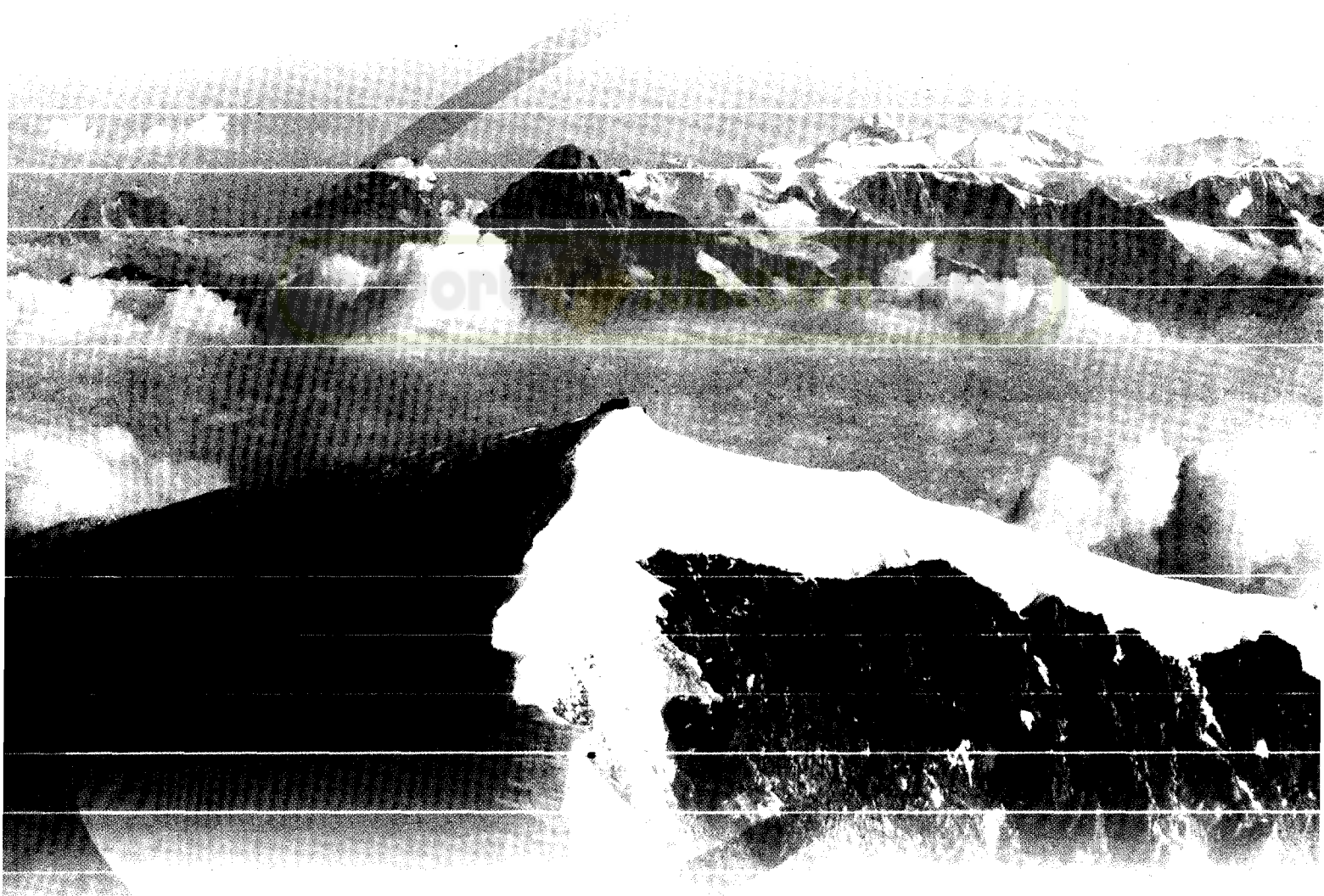




WANBURY LIMITED

TOWARDS BETTER HEALTHCARE

18th Annual Report
2005-2006



SCORING ALTITUDES

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Board of Directors

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

Company Secretary

Mr. Pankaj B. Gupta

Registered & Head Office

BSEL Tech Park, B-Wing, 10th Floor,
Sector 30 A, Opp. Vashi Railway Station,
Vashi, Navi Mumbai - 400 705, India

Tel : +91-22-67942222

Fax : +91-22-67942111/333

E-mail : shares@wanbury.com

Website : www.wanbury.com

Plants at Patalganga and Tarapur (Maharashtra)

Auditors

KAPOOR & PAREKH ASSOCIATES, Chartered Accountants, Mumbai

Bankers

Bank of India
EXIM Bank
State Bank of India
Dhanalakshmi Bank

Registrars and Transfer Agents

Sharex Dynamic (India) Pvt. Ltd.

Unit - 1, Luthra Industrial Premises,

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

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

Fax No.: +91-22-28512885

NOTICE

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

ORDINARY BUSINESS:

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

Registered Office:

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

By Order of the Board of Directors

For **WANBURY LIMITED**

PANKAJ B. GUPTA

Company Secretary

Mumbai, 26th June, 2006

NOTES:

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

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

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

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

Registered Office:

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

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

PANKAJ B. GUPTA
Company Secretary
Mumbai, 26th June, 2006

DIRECTORS' REPORT

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

FINANCIAL HIGHLIGHTS:

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

OPERATIONAL REVIEW:

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

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

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

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

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

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

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

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

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

GLOBAL DEPOSITORY RECEIPTS (GDRs) ISSUE:

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

DIVIDEND:

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

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

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

DIRECTORS:

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

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

PERSONNEL:

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

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

AUDITORS' REPORT:

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

AUDITORS:

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

COST AUDITOR:

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

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

FIXED DEPOSITS:

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

CORPORATE GOVERNANCE:

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

DIRECTORS' RESPONSIBILITY STATEMENT:

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

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

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

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

ACKNOWLEDGEMENTS:

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

For and on behalf of the Board of Directors

K. Chandran
Whole-time Director

K. R. N. Moorthy
Whole-time Director

Mumbai, 26th June, 2006

ANNEXURE TO DIRECTORS' REPORT

Information as per Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY

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

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

INFORMATION AS PER PRESCRIBED FORM A:

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

B. ABSORPTION OF TECHNOLOGY AND RESEARCH & DEVELOPMENT

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

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

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

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

(Rs. in Lacs)

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

For and on behalf of the Board of Directors

K. Chandran
Whole-time Director

K. R. N. Moorthy
Whole-time Director

Mumbai, 26th June, 2006

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Industry

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

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

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

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

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

Threats, Risks and Concerns

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

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

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

Overseas Foray

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

R & D Centre

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

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