



WANBURY LIMITED

TOWARDS BETTER HEALTHCARE

19th Annual Report
2006-2007



ON THE FRONTIERS OF OPPORTUNITY AND GROWTH



WANBURY LIMITED

19TH Annual Report 2006-2007

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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 Location :

- 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, TTC Industrial Area, MIDC Turbhe, Navi Mumbai, Maharashtra (erstwhile PPIL)

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 Nineteenth Annual General Meeting of the Members of Wanbury Limited will be held on Thursday, the 27th day of September, 2007 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 as at 31st March 2007 and Profit & Loss Account for the year ended on that date along with Reports of Directors and Auditors thereon.
2. To declare dividend on Equity Shares of the Company.
3. To appoint a Director in place of Mr. K. Chandran – Director of the Company, who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. N. K. Puri – Director of the Company, who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.
5. 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.

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass with or without modification/s the following resolution as an ORDINARY RESOLUTION.
"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act, as amended up to date, consent of the Company be and is hereby accorded to the appointment of and the payment of remuneration & perquisites to Mr. K. Chandran as Whole-time Director of the Company for a period of three years with effect from September 1, 2007 on the terms and conditions (including the terms regarding the payment of remuneration to be paid in the event of loss or inadequacy of profit in any financial year during the aforesaid period), as set out in the Explanatory Statement attached hereto."
"RESOLVED FURTHER THAT the terms and conditions of the said appointment be altered and/or varied from time to time by the Chairman / Board, as it may, at its discretion, deem fit, within the maximum amount payable in accordance with the provisions of Companies Act, 1956 read with Schedule XIII to the said Act or any amendments made hereafter in this regard."
"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

Registered Office:

BSEL Tech Park, B Wing,
10th Floor, Sector 30-A, Vashi
Navi Mumbai – 400 705
Date: June 29, 2007
Place: Vashi, Navi Mumbai

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

Pankaj B. Gupta
Company Secretary

NOTES:

1. A Member entitled to attend and vote at the meeting and also entitled to appoint a proxy to attend and vote on 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. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of Item No. 6 of the notice set out above is annexed hereto.
3. 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.

4. Members who hold Shares in Dematerialised Form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio Number in the Attendance Slip for easy identification at the meeting and number of shares held by them.
5. The Share Transfer Books and the Register of Members will remain closed from Monday 17.09.2007 to Thursday 27.09.2007 (both days inclusive).
6. At the ensuing Annual General Meeting Mr. K. Chandran and Mr. N. K. Puri, retire by rotation and being eligible offers themselves for re-appointment. Their brief resume are as under:

Name	Mr. K. Chandran
Age	49 Years
Qualification	Graduate
Expertise in Specific Area	Pharmaceutical Industry
Date of First Appointment on the Board of the Company	23.01.2001
No. of Shares held in the Company	NIL
Name of the other public limited companies in which Directorship held and Committee Membership / Chairmanship held	Director: Doctors Organic Chemicals Limited Committee Membership : NIL Committee Chairmanship: NIL

Name	Mr. N. K. Puri
Age	64 Years
Qualification	M Sc (Physics)
Expertise in Specific Area	Banking
Date of First Appointment on the Board of the Company	09.03.2005
No. of Shares held in the Company	NIL
Name(s) of the other public limited companies in which Directorship held and Committee Membership / Chairmanship held	Director: NIL Committee Membership : NIL Committee Chairmanship: NIL

7. 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.
8. Section 109 A 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.
9. If the proposed dividend is approved by the Shareholders at the Annual General Meeting, the same will be paid after September 27, 2007 to the eligible shareholders.

Registered Office:

BSEL Tech Park, B Wing,
10th Floor, Sector 30-A, Vashi
Navi Mumbai – 400 705
Date: June 29, 2007
Place: Vashi, Navi Mumbai

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

Pankaj B. Gupta
Company Secretary

ANNEXURE TO THE NOTICE

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

Item No. 6:

Mr. K. Chandran has rich experience and knowledge of pharmaceutical industry. Keeping in this view, the Board of Directors at its meeting held on June 29, 2007, has approved the appointment of Mr. K. Chandran as Whole-time Director of the Company for a period of 3 years with effect from September 1, 2007, subject to approval of shareholders in General Meeting. Mr. K. Chandran fulfills the eligibility criteria set out under part I of Schedule XIII of the Companies Act, 1956.

The following are the details of the remuneration and perquisites payable to Mr. K. Chandran as Whole-time Director of the Company.

A. Period :

Three years w.e.f. September 1, 2007 with liberty to either party to terminate the appointment on three months notice in writing to the other.

B. Remuneration :

1. Basic Salary of Rs. 1,00,000/- (Rupees One Lac only) per month with such increments as may be decided by the Chairman/ Board from time to time, subject however to a ceiling of Rs. 5,00,000/- (Rupees Five Lacs only) per month.
2. Special Allowance of Rs. 14,000/- (Rs. Fourteen Thousand only) per month with such increments as may be decided by the Chairman / Board from time to time, subject however to a ceiling of Rs. 50,000/- (Rupees Fifty Thousand only) per month.
3. Annual Performance Bonus Linked to the achievement of targets and Long-term Incentive Compensation as per the scheme applicable to Senior Executives of the Company as may be decided by the Chairman / Board subject to a maximum of Rs.30,00,000/- (Rupees Thirty Lacs only) per annum.
4. Education Allowance of Rs. 30,000/- (Rupees Thirty Thousand only) per annum with such increments as may be decided by the Chairman / Board from time to time, subject however to a ceiling of Rs. 48,000/- (Rupees Forty Eight Thousand only) per annum.
5. Entertainment Allowance of Rs. 10,000/- (Rupees Ten Thousand only) per month with such increments as may be decided by the Chairman / Board from time to time, subject however to a ceiling of Rs. 25,000/- (Rupees Twenty Five Thousand only) per month.
6. Servant Allowance of Rs. 4,000/- (Rupees Four Thousand only) per month with such increments as may be decided by the Chairman / Board from time to time, subject however to a ceiling of Rs. 10,000/- (Rupees Ten Thousand only) per month.

C. Perquisites :

1. Housing: Company's owned / hired / leased accommodation or House Rent Allowance as may be decided by the Chairman/ Board subject to a maximum @ 50 % of the Basic Salary in lieu of Company provided accommodation.
2. Reimbursement of expenses on actual, pertaining to gas, fuel, electricity and telephones as also reasonable reimbursement of maintenance expenses in respect of such accommodation.
3. Medical Expenses Reimbursement: Reimbursement of all expenses, incurred in India for self and family (family is defined as spouse and dependent children) at actual (including domiciliary medical expenses and insurance premium for medical and hospitalisation policy, as applicable).
4. Leave Travel Allowance: For self and family in accordance with Rules of the Company, subject to a maximum of one month's basic salary. In the event of the amount so payable being lower than one month's basic salary, the balance will be payable as taxable amount to the Whole-time Director.
5. Spouse accompanying on any official domestic and overseas trip will be governed as per the policy of the Company, as applicable to Whole-time Directors / Senior Executives of the Company.
6. Club Fees: Fees of One Corporate Club in India (including admission and membership fees.)

7. Personal Accident Insurance coverage for self as per the Rules of the Company.
8. Company's contribution towards Provident Fund and Superannuation Fund on basic salary as per the Rules applicable to Senior Executives of the company.
9. Gratuity as applicable to Senior Executives of the Company including continuity of service for time served elsewhere, within the Group.
10. Two Cars for use of Company's business.
11. Leave and encashment of leave, in accordance with the Rules of the Company.
12. Any other policies / benefits that are introduced by the Group from time to time, as applicable at his level.

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

Subject as aforesaid, Mr. K. Chandran will be governed by such other Rules as are applicable to the Senior Executives of the Company from time to time.

Period of office of Directors shall be liable to determination by retirement of Directors by rotation.

Where in any financial year comprised by the period of appointment, the Company has no profit or its profits are inadequate, the forgoing amount of remuneration and benefits shall be paid or given to the Whole-time Director in accordance with the applicable provisions of Schedule XIII of the Companies Act, 1956 and subject to the approval of the Central Government, wherever required.

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

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

No Director other than Mr. K. Chandran is concerned or interested in the Resolution.

Registered Office:

BSEL Tech Park, B Wing,
10th Floor, Sector 30-A, Vashi
Navi Mumbai – 400 705
Date: June 29, 2007
Place: Vashi, Navi Mumbai

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

Pankaj B. Gupta
Company Secretary

DIRECTORS' REPORT

Your Directors have pleasure in presenting the NINETEENTH ANNUAL REPORT together with the Audited Accounts of the Company for the year ended on March 31, 2007.

FINANCIAL HIGHLIGHTS:

	(Rs. in Lacs)	
	For the year ended on 31.03.2007	For the year ended on 31.03.2006
Turnover	14608.02	11086.26
Less: Excise Duty & Sales Tax	225.27	202.66
Net Sales	14382.75	10883.60
Other Income	880.77	608.94
Total Income	15263.52	11492.54
Total Expenditure	13729.39	10049.91
Profit / (Loss) before Taxation	1534.13	1442.63
Provision for Taxation:		
- Current Tax	170.65	131.14
- Mat Credit Entitlement	(170.00)	(120.00)
- Deferred Tax	(586.65)	334.52
- Fringe Benefit Tax	30.76	23.69
- Income Tax of earlier years	6.74	-
- Wealth Tax of earlier years	-	0.25
Net Profit after Tax	2082.63	1073.03
Balance b/f from Previous Year	1481.11	779.27
Profit as on 01.04.2006 of erstwhile PPIL	670.15	-
Amount available for Appropriation	4233.89	1852.30
APPROPRIATION		
Proposed Dividend	267.49	-
Proposed Final Dividend	-	191.21
Interim Dividend	-	63.74
Tax on Dividend	45.46	35.76
Transfer to General Reserve	156.20	80.48
Balance Carried to Balance Sheet	3764.74	1481.12

OPERATIONAL REVIEW:

The Company had a very successful year under review with sound growth in Turnover and Profits and further improvements in operating parameters. Overall turnover for the financial year under review has grown by approx. 32 % to Rs. 14608.02 Lacs as against Rs. 11086.26 Lacs in the previous year. Profit After Tax (PAT) has registered growth of approx. 94 % and increased to Rs. 2082.63 Lacs as against Rs. 1073.03 Lacs in the previous year. The Earning Per Share has grown by approx. 62% to Rs. 15.65 from Rs. 9.67 per share.

Export of the Company during the year under review has registered growth of approx. 28 % and increased to Rs. 7178.19 Lacs from Rs. 5623.18 Lacs. The Company has been exporting its products to more than 50 Countries.

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

The Hon'ble Board for Industrial and Financial Reconstruction (BIFR) has approved the merger of PPIL with your Company with effect from April 1, 2006 vide its order dated May 1, 2007. Hence merger effect has been given in the financial result of the Company for the financial year ended as on March 31, 2007.

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

The Hon'ble Board for Industrial and Financial Reconstruction (BIFR) has approved the merger of DOCL with your Company with effect from April 1, 2007 vide its order dated May 4, 2007. Hence merger effect has not been given in the financial result of the Company for the financial year ended as on March 31, 2007.

FOREIGN CURRENCY CONVERTIBLE BONDS (FCCBs) ISSUE:

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

Your Company has issued and allotted 800 nos. Foreign Currency Convertible A Bonds of face value of Euro 10,000 each fully paid i.e. size of Bond A is Euro 8 Million fully paid.

Further your Company has issued and allotted 700 nos. Foreign Currency Convertible B Bonds of face value of Euro 10,000 each partly paid. The paid-up amount is 10% i.e. size of Bond B is Euro 7 Million and paid-up amount is Euro 700,000 (Euro Seven Hundred Thousand only).

The terms and conditions of FCCBs are as per the Offering Circular submitted to Luxembourg Stock Exchange ("LuxSE").

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

SUBSIDIARY COMPANIES

Your Company is at an advanced stage of completing its acquisition of the generic division of Industrial Farmaceutica Cantabria S. A., Spain, through two special purpose vehicles Wanbury Holdings B. V. and Cantabria Pharma S. L.

DIVIDEND:

Your Directors are pleased to recommend dividend @ 20 % i.e. Rs. 2/- per equity share for the year ended as on March 31, 2007. Total cash outflow on account of dividend payment including dividend tax will be Rs. 312.95 Lacs, which is approx. 15 % of Net Profit After Tax for the year ended as on March 31, 2007.

The dividend after approval of the shareholders at the Annual General Meeting will be paid after September 27, 2007 to the eligible shareholders.

DIRECTORS:

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

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 AND AUDITORS:

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

M/s Kapoor & Parekh Associates 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.

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, 2007 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, 2008 at their meeting held on May 28, 2007. 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, 2008.

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:

A separate report on the Corporate Governance and Management Discussion & Analysis is attached as a 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 judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the 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 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 & its Directors wish to extend their sincere thanks to the Bankers, Government, Customers, Suppliers, Shareholders and Staff for their continuous co-operation & guidance and also expect the same in the future also.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

K. CHANDRAN
Whole-time Director

K. R. N. MOORTHY
Whole-time Director

Mumbai, June 29, 2007