90	956.15
	EURO	0.18	0.18	12.29	11.37
Other Payable	GBP	0.02	0.05	1.71	3.62
Secured Loans	USD	59.61	59.53	3,049.57	2,657.96
Unsecured Loans	EURO	94.80	94.80	6,478.63	5,995.15
Interest accrued but not due	EURO	0.24	0.24	16.20	14.99
Interest accrued and due	EURO	0.95	Nil	64.79	Nil

49. Mark to Market loss is ₹ Nil (Pr. Yr. ₹ Nil) in respect of foreign currency derivative instruments outstanding as at 31 March 2012. 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 ₹ Nil (Pr. Yr. ₹ Nil) to meet the anticipated forex losses.

Provision for Foreign Exchange Losses

(₹ in Lacs)

Particulars	31 March 2012	31 March 2011
Opening balances	Nil	20.00
Additional Provision made during the year	Nil	Nil
Amount used during the year	Nil	20.00
Unused amount reversed during the year	Nil	Nil
Closing Balance	Nil	Nil

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

50. Disclosure for operating leases under Accounting Standard 19-“Accounting for Leases”:

The Company has taken various residential /godowns / office premises (including furniture and fittings, therein as applicable) under operating lease or leave and license agreements. These are generally not non-cancellable and range 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 ₹ 318.77 Lacs (Pr. Yr. ₹ 315.29 Lacs) are recognised in the Statement of Profit and Loss under “Rent” under note 29.

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

Particulars	(₹ in Lacs)	
	31 March 2012	31 March 2011
Not later than one year	121.36	231.68
Later than one year but not later than five years	9.96	120.75
Later than five years	Nil	Nil

51. 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 ₹ 5,348.35 Lacs (Pr. Yr. ₹ 5,240.27 Lacs) which are intended to be adjusted against the value of the Ordinary Shares to be issued by the aforesaid subsidiary.

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

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

Particulars	(₹ in Lacs)	
	Outstanding as on 31 March 2012	Maximum Balance Outstanding during the year
Bravo Healthcare Ltd.	7,502.59 (Pr. Yr. Nil)	7,502.59 (Pr. Yr. Nil)
Cantabria Pharma S L - a subsidiary company	4,686.59 (Pr. Yr. Nil)	4,686.59 (Pr. Yr. Nil)

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

Particulars	(₹ in Lacs)	
	Outstanding as on 31 March 2012	Maximum Balance Outstanding during the year
Bravo Healthcare Ltd.	Nil (Pr. Yr. 7,221.58)	Nil (Pr. Yr. 7,221.58)
Expert Chemicals (India) Pvt. Ltd.	Nil (Pr. Yr. 692.63)	806.75 (Pr. Yr. 1,247.02)
Cantabria Pharma S L - a subsidiary company	Nil (Pr. Yr. 4,301.57)	Nil (Pr. Yr. 4,301.57)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

Notes:

- i) Above Loans/Advances are repayable on demand.
- ii) Loans and Advances to employees/customers and investments by such employees/customers in the shares of the Company if any are excluded from the above disclosure.
- c) Investment by loanee:

Particulars	Number of Shares	Amount
-Expert Chemicals Pvt. Ltd. in the Company	41,64,730 (Pr. Yr. 14,71,551)	₹ 1,920.62 Lacs (Pr. Yr. ₹ 905.86 Lacs)
-Cantabria Pharma S.L. in Laboratories Wanbury S. L.	3,010 (Pr. Yr. 3,010)	₹ 2.03 Lacs Equivalent to Euro 3,010 (Pr. Yr. ₹ 2.03 Lacs Equivalent to Euro 3,010)

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

A. Relationship:

Category 1: Major Shareholders:

- Kingsbury Investment Inc.
- Expert Chemicals (India) 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: Key Management Personnel and their relatives:

- Mr. K. Chandran Vice Chairman
- Mr. K. R. N. Moorthy Joint Managing Director (Up to 31 Aug 2010)
- Mr. Ashok Shinkar Whole-time Director (Up to 31 Dec 2010)
- Dr. Rajaram Samant Whole-time Director (Up to 20 May 2010)

Category 4: Others (Enterprise owned or significantly influenced by key management personnel or their relatives)

- Wanbury Infotech Pvt. Ltd.
- Bravo Healthcare Limited
- Magnum Equifin Pvt. Ltd.

B. Transactions carried out with related parties:

(₹ in Lacs)

Sr. No	Transactions	Related Party Relation	31 March 2012	31 March 2011
1)	Advances Given :			
	Ningxia Wanbury Fine Chemicals Co. Ltd.	Subsidiary Company	34.06	Nil
	Wanbury Infotech Pvt. Ltd.	Others	13.25	Nil
2)	Advances Given Received Back :			
	Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	Nil	424.15
3)	Inter Corporate Deposits Given :			
	Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	25.80	263.87
	Cantabria Pharma SL	Subsidiary Company	Nil	1,388.58
	Bravo Healthcare Ltd.	Others	504.31	6,827.11

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

(₹ in Lacs)

Sr. No	Transactions Relation	Related Party Relation	31 March 2012	31 March 2011
4)	Repayment of Inter Corporate Deposits Given:			
	Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	716.55	263.87
	Bravo Healthcare Ltd.	Others	237.17	4,626.09
5)	Inter Corporate Deposits Taken:			
	Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	240.00	769.00
6)	Interest on ICD Taken:			
	Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	Nil	19.58
7)	Expenses Reimbursed from :			
	Cantabria Pharma SL	Subsidiary Company	37.53	34.60
	Bravo Healthcare Ltd.	Others	16.17	166.38
8)	Remuneration paid:			
	Mr. K. R. N. Moorthy	Key Management Personnel	Nil	41.91
	Mr. K. Chandran	Key Management Personnel	72.60	74.63
	Mr. Ashok Shinkar	Key Management Personnel	Nil	63.45
	Dr. Rajaram Samant	Key Management Personnel	Nil	9.55
9)	Advances given for Investment :			
	Wanbury Holding B. V.	Subsidiary Company	108.08	282.40
10)	Investment :			
	Wanbury Global FZE	Subsidiary Company	Nil	16.86
11)	Purchase of Materials:			
	Ningxia Wanbury Fine Chemicals Co. Ltd.	Subsidiary Company	22.38	106.77
	Bravo Healthcare Ltd.	Others	2.30	340.33
12)	Dividend Paid:			
	Kingsbury Investment Inc.	Major Shareholders	Nil	30.24
	Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	Nil	25.90
	Magnum Equifin Pvt. Ltd.	Others	Nil	5.00
13)	Interest Income:			
	Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	69.10	124.46
	Bravo Healthcare Ltd.	Others	Nil	552.72
	Cantabria Pharma SL	Subsidiary Company	Nil	408.55
14)	Information Technology Services taken:			
	Wanbury Infotech Pvt. Ltd.	Others	140.46	122.15
15)	Conversion of Inter Corporate Deposit into Equity Share Capital			
	Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	1,008.75	Nil

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

C. Balances due from/to related parties

(₹ in Lacs)

Sr. No.	Particulars	Related party Relation	31 March 2012	31 March 2011
1)	Inter Corporate Deposits Given:			
	Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	Nil	690.75
	Cantabria Pharma SL	Subsidiary Company	4,081.70	3,777.09
	Bravo Healthcare Ltd.	Others	7,336.54	7,069.41
2)	Inter Corporate Deposits Taken:			
	Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	0.25	769.00
3)	Loans and Advances Given:			
	Ningxia Wanbury Fine Chemicals Co. Ltd.	Subsidiary Company	123.81	104.96
	Cantabria Pharma SL	Subsidiary Company	604.89	524.48
	Bravo Healthcare Ltd.	Others	166.05	152.18
	Wanbury Infotech Pvt. Ltd.	Others	4.44	Nil
4)	Trade Payable:			
	Wanbury Infotech Pvt. Ltd.	Others	Nil	8.81
5)	Advances for Investment:			
	Wanbury Holding B.V.	Subsidiary Company	5,348.35	5,240.27
6)	Interest Receivable:			
	Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	Nil	1.88

54. 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 payables 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 note-12 "Fixed Assets".

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

55. Consumption of Materials

a) Consumption of Raw Materials and Packing Materials:

Item	31 March 2012 ₹ in Lacs	31 March 2011 ₹ in Lacs
DCDA	5,344.48	3,313.51
DMA Hcl	246.66	3,048.16
Methanol	449.40	440.58
Meta Bromo Anisole	1,607.48	846.12
Others	5,821.26	3,359.98
Total	13,469.28	11,008.35

	31 March 2012		31 March 2011	
	%	₹ in Lacs	%	₹ in Lacs
Imported(including High Sea purchases)	32.88	4,428.89	34.31	3,777.33
Indigenous	67.12	9,040.39	65.69	7,231.02
	100.00	13,469.28	100.00	11,008.35

b) Consumption of Stores & Spares:

	%	₹ in Lacs	%	₹ in Lacs
Imported	-	-	-	-
Indigenous	100.00	332.23	100.00	314.25
	100.00	332.23	100.00	314.25

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

56. Details of Closing Stocks of Finished/Traded Goods: (₹ In Lacs)

Class of Goods	31 March 2012	31 March 2011	31 March 2010
Finished Goods/Bulk Drugs	435.95	47.31	2.02
Traded Goods			
a) Formulations:			
Liquids	170.46	142.71	130.74
Tablets	447.32	371.76	292.63
Vials	140.17	59.45	46.10
Capsules	187.51	174.79	136.67
Ampoule	4.04	39.77	37.77
Others	20.48	1.17	12.98
b) Processed Food :			
Powders	21.80	17.00	43.56
Liquids	0.75	1.24	1.83
Total	1,428.48	855.19	704.32

57. Details of Purchases & Sales of Finished/Traded Goods: (₹ In Lacs)

Class of Goods	Purchase during the year		Sales during the year	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Finished Goods/ Bulk Drugs	-	-	21,019.81	17,391.89
Traded Goods				
a) Formulations :				
Liquids	709.89	787.11	1,688.24	2,040.31
Tablets	1,836.02	1,665.45	5,697.80	5,437.50
Vials	464.04	206.51	650.70	343.30
Capsules	894.63	1,008.11	3,841.45	4,301.35
Ampoule	69.63	181.60	224.28	312.72
Others	75.99	3.36	147.36	Nil
b) Processed Food :				
Powders	204.76	204.18	341.46	349.85
Liquids	5.30	5.80	10.35	10.82
Others	Nil	Nil	103.83	811.75
Total	4,260.26	4,062.12	33,725.28	30,999.49

Note -Sales excludes free replacements /offers

For and on behalf of the Board of Directors

K. Chandran
Vice Chairman

Dr. P. L. Tiwari
Director

Mangesh Bhosale
Vice President Finance &
Company Secretary

Mumbai, 28 May 2012

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 Parent Company") and its Subsidiaries (collectively referred to as "the Wanbury Group") as at **31 March 2012** and also the Consolidated Statement of Profit and Loss 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 ₹ 29,880.24 Lacs as at 31 March 2012 total revenue of ₹ 4,503.19 Lacs and net cash outflows of ₹ 0.05 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. *Attention is invited to the following notes:*
 - a. *The Parent Company has investment in other company aggregating to ₹ 53.40 Lacs and loans and advances recoverable as at the year end amounting to ₹ 7,502.60 Lacs for which no provision has been considered necessary by the management for the reasons stated in note 38 of the consolidated financial statements. 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 consolidated loss for the year and on the assets, liabilities and reserves, stated in the consolidated balance sheet.*
 - b. *Note 35 of the consolidated financial statements regarding non provision for shortfall in recovery against trade receivables and loans & advances in respect of the Parent Company (impact unascertained), pending confirmation and reconciliation of balances and our inability to comment thereon.*
 - c. *Note 42 of the consolidated financial statements regarding excess managerial remuneration of ₹ 19.37 Lacs in respect of the Parent Company is subject to the approval of the Central Government for which application is being made.*
In respect of (a) and (b) 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 consolidated loss for the year and on the assets, liabilities and reserves stated in the consolidated balance sheet. Had the effect of (c) above been given, the consolidated loss for the year would have been lower by ₹ 19.37 Lacs and consolidated assets and reserves would have been higher by ₹ 19.37 Lacs.
6. *Subject to our comments in para 5 above*, 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, 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 Wanbury Group as at 31 March 2012 ;
 - ii. In the case of Consolidated Statement of Profit and Loss, of loss of the Wanbury Group for the year then ended ; and
 - iii. In the case of the Consolidated Cash Flow Statement, of the cash flows of the Wanbury Group for the year then ended.

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

NIKHIL PATEL
Partner
Membership No. 37032

Mumbai, 28 May 2012

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2012

	Note No.	31 March 2012	₹ in Lacs 31 March 2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	1,737.93	1,468.93
Reserves and Surplus	4	2,707.15	6,363.02
		4,445.08	7,831.95
Minority interest (Refer note 51)		2,666.24	2,666.24
Non-Current Liabilities			
Long-term borrowings	5	26,096.05	16,552.75
Other Long term liabilities	6	525.64	2,063.43
Long-term provisions	7	551.91	435.40
		27,173.60	19,051.58
Current Liabilities			
Short-term borrowings	8	8,227.44	18,301.72
Trade payables	9	8,291.62	7,871.81
Other current liabilities	10	29,176.13	19,224.41
Short-term provisions	11	1,118.73	1,191.08
		46,813.92	46,589.02
TOTAL		81,098.84	76,138.79
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	12A	20,517.97	21,387.90
Intangible assets	12B	23,045.54	22,122.73
Fixed Asset held for sale	12C	373.59	373.59
Capital work-in-progress	12D	1,682.86	1,374.99
		45,619.96	45,259.21
Non-current investments	13	54.31	54.31
Long-term loans and advances	14	12,714.27	11,736.79
Other non-current assets	15	1.24	0.05
		58,389.78	57,050.36
Current assets			
Inventories	16	5,888.55	4,917.58
Trade receivables	17	11,365.80	9,702.75
Cash and Bank Balances	18	1,825.16	883.45
Short-term loans and advances	19	3,624.25	3,579.32
Other current assets	20	5.30	5.33
		22,709.06	19,088.43
TOTAL		81,098.84	76,138.79

Significant Accounting Policies

2

The accompanying notes are an integral part of these financial statements.

For and on behalf of the Board of Directors

As per our report of even date
For Kapoor & Parekh Associates
Chartered Accountants

K. Chandran
Vice Chairman

Dr. P. L. Tiwari
Director

Nikhil Patel
Partner
Mumbai, 28 May 2012

Mangesh Bhosale
Vice President Finance &
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31 MARCH 2012

	Note No.	31 March 2012	₹ in Lacs 31 March 2011
Revenue from operations (Net)	21	38,624.69	38,742.18
Other Income	22	1,393.58	1,436.78
Total Revenue		40,018.27	40,178.96
EXPENSES:			
Cost of materials consumed	23	13,565.46	11,685.62
Purchase of Stock-in-Trade	24	6,311.77	6,984.56
Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	25	(805.91)	(50.33)
Employee benefits expense	26	8,156.02	9,324.47
Financial costs	27	4,248.11	4,721.84
Depreciation and amortization expense	28	1,699.38	1,617.37
Other expenses	29	11,516.08	14,999.73
Total Expenses		44,690.91	49,283.26
Profit / (Loss) before exceptional items and tax		(4,672.64)	(9,104.30)
Exceptional Items-Income / (Expense)		783.21	-
Profit / (Loss) before tax		(3,889.43)	(9,104.30)
Tax expense:			
- Current tax		-	-
- Deferred tax		-	(727.73)
- Income Tax of the Earlier Years		-	2.16
Profit/(Loss) for the year		(3,889.43)	(8,378.73)
There are no Extra Ordinary Items and Discontinuing Operations.			
Basic & Diluted Earning /(Deficit) Per Share in ₹ [Face Value of Equity Share ₹ 10/-]	30	(26.45)	(57.04)

Significant Accounting Policies

The accompanying notes are an integral part of these financial statements.

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As per our report of even date
For Kapoor & Parekh Associates
Chartered Accountants

Nikhil Patel
Partner
Mumbai, 28 May 2012

For and on behalf of the Board of Directors

K. Chandran
Vice Chairman

Dr. P. L. Tiwari
Director

Mangesh Bhosale
Vice President Finance &
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

	31 March 2012	₹ In Lacs 31 March 2011
A Cash flows from Operating Activities		
Net Profit/(Loss) before Tax	(3,889.43)	(9,104.30)
Non-cash adjustment to reconcile profit before tax to net cash flows:		
Depreciation	1,699.38	1,617.37
(Profit)/Loss on Sale of Assets	56.10	31.76
Provision for Doubtful Debts	99.98	777.73
Provision for Doubtful Advances	42.72	-
Forex Loss Adjusted Against Provision	-	(20.00)
Goodwill on Consolidation Written Off	-	346.78
Interest Charges	4,248.11	4,721.84
Amounts Written Off(Net)	74.50	55.80
Operating Profit/(Loss)before Movements/Adjustments:	2,331.36	(1,573.02)
Movements/Adjustments for:		
Decrease/(Increase) in Trade Receivable	(1,763.03)	4,458.65
Decrease/(Increase) in Long term loans and advances	(1,177.17)	539.86
Decrease/(Increase) in Short term Loans & Advances	(162.15)	(3,093.90)
Decrease/(Increase) in Other Non Current Assets	(1.19)	(0.05)
Decrease/(Increase) in Other Current Assets	0.03	(5.33)
Decrease/(Increase) in Other Bank Balances	0.04	(4.29)
Decrease/(Increase) in Inventories	(970.97)	316.45
Increase/(Decrease) in Other Long term liabilities	80.00	60.44
Increase/(Decrease) in Other Current Liabilities	7,702.33	12,986.90
Increase/(Decrease) in Long term provisions	116.51	(236.46)
Increase/(Decrease) in Short term provisions	142.73	807.70
Increase/(Decrease) in Trade Payables	419.82	(532.89)
Increase/(Decrease) in Foreign Currency Translation Reserve	362.80	383.48
Cash Generated from/(used in) Operations	7,081.11	14,107.54
Direct Taxes Paid (Net of Refunds)	(15.38)	(371.07)
Net Cash generated from/(used in) Operating Activities	7,065.73	13,736.47
B Cash flows from Investing Activities		
Purchase of Fixed Assets	(2,403.30)	(1,417.99)
Proceeds from Sale of Fixed Assets	54.81	39.40
Decrease/(Increase) in Fixed Deposits	60.71	387.68
Net Cash generated from/(used in) Investing Activities	(2,287.78)	(990.91)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

C Cash flows from Financing Activities		
Increase/(Decrease) in Long Term Borrowings 9,543.31	(13,461.30)	
Increase/(Decrease) in Short Term Borrowings (10,074.28)	5,409.34	
Interest paid	(4,253.23)	(4,721.32)
Share Issue Proceeds	1,008.75	-
Dividend & Dividend Distribution Tax Paid	(0.04)	(167.00)
Net Cash generated from/(used in) Financing Activities	(3,775.50)	(12,940.28)
Net increase /(decrease) in cash & cash equivalents	1,002.45	(194.72)
Cash and Cash equivalents as at the beginning of the year	496.16	690.88
Cash and Cash equivalents as at the end of the year	1,498.61	496.16
Components of cash and cash equivalents		
Cash on Hand	15.90	12.15
Cheques/drafts on hand	511.40	-
Balances with Banks	397.29	203.77
In Deposit Accounts (Under Lien)	574.02	280.24
	1,498.61	496.16

Notes :

1. Above Cash Flow Statement has been prepared under the 'Indirect Method' set out in the Accounting Standard - 3 on cash flow statement prescribed in the Companies (Accounting Standards) Rules, 2006.
2. Additions to Fixed Assets (including movements in Capital Work-in-Progress) are considered as a part of investing activities.
3. Figures in brackets indicates outflow.
4. Previous year's figures are regrouped & recasted wherever required.

As per our report of even date
For Kapoor & Parekh Associates
Chartered Accountants

Nikhil Patel
Partner
Mumbai, 28 May 2012

For and on behalf of the Board

K. Chandran
Vice Chairman

Dr. P. L. Tiwari
Director

Mangesh Bhosale
Vice President Finance &
Company Secretary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

1. GENERAL INFORMATION:

Wanbury Limited (“the Parent Company”) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on two stock exchanges in India. The Parent Company is engaged in the business of pharmaceutical and related activities, including research.

2. SIGNIFICANT ACCOUNTING POLICIES:

2.1. Basis of Accounting

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP) and comply with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention unless otherwise specified. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year unless otherwise specified.

During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable for preparation and presentation of financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. Previous year figures have been reclassified in accordance with the requirements applicable in the current year.

The financial statements of the subsidiaries used in the consolidation are drawn upto the same reporting date as that of the Parent Company i.e. 31 March 2012.

2.2. Principles of Consolidation:

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.

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.

2.3. 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 recognized in the year in which results are known / materialised.

2.4. 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

2.5. 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.

2.6. Depreciation / Amortization:

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

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 Equipment are depreciated @16.67% p.a. on SLM basis.
- v) Brands are amortised @ 5% p.a.

Subsidiary at China (Ningxia Wanbury Fine Chemical Company Limited)

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

2.7. 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 statement of profit and loss 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.

2.8. 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.

2.9. 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.

2.10. Investments:

- i) Long term investments are stated at cost of acquisition unless there is permanent fall in its realization value which is provided for.
- ii) Expenses incurred for acquisition of investment has been added to cost of investment.
- iii) Investments in foreign currency are stated at cost by converting at exchange rate prevailing, at the time of acquisition/remittance.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

2.11. 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 statement of profit and loss.

Exchange difference on derivative contracts is recognised in the statement of profit and loss 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 :

- 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'.

2.12. 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.

2.13. 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.

2.14. 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.

2.15. 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.

2.16. 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.

2.17. 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 Statement of Profit and Loss.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

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.

Defined benefit in the form of compensated absences is provided for based on actuarial valuation at the year-end in accordance with Company's policy.

2.18. 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.

2.19. 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.

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 Statement of Profit & Loss.

2.20. 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.

	31 March 2012 ₹ in Lacs	31 March 2011 ₹ in Lacs
3 Share Capital		
<u>Authorised</u>		
20,00,000 Preference Shares of ₹ 100/- each	2,000.00	2,000.00
3,00,00,000 Equity Shares of ₹ 10/- each	3,000.00	3,000.00
	5,000.00	5,000.00
 <u>Issued, Subscribed and Paid-Up</u>		
1,73,79,286 (Pr. Yr. 1,46,89,286) Equity Shares of ₹ 10/- each fully paid-up	1,737.93	1,468.93
	1,737.93	1,468.93

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

3.1 Reconciliation of Equity Shares outstanding at the beginning and at the end of the reporting year:

Particulars	31 March 2012		31 March 2011	
	Number	₹ in Lacs	Number	₹ in Lacs
Shares outstanding at the beginning of the year	14,689,286	1,468.93	14,689,286	1,468.93
Add: Shares allotted as fully paid-up during the year	2,690,000	269.00	-	-
Less: Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	17,379,286	1,737.93	14,689,286	1,468.93

3.2 Terms/Rights attached to Equity Shares

The Company has issued only one class of Equity Shares having a par value of ₹ 10 per share. Each holder of Equity Shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees.

In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the numbers of Equity Shares held by the shareholders.

3.3 Outstanding Options to subscribe to Equity Shares

11,25,236 warrants of the face value of ₹ 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 ₹ 10/- each at the premium of ₹ 125/- per share which is exercisable within five years from 27 June 2007, being the date of allotment of the warrants.

Refer Note 37(a) for terms of conversion of Foreign Currency Convertible Bonds into Equity Share of the Company.

Refer Note 36 for rights of lender under CDR scheme to convert dues into Equity Shares of the Company under certain conditions stipulated in Master Restructuring Agreement dated 19 September 2011.

3.4 Details of Equity Shares held by each shareholders holding more than 5%

Name of Shareholder	31 March 2012		31 March 2011	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Kingsbury Investments Inc	3,024,000	17.40%	3,024,000	20.59%
Expert Chemicals (India) Pvt. Ltd.	4,164,730	23.96%	1,471,551	10.02%

3.5 13,48,175 Shares were allotted in the financial year ended 30 September 2008 pursuant to the scheme of amalgamation of erstwhile PPIL and erstwhile DOCL with the Company, without payment being received in cash.

3.6 Out of the above Equity Shares 5,67,000 (Pr. Yr. 5,67,000) shares are represented by 1,89,000 (Pr. Yr. 1,89,000) Global Depository Receipts.

3.7 The parent company has allotted 26,90,000 Equity Shares of ₹ 10/- each at the premium of ₹ 27.50 per Equity Share to Expert Chemicals (India) Private Limited on 30 March 2012 on preferential basis pursuant to the Corporate Debt Restructuring Scheme.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

	31 March 2012 ₹ In Lacs	31 March 2011 ₹ In Lacs
4 Reserves & Surplus		
Capital Reserves		
As per last Balance Sheet	683.41	683.41
Securities Premium Account		
Balance as at beginning of the year	2,983.06	3,500.24
Add : On allotment of equity shares	739.75	-
	3,722.81	3,500.24
Less : Exchange Loss on Premium payable on FCCB	130.47	48.71
Pro rata Premium on FCCB	506.25	468.47
Balance as at the year-end	3,086.09	2,983.06
Debenture Redemption Reserve		
As per last Balance Sheet	412.25	412.25
Revaluation Reserve		
Balance as at beginning of the year	5,191.87	5,426.34
Less: Amortisation during the year	232.27	232.27
Reversal on sale of assets	-	2.20
Balance as at the year-end	4,959.60	5,191.87
General Reserve		
As per last Balance Sheet	1,070.56	1,070.56
Statutory Reserve		
As per last Balance Sheet	0.37	0.37
Foreign Currency Translation Reserve		
As per last Balance Sheet	923.13	560.33
Surplus in the Statement of Profit and Loss		
Balance as at beginning of the year	(4,538.83)	3,839.90
Loss for the year	(3,889.43)	(8,378.73)
Balance as at the year-end	(8,428.26)	(4,538.83)
	2,707.15	6,363.02

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

5	Long Term Borrowings	31 March 2012 ₹ in Lacs	31 March 2011 ₹ in Lacs
	Term Loans from Banks (Secured)	25,977.25	10,373.87
	Vehicle & Other Loans (Secured)		
	From Banks (Rupee)	33.45	106.72
	From Others (Rupee)	67.84	55.80
	Foreign Currency Convertible Bonds (Unsecured) (Refer Note 37)		
	248 1% Foreign Currency Convertible A Bond of Euro 10,000/- each	-	1,568.35
	700 1% Foreign Currency Convertible B Bond of Euro 10,000/- each	-	4,426.80
	Deferred Sales Tax Loan (Unsecured)	17.51	21.21
		26,096.05	16,552.75

5.1 (a) For the year ended 31 March 2012:

Term Loans of the Parent Company are secured by pari passu first charge on all the present and future movable and immovable fixed assets of the Parent Company situated at Patalganga and Tarapur, three brands of the Company and second charge, except in respect of Term Loans from State Bank of India which has a first charge, on all the present and future movable and immovable fixed assets of the Parent Company situated at Tanuku and second pari passu charge on entire present and future current assets of the Parent Company and pledge of 8,22,242 equity shares of the Parent Company held by Expert Chemicals (I) Private Limited, in addition to guarantee of Expert Chemicals (I) Pvt. Ltd., Bravo Healthcare Ltd. and Mr. K. Chandran, Director of the Parent Company.

(b) For the year ended 31 March 2011:

Rupee term loans of the Parent Company 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 Parent 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, in addition to guarantee by Expert Chemicals (India) Private Limited, Wanbury Holding B.V. (Netherlands) and a Director of the Parent Company.

Foreign currency term loan of the Parent Company aggregating to ₹ 2,897.67 Lacs (Pr. Yr. ₹ 2,657.97 Lacs) is 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 promoters' shares 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

5.2 Vehicle and other loans are secured by hypothecation of assets acquired against respective loans.

5.3 Rate of Interest:

(a) For the Year Ended 31 March 2012:

Parent's Company rate of interest on term loans vary between 1% to 9.5%p.a., on vehicle & other loans vary between 8.62% to 12.65%p.a. and deferred sales tax loan is interest-free.

(b) For the Year Ended 31 March 2011:

Parent's Company rate of interest on term loans vary between 13% to 13.5%p.a., on vehicle & other loans vary between 8.3% to 12.65%p.a. and deferred sales tax loan is interest-free.

The rate of interest on term loan of Cantabria Pharma S. L. is 3.22% p.a. (Euribor 0.72% + Margin 2.5%).

5.4	Repayment of Loans	31 March 2012 ₹ In Lacs	31 March 2011 ₹ In Lacs
	<u>Term Loan:</u>		
	Year of Repayment		
	2012-13	-	5,419.91
	2013-14	2,127.69	1,378.93
	2014-15	2,205.36	2,389.59
	2015-16	1,713.24	1,185.44
	2016-17	1,978.60	-
	2017-18	4,516.87	-
	2018-19	4,775.80	-
	2019-20	4,621.61	-
	2020-21	4,038.08	-
	<u>Vehicle & Other Loan:</u>		
	Year of Repayment		
	2012-13	-	89.99
	2013-14	45.11	48.20
	2014-15	31.50	21.43
	2015-16	24.67	2.90
	<u>Deferred Sales Tax Loan:</u>		
	Year of Repayment		
	2012-13	-	4.11
	2013-14	4.14	4.14
	2014-15	13.37	12.97

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

	31 March 2012 ₹ in Lacs	31 March 2011 ₹ in Lacs
6 Other Long Term Liabilities		
FCCB Premium Payable	-	1,617.82
Security Deposits from Customers	525.64	445.61
	525.64	2,063.43
7 Long Term Provisions		
Provision for employee benefits		
Provision for Gratuity	205.83	180.90
Provision for Leave Benefits	346.08	254.50
	551.91	435.40
8 Short Term Borrowings		
Working Capital Loans repayable on demand (Secured)	8,176.94	17,482.47
<p>(Working Capital Loans of Parent Company are secured by a pari-passu first charge on current assets and three brands of the Parent Company, second charge on fixed assets and pledge of 8,22,242 Equity Shares of the Parent Company held by Expert Chemicals (I) Pvt. Ltd., in addition to guarantee of Expert Chemicals (I) Pvt. Ltd., Bravo Healthcare Ltd. and Mr. K. Chandran, Director of the Parent Company.)</p> <p>(Working Capital Loans of the Subsidiary Company are secured by hypothecation on stocks and book debts.)</p>		
Loans and advances from related party (Unsecured)		
Inter Corporate Deposits from Expert Chemicals Pvt. Ltd.	0.25	769.00
Loan repayable on demand (Unsecured)		
From Banks (Rupee)	29.94	29.94
From Others (Rupee)	20.31	20.31
	8,227.44	18,301.72
9 Trade Payables		
Micro, Small and Medium Enterprises (Refer note 39)	71.43	167.00
Others	8,220.19	7,704.81
	8,291.62	7,871.81

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

	31 March 2012 ₹ In Lacs	31 March 2011 ₹ In Lacs
10 Other Current Liabilities		
<u>Current maturities of :</u>		
-Term Loan (Refer Note 5.1 for Security)	4,624.83	6,878.43
-Vehicle & Other Loan (Refer Note 5.1 for Security)	86.71	93.57
-Deferred Sales Tax Loan	4.11	4.13
-Zero Coupon Optionally Fully Convertible Debentures (OFCD)	-	291.00
<u>-Foreign Currency Convertible Bonds (Unsecured) (Refer Note 37)</u>		
-248 1% Foreign Currency Convertible A Bond of Euro 10,000/- each	1,694.83	-
-700 1% Foreign Currency Convertible B Bond of Euro 10,000/- each	4,783.80	-
Interest accrued but not due on borrowings	16.20	21.32
Interest accrued and due (Refer Note 10.3)		
- On Secured Borrowings	7.46	557.95
- On Foreign Currency Convertible Bonds	64.79	-
Unpaid dividends	25.62	25.66
(Amount transferable to Investor Education & Protection Fund when due)		
Security Deposits from Customers	25.00	70.00
FCCB Premium Accrued but not due	2,254.55	-
Payables for Fixed Assets	1,043.86	809.36
Statutory Dues Payable	1,836.17	1,425.40
Overdrawn Bank Balances	229.89	159.75
Unpaid Dues of Long Term Borrowings- Secured (Refer Note 5.1, 10.3 & 10.5)	10,674.78	7,511.62
Unpaid Dues of Long Term Borrowings of erstwhile PPIL- Secured (Refer Note 10.4)	68.02	68.02
Unpaid Matured Zero Coupon Non Convertible Redeemable Debentures (NCD)		
Unpaid Matured Zero Coupon Optionally Fully Convertible Debentures(OFCD)	152.67	152.67
Unpaid Matured Zero Coupon	581.99	290.99
Other Payables	1,000.85	864.54
	29,176.13	19,224.41

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

- 10.1 The NCD are to be secured by a pari passu charge on the fixed assets of the Company situated at Patalganga and Plot No. J-17 at Tarapur. The NCD comprises of Part A of ₹ 60 and Part B of ₹ 40 which are redeemable at par at the end of two years and three years respectively from 1 May 2007. The Company had redeemed Part A of ₹ 60 relating to 1,49,709 NCD's in the earlier years. NCD's amounting to ₹ 55.67 Lacs and ₹ 97 Lacs was due for repayment on 1 May 2009 and 1 May 2010 respectively. However, since the matter is under consideration of BIFR, the same will be paid as per the order of BIFR. Also Refer Note 33.
- 10.2 The OFCD are to be secured by a pari passu charge on the fixed assets of erstwhile PPIL situated at Plot No. 24 at Tarapur and fixed assets at Mazgaon. OFCD are convertible between 1 November 2008 and 30 April 2012 into equity shares at a price being higher of ₹ 125/- and 67% of the three months average weekly closing price prior to the date of exercise of such right amounting to ₹ 290.99 Lacs and ₹ 291 Lacs was due for repayment on 30 April 2010 and 30 April 2011 respectively. However, since the matter is under consideration of BIFR, the same will be paid as per the order of BIFR. Also Refer Note 34.
- 10.3 There is delay in repayment of term loans aggregating to ₹ 10,674.78 Lacs (Pr. Yr. ₹ 7,511.62 lacs) of 1005 days (previous year ranging from 1 to 639 days). There is delay in payment of interest on secured borrowings aggregating to ₹ 7.46 Lacs (Pr. Yr. ₹ 557.95 Lacs) ranging from 3 to 18 days (Pr. Yr. 1 to 152 days) in respect of dues to banks /financial institutions. There is delay ranging from 91 to 275 days (Pr. Yr. Nil) in payment of interest on FCCB aggregating to ₹ 64.79 Lacs (Pr. Yr. Nil).
- 10.4 Term loans of erstwhile PPIL amounting to ₹ 68.02 Lacs (Pr. Yr. ₹ 68.02 Lacs) are secured by a pari-passu first charge on its fixed assets of erstwhile PPIL. The said dues were payable as per Merger Cum Revival Scheme Approved by the BIFR wide its order dated 24 April 2007. However, since the matter is under fresh consideration of BIFR, the same will be paid as per the order of BIFR. Also Refer Note 34.
- 10.5 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.

11 Short Term Provisions

	31 March 2012 ₹ In Lacs	31 March 2011 ₹ In Lacs
Provision for employee benefits		
Provision for Gratuity	12.54	44.70
Provision for Leave Benefits	31.35	23.05
Bonus Provision	7.19	4.42
Severance	896.63	734.22
Others		
Provision for Income Tax (Net of Payment)	168.30	383.37
Provision for Wealth Tax	2.72	1.32
	1,118.73	1,191.08

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

	31 March 2012 ₹ In Lacs	31 March 2011 ₹ In Lacs
13 Non Current Investments		
Other Investments		
In Other Entities		
Unquoted		
The Saraswat Co-op. Bank Ltd.		
706 Equity Shares of ₹ 10 each	0.07	0.07
The Shamrao Vithal Co-op. Bank Ltd.		
100 Equity Shares of ₹ 25 each	0.03	0.03
Bravo Healthcare Limited		
12,71,250 Equity Shares of ₹ 10 each	53.40	53.40
Quoted		
Bank of India		
1,800 Equity Shares of ₹ 10 each	0.81	0.81
	54.31	54.31
Aggregate amount of quoted investments	0.81	0.81
Market Value of quoted investments	6.50	8.60
Aggregate amount of unquoted investments	53.50	53.50
14 Long Term Loans & Advances		
(Unsecured, considered good)		
Capital Advances	371.24	80.81
Security Deposits	369.99	383.69
Loans and advances to related parties (Refer note 52)	7,507.04	7,907.04
Mat Credit Entitlement	748.93	948.61
Other Loans and Advances	3,717.07	2,416.64
	12,714.27	11,736.79
15 Other Non Current Assets		
Fixed Deposit with Bank (Under Lien)	1.07	0.05
Interest Accrued on fixed deposit	0.17	-
	1.24	0.05
16 Inventories		
(As certified by the management)		
Raw Materials and Packing Materials	852.70	695.73
Work-in-Progress	2,115.79	2,121.03
Finished Goods	435.95	28.89
Goods-in transit- Finished Goods	-	18.42
Stock in Trade	2,463.50	2,040.99
Fuel	20.61	12.52
	5,888.55	4,917.58

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

	31 March 2012 ₹ In Lacs	31 March 2011 ₹ In Lacs
17 Trade Receivables (Unsecured)		
Over Six months from the date they are due for payment		
Considered good	2,258.72	1,674.63
Considered doubtful	1,067.43	907.49
	3,326.15	2,582.12
Less: Provision for doubtful debts	1,067.43	907.49
	2,258.72	1,674.63
-Others from the date they are due for payment		
Considered good	9,107.08	8,028.12
	11,365.80	9,702.75
18 Cash and Bank Balances		
<u>Cash & Cash Equivalents</u>		
Cash on Hand	15.90	12.15
Cheques/drafts on hand	511.40	-
Balances with Banks	397.29	203.77
Fixed Deposit with Bank (Under Lien)	574.02	280.24
	1,498.61	496.16
<u>Other Bank Balances</u>		
Earmarked balances with banks-Unpaid Dividend	25.62	25.66
Fixed Deposit with Bank (Under Lien)	300.93	361.63
	326.55	387.29
	1,825.16	883.45
19 Short-term Loans and Advances (Unsecured, Considered Good)		
Loans and Advances to Employees	610.21	631.22
Advance to Creditors	482.87	262.67
Prepaid Expenses	7.65	47.02
Export Benefit Receivable	510.20	715.31
Balance with Statutory/Government Authorities		
Balances with Excise Authorities	1,095.20	1,120.03
VAT Receivable	918.12	803.07
	3,624.25	3,579.32
20 Other Current Assets		
Interest Accrued on Bank Fixed Deposits	5.30	5.33
	5.30	5.33

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

	31 March 2012 ₹ In Lacs	31 March 2011 ₹ In Lacs
21 Revenue From Operation		
Sale of products		
Finished Goods/Bulk Drugs	21,538.69	18,078.41
Traded Goods	16,771.30	20,565.96
Processing Charges	439.42	315.49
Other Operating Revenue		
Sale of Scrap	88.94	88.34
Export Incentive	290.35	208.74
	39,128.70	39,256.94
Less : Excise Duty	504.01	514.76
	38,624.69	38,742.18
22 Other Income		
Interest Income	277.85	832.53
Exchange Gain- Net	763.79	304.54
Insurance Claim	40.06	8.88
Sales Commission	303.27	290.33
Miscellaneous Income	8.61	0.50
	1,393.58	1,436.78
23 Cost of Materials Consumed		
Raw & Packing Materials		
Opening Stock	695.73	1,062.17
Add: Purchases	13,722.43	11,319.18
	14,418.16	12,381.35
Less: Closing Stock	852.70	695.73
	13,565.46	11,685.62
24 Purchase of Stock-in-Trade		
Purchase of Stock-in-Trade	6,311.77	6,984.56
	6,311.77	6,984.56
25 Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade		
Inventories at the beginning of the year		
- Finished Goods	47.31	2.03
- Work-in-Progress	2,121.03	1,964.31
- Stock-in-Trade	2,040.99	2,192.66
	(A) 4,209.33	4,159.00
Inventories at the end of the year		
- Finished Goods	435.95	47.31
- Work-in-Progress	2,115.79	2,121.03
- Stock-in-Trade	2,463.50	2,040.99
	(B) 5,015.24	4,209.33
Net (Increase) / Decrease in Inventories	(A-B) (805.91)	(50.33)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

	31 March 2012 ₹ In Lacs	31 March 2011 ₹ In Lacs
26 Employee Benefit Expense		
Salaries, Wages, Bonus and Allowances	7,286.28	8,274.32
Contribution to Provident and Other Funds	716.74	854.92
Staff Welfare Expenses	153.00	195.23
	8,156.02	9,324.47
27 Finance Cost		
Interest expense	3,145.84	4,144.39
Other borrowing costs	223.89	332.68
Applicable net / (gain)loss on foreign currency transactions and translation	878.38	244.77
	4,248.11	4,721.84
28 Depreciation and amortisation expense (Refer note 12)		
Depreciation and amortisation expense	1,931.65	1,849.64
Less: Transferred from Revaluation Reserve	(232.27)	(232.27)
	1,699.38	1,617.37
29 Other Expenses		
Advertisement and Sales Promotional Expenses	2,300.04	3,708.12
Travelling and Conveyance	1,593.27	1,410.75
Power and Fuel	1,467.31	1,579.41
Legal & Professional Charges	865.99	790.89
Breakages and Expiry	857.07	492.20
Carriage Outward	596.76	698.99
Commission on Sales	451.03	429.86
Rates and Taxes	421.65	615.46
Consumption of Stores, Spares & Consumables	375.49	354.67
Rent	318.77	315.29
Repairs to Machineries	110.13	110.97
Provision for Doubtful Debts	99.98	777.73
Amounts Written Off (Net)	74.50	55.80
Administration Charges	72.81	182.10
Insurance	70.30	80.14
Loss on Sale of Fixed Assets	56.10	31.76
Provision for Doubtful Advances	42.72	-
Excise Duty	32.28	56.18
Repairs to Buildings	16.28	14.12
Cost of Marketing Rights	-	1,085.61
Goodwill on Consolidation Written Off	-	346.78
Miscellaneous Expenses	1,693.60	1,862.90
	11,516.08	14,999.73

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

	31 March 2012 ₹ In Lacs	31 March 2011 ₹ In Lacs
30 Earning Per Share:		
Profit/ (loss) after Tax - ₹ In Lacs	(3,889.43)	(8,378.73)
Weighted Average Number of Equity Shares	14,703,985	14,689,286
Nominal Value of Equity Shares in ₹	10.00	10.00
Basic & Diluted Earning /(Deficit) Per Share in ₹	(26.45)	(57.04)

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

31. 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 March 2012	% of beneficial ownership held as at 31 March 2012
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 period from 1 April 2011 to 31 March 2012 and are incorporated in the consolidated financial statement. Financial statement and other financial information of aforesaid subsidiaries have been audited by other auditor.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

32. Contingent Liabilities:

Sr. No.	Particulars	31 March 2012 ₹ in Lacs	31 March 2011 ₹ in Lacs
a)	Letter of Credit Opened	1,071.00	2,730.27
b)	Bank Guarantee issued	35.76	33.09
c)	Guarantees given to banks/financial institutions for loans given to Other. Loans outstanding at the year end.	2,700.00	2,700.00
d)	Estimated amounts of contracts remaining to be executed on capital account and not provided for (net of advances)	1,784.33	1,555.15
e)	Disputed demands by Income Tax Authorities. Amount paid there against	379.25	105.99
	Disputed demands by Sales Tax Authorities. Amount paid under protest	40.43 40.43	40.43 40.43
f)	Claims against the Company not acknowledged as debts	33.27 13.32	33.27 13.32
		425.65	1,098.23

Future cash flows in respect of liability under clause (a) and (d) are dependent on terms agreed upon with the parties and in respect of liability under clause (e) & (f) are dependent on decisions by decisions by relevant authorities of respective disputes.

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

34. Erstwhile The Pharmaceutical Products of India Limited (PPIL) was merged with the Parent Company, pursuant to the order dated 24 April 2007, passed by Hon'ble Board for Industrial and Financial Reconstruction (BIFR).

The Hon'ble Supreme Court vide its order dated 16 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 Sick Industrial Companies (Special Provisions) Act, 1985 (SICA), in response to a suit filed by one of the unsecured creditors of erstwhile PPIL.

The BIFR has directed IDBI Bank, which has been appointed as Operating Agency, to formulate new Draft Rehabilitation Scheme (DRS) pursuant to the Order of Hon'ble Supreme Court of India dated 16 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 Parent Company has maintained a status quo. However, all actions taken by the Parent Company pursuant to the sanctioned scheme shall remain subject to and without prejudice to the orders that may be passed by the BIFR while considering the case afresh pursuant to the directions of the Hon'ble Supreme Court in its order dated 16 May 2008.

As per BIFR Order dated 24 April 2007, statutory dues of erstwhile PPIL comprising of income tax ₹ 250.36 Lacs, profession tax ₹ 6.06 Lacs, custom duty ₹ 230 Lacs, sales tax ₹ 8.50 Lacs and excise duty ₹ 15.62 Lacs were required to be paid in six annual installments and the Parent Company has pursuant to the scheme, allotted Non Convertible Debentures (NCDs) of ₹ 242.50 Lacs to and Optionally Fully Convertible Debentures (OFCDs) of ₹ 581.99 Lacs, to some of the lenders of erstwhile PPIL out of which dues amounting to ₹ 152.67 Lacs and ₹ 581.99 Lacs in respect of NCD & OFCDs respectively, remains payable at the year end. Since BIFR is considering the matter afresh, pending fresh directives from the BIFR, aforesaid dues have not been paid.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

35. The Parent Company had separate IBIS software for formulation sales accounting which had been switched over/ linked to SAP in earlier years and also had changed from DCB Model to Distributorship Model (C&F) for selling formulation products. Consequently, trade receivables pertaining to formulation business are subject to confirmation, reconciliations and adjustments, if any.
- Further, balances of trade receivables, trade payables, loans and advances are subject to confirmation/ reconciliation and adjustments, if any.
- However, in the opinion of management, as recovery and other measures are under active consideration, the amount outstanding has been considered good and recoverable.
36. The Corporate Debt Restructuring (CDR) proposal of the Parent Company, having 30 September 2010 as the cut off date, has been approved by the CDR Cell vide its Letter of Approval (LOA) dated 23 May 2011. Subsequently on execution of the Master Restructuring Agreement (MRA) dated 19 September 2011, effect of CDR Scheme has been given in the financial statements as per the MRA and excess interest accounted for the period 1 October 2010 to 31 March 2011 amounting to ₹ 783.21 Lacs has been reversed during the year and shown as exceptional item in the financial statement.
- MRA among other terms and conditions, provide for:
- Additional fund, non fund based assistance from the CDR lenders;
 - Promoters to bring further contributions in stages;
 - Reporting and other compliances by the Company; and
 - Right to the CDR lenders to convert at their option, the whole of the outstanding amount or 20% of rupee equivalent of the defaulted amount into fully paid-up equity shares of the Company at par, in case of certain defaults by the Company.
37. a) The Parent Company has issued on 20 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 € 10,000 each maturing on 23 April 2012 and 17 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 ₹ 10 each at a premium of ₹ 128.43, being conversion price of ₹ 138.43 at a fixed exchange rate of ₹ 57.22 to € 1 and such option being exercisable till 9 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 ₹ 10 each at a premium of ₹ 128.43, being reset conversion price of ₹ 138.43 at a fixed exchange rate of ₹ 57.22 to € 1 and such option is exercisable till 5 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.
- The pro-rata premium payable on redemption, exchange gain/loss on premium payable and issue expenses is charged to Securities Premium Account.
 - During the year ended on 31 March 2010 the parent company bought back and cancelled 424 Foreign Currency Convertible "A" Bonds of face value of € 10,000 each.
 - 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 ₹ 10/- each have been issued at a conversion price of ₹ 138.43 per equity share upon conversion of 128 Foreign Currency Convertible "A Bonds" of face value of € 10,000 each.
 - The balance of 248 "A Bonds" & 700 "B Bonds" have remained outstanding at the year-end.
38. The Parent Company has invested ₹ 53.40 Lacs (Pr. Yr. ₹ 53.40 Lacs) in equity shares of Bravo Healthcare Limited (BHL) and also given loan and advances aggregating to ₹ 7,502.60 Lacs (Pr. Yr. ₹ 7,221.58 Lacs). Net worth of BHL has been negative as per audited accounts for the year ended 31 March 2011.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

The Parent Company's involvement in BHL is of strategic importance and for long term and is contemplating steps for their revival, fund infusion etc. Hence, no provision has been considered necessary at this juncture in respect of aforesaid investment in and dues recoverable from it.

39. In Parent Company Disclosure of Trade Payable 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". Amount outstanding as on 31 March 2012 to Micro, Small and Medium Enterprises on account of principal amount aggregate to ₹ 71.43 Lacs (Pr. Yr. ₹ 167.00 Lacs) [including overdue amount of ₹ 48.39 Lacs (Pr. Yr. ₹ 154.90 Lacs)] and interest due thereon is ₹ 10.03 Lacs (Pr. Yr. ₹ 10.77 Lacs) and interest paid during the year ₹ Nil (Pr. Yr. ₹ Nil). Since, as per the terms/ understanding with the parties, no interest is payable, hence no provision has been made for the aforesaid interest (Refer note 9).
40. 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 followings major components:

Particulars	(₹ in Lacs)	
	31 March 2012	31 March 2011
Liabilities:		
Depreciation	(2,245.43)	(2,251.21)
Assets:		
43 B Disallowance and other deferments	1,052.75	163.24
Unabsorbed Depreciation & Business Loss	2,182.39	2,918.10
Total Assets	3,235.14	3,081.34
Deferred Tax Asset Restricted to	(2,245.43)	(2,251.21)
Net Deferred Tax Assets (Liabilities)	Nil	Nil

In case of Parent Company, as a measure of prudence, deferred tax assets are recognised to the extent of deferred tax liabilities.

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

Particulars	(₹ in Lacs)	
	31 March 2012	31 March 2011
Opening Balance	Nil	3.23
Add: Incurred in the current year :		
Salaries and allowances	Nil	57.19
Total	Nil	60.42
Less: Capitalized to fixed assets	Nil	60.42
Closing Balance	Nil	Nil

42. (a) Managerial Remunerations in case of Parent Company :

Particulars	(₹ in Lacs)	
	31 March 2012	31 March 2011
Salary & Allowances	67.37	176.45
Contribution of P.F. & Other Funds	5.23	13.10
TOTAL*	72.60	189.55

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

*The parent company has paid excess Remuneration of ₹ 19.37 Lacs for the year ended 31 March 2012 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 the application for the same. Pending such approval excess amount as aforesaid has been charged to the revenue. 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 ₹ 4.56 Lacs (₹ 3.48 Lacs).

43. Details of Auditors Remuneration:

Particulars	(₹ in Lacs)	
	31 March 2012	31 March 2011
A) Statutory Auditor		
Auditors' Remuneration		
- Audit Fees for Stand alone accounts	19.39	16.30
- Certification & Other Matters	5.49	5.78
- Out of Pocket Expenses	0.37	0.14
TOTAL	25.26	22.22
B) Branch Auditors Remuneration	1.00	0.60
C) Cost Audit Fees	0.75	0.75

Note: Above figures are exclusive of service tax.

44. 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 ₹ 478.91 Lacs (Pr. Yr. ₹ 575.73 Lacs).

45. 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	(₹ in Lacs)	
	31 March 2012	31 March 2011
Provident Fund, Employee's Pension Scheme and MLWF	259.58	243.20
Employees State Insurance	11.08	10.19
Super Annuation Fund	3.47	3.78
Total	274.13	257.17

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

Particulars	(₹ in Lacs)	
	31 March 2012	31 March 2011
Social Security Scheme	384.10	511.97
Total	384.10	511.97

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

Defined Benefit Plans

Gratuity:

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

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

As per the provisions of Payments of Gratuity Act, 1972 with vesting period of 5 years of service.

b. On the death in service:

As per the provisions of Payment of Gratuity Act, 1972 without any vesting period.

Death Benefit:

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

Disclosures for defined benefit plans i.e. Gratuity (Funded Plan) based on actuarial reports as on 31 March 2012

		(₹ in Lacs)	
	Particulars	31 March 2012	31 March 2011
a)	Changes in Defined Benefit Obligation		
	Opening defined benefit obligation	250.29	236.85
	Current service cost	59.00	56.91
	Interest cost	21.27	19.54
	Actuarial loss / (gain)	(38.75)	(38.44)
	Benefit (paid)	(44.26)	(24.56)
	Closing defined benefit obligation	247.55	250.29
b)	Changes in Fair Value of Assets		
	Opening fair value of plan assets	24.69	20.62
	Expected return on plan assets	2.19	1.89
	Actuarial gain / (loss)	0.26	(1.11)
	Contributions of employer	2.49	10.00
	Benefits (paid)	(0.43)	(6.71)
	Closing fair value of plan assets	29.19	24.69
c)	Amount recognised in the Balance Sheet		
	Present value of the obligations as at year end	247.55	250.29
	Fair value of the plan assets as at year end	29.19	24.69
	Net (asset) / liability recognised as at year end	218.36	225.60
d)	Expenses recognised in the Profit and Loss Account		
	Current service cost	59.00	56.91
	Interest on defined benefit obligation	21.27	19.54
	Expected return on plan assets	(2.19)	(1.89)
	Net actuarial loss / (gain) recognised in the		
	Current year	(39.01)	(37.33)
	Total expense	39.08	37.23
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.)	8.50%	8.25%
	Expected rate of return on plan assets (p.a.)	8.50%	8.50%
	Annual increase in salary cost (p.a.)	7.00%	7.00%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

The estimates of future salary increase, considered in the actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Leave Encashment:

The Parent Company's employees are entitled for compensated absences which are allowed to be accumulated and encashed as per the Parent Company's policies.

Up to previous year ended on 31 March 2011, liability of compensated absences aggregating ₹ 277.54 Lacs was provided as per management's estimate. From this year the same is being provided based on report of independent actuary using the Projected Unit Credit Method. Accordingly ₹ 377.43 Lacs being liability as at the year-end for compensated absences as per actuarial valuation has been provided in the Parent Company's accounts.

46. 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.
47. 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 \$	
			31 March 2012	31 March 2011
US \$	Sell	Indian Rupees	45 Lacs	Nil

Note: FCCB of Euro 94.80 Lacs (Pr. Yr. Euro 94.80 Lacs) are convertible at a fixed exchange rate (Refer note 37 above).

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

Particulars		Foreign Currency Amt in Lacs		Local Currency ₹ in Lacs	
		31 March 2012	31 March 2011	31 March 2012	31 March 2011
Assets					
Trade Receivables	EURO	7.58	3.34	517.94	211.04
	USD	35.10	42.40	1,795.41	1,893.28
Loans and Advances	EURO	18.76	18.76	1,289.04	1,199.70
	GBP	0.04	0.04	3.05	2.68
	JPY	15.87	2.28	9.91	1.23
Bank Balance	EURO	0.01	0.01	0.68	0.63
	USD	0.02	0.04	1.04	2.02
Liabilities					
Trade Payables	USD	22.95	20.69	1,173.81	924.03
	EURO	0.18	0.18	12.29	11.37
Other Payable	GBP	0.02	0.05	1.71	3.62
Secured Loans	USD	59.61	59.53	3,049.57	2,657.96
Unsecured Loans	EURO	94.80	94.80	6,478.63	5,995.15
Interest accrued but not due	EURO	0.24	0.24	16.20	14.99
Interest accrued and due	EURO	0.95	Nil	64.79	Nil

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

48. In case of Parent Company Mark to Market loss is ₹ Nil (Pr. Yr. ₹ Nil) in respect of foreign currency derivative instruments outstanding as at 31 March 2012. 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 provided an amount of ₹ Nil (Pr. Yr. ₹ Nil) to meet the anticipated forex losses.

Provision for Foreign Exchange Losses

(₹ in Lacs)

Particulars	31 March 2012	31 March 2011
Opening balances	Nil	20.00
Additional Provision made during the year	Nil	Nil
Amount used during the year	Nil	20.00
Unused amount reversed during the year	Nil	Nil
Closing Balance	Nil	Nil

49. Disclosure for operating leases under Accounting Standard 19-“Accounting for Leases”:
The Wanbury Group has taken various residential /godowns / office premises (including furniture and fittings, therein as applicable), Laptop under operating lease or leave and license agreements. These are generally not non-cancellable and ranges from 33 months to 5 years under leave and license, or longer for other leases and are renewable by mutual consent on mutually agreeable terms. The Company has given refundable interest-free security deposits in accordance with the agreed terms. The lease payments of ₹ 603.99 Lacs (Pr. Yr. ₹ 583.64 Lacs) are recognised in the Statement of Profit and Loss under “Rent” under Note-29.

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

(₹ in Lacs)

Particulars	31 March 2012	31 March 2011
Not later than one year	121.36	231.68
Later than one year but not later than five years	9.96	120.75
Later than five years	Nil	Nil

50. Goodwill on consolidation amounting to ₹ 346.78 Lacs has been written off during the previous year ended on 31 March 2011.
51. Minority interest represents the 4,511 (Pr. Yr. 4,511) 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.

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

A.Relationship:

Category 1: Major Shareholders:

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

Category 2: Key Management Personnel and their relatives:

- Mr. K. Chandran Vice Chairman
- Mr. K. R. N. Moorthy Joint Managing Director (Upto 31 August, 2010)
- Mr. Ashok Shinkar Whole-time Director (Upto 31 December, 2010)
- Dr. Rajaram Samant Whole-time Director (Upto 20 May, 2010)

Category 3: Others (Enterprise owned or significantly influenced by key management personnel or their relatives):

- Wanbury Infotech Pvt. Ltd.
- Bravo Healthcare Limited
- Magnum Equifin Pvt. Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

B. Transactions carried out with related parties:

(₹ In Lacs)

Sr. No.	Transactions	Related Party Relation	31 March 2012	31 March 2011
1)	Advances Given:			
	Wanbury Infotech Pvt. Ltd.	Others	13.25	Nil
2)	Advances Given Received Back :			
	Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	Nil	424.15
3)	Inter Corporate Deposits Given:			
	Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	25.80	263.87
	Bravo Healthcare Ltd.	Others	504.31	6,827.11
4)	Repayment of Inter Corporate Deposits Given:			
	Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	716.55	263.87
	Bravo Healthcare Ltd.	Others	237.17	4,626.09
5)	Inter Corporate Deposits Taken:			
	Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	240.00	769.00
6)	Interest on ICD Taken:			
	Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	Nil	19.58
7)	Expenses Reimbursed from :			
	Bravo Healthcare Ltd.	Others	16.17	166.38
8)	Remuneration paid:			
	Mr. K. R. N. Moorthy	Key Management Personnel	Nil	41.91
	Mr. K. Chandran	Key Management Personnel	72.60	74.63
	Mr. Ashok Shinkar	Key Management Personnel	Nil	63.45
	Dr. Rajaram Samant	Key Management Personnel	Nil	9.55
9)	Purchase of Materials :			
	Bravo Healthcare Ltd.	Others	2.30	340.33
10)	Dividend Paid :			
	Kingsbury Investment Inc.	Major Shareholders	Nil	30.24
	Expert Chemicals (India) Pvt.Ltd.	Major Shareholders	Nil	25.90
	Magnum Equifin Pvt. Ltd.	Major Shareholders	Nil	5.00
11)	Interest Income :			
	Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	69.10	124.46
	Bravo Healthcare Ltd.	Others	Nil	552.72
12)	Information Technology Services taken :			
	Wanbury Infotech Pvt. Ltd.	Others	140.46	122.15
13)	Conversion of Inter Corporate Deposit into Equity Share Capital:			
	Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	1,008.75	Nil

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

C. Balances due from/to related parties

(₹ in Lacs)

Sr. No.	Particulars	Related party Relation	31 March 2012	31 March 2011
1)	Inter Corporate Deposits Given:			
	Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	Nil	690.75
	Bravo Healthcare Ltd.	Others	7,336.54	7,069.41
2)	Inter Corporate Deposit Taken :			
	Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	0.25	769.00
3)	Loans and Advances Given:			
	Bravo Healthcare Ltd.	Others	166.05	152.18
	Wanbury Infotech Pvt. Ltd.	Others	4.44	Nil
4)	Trade Payable:			
	Wanbury Infotech Pvt. Ltd.	Others	Nil	8.81
5)	Interest Receivable :			
	Expert Chemicals (India) Pvt. Ltd.	Major Shareholders	Nil	1.88

53. 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 payables 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 note-12 "Fixed Assets".

For and on behalf of the Board of Directors

K. Chandran
Vice Chairman

Dr. P. L. Tiwari
Director

Mangesh Bhosale
Vice President Finance &
Company Secretary

Mumbai, 28 May 2012