



# WANBURY LIMITED

## 25<sup>th</sup> Annual Report 2012-2013

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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. A.N. Shinkar	Non-Executive Director (Upto 28 May 2012)
Mr. Manish Joshi	EXIM Bank Nominee (From 30 May 2013)
Mr. P.R. Dalal	EXIM Bank Nominee (Upto 30 May 2013)
Mr. S.K. Bhattacharyya	Additional Director (From 30 May 2013)
Mr. K. Chandran	Vice Chairman

### Company Secretary

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 – 400 703, 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  
State Bank of India  
EXIM Bank  
State Bank of Mysore  
Axis Bank  
Andhra Bank  
IDBI Bank

### Registrar and Transfer Agent

**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-Fifth Annual General Meeting of the Members of Wanbury Limited will be held on Tuesday, 24 September 2013 at 12:00 Noon at Hotel Four Points, Plot No. 39/1,6 to 15, Sector 30-A, Vashi, Navi Mumbai - 400 703, 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 2013 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 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.
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 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.”

### **SPECIAL BUSINESS:**

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an ordinary resolution: “RESOLVED THAT Mr. S. K. Bhattacharyya, who was appointed as an Additional Director of the Company by the Board of Directors and who holds office up to the date of the Annual General Meeting under Section 260 of the Companies Act, 1956 and in respect of whom the Company has, under Section 257 of the said Act, received notice in writing proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company.”
6. To consider and if thought fit, to pass with or without modification(s) the following resolution as a special resolution. “RESOLVED THAT pursuant to the provision of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act, consent of the members of the Company be and is hereby accorded to the re-appointment of and the payment of remuneration & perquisites to Mr. K. Chandran as Whole Time Director of the Company for a period of three years with effect from 1 September 2013 on the following terms and conditions (including the terms regarding the payment of remuneration to be paid in the event of loss or inadequacy of profit in any financial year during the aforesaid period):

#### **A. Period :**

Three Years w.e.f. 1 September 2013, with liberty to either party to terminate the appointment on three months notice in writing to the other.

#### **B. Remuneration:**

##### **Basic Salary:**

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

##### **House Rent Allowance**

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

**Special Allowance:**

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

**Leave Travel Allowance**

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

**Medical Allowance**

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

**Annual Performance Bonus:**

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

**C. Perquisites :**

1. Personal Accident Insurance coverage for self as per the Rules of the Company.
2. Company's Contribution towards Provident Fund and Superannuation Fund on basic salary as per the Rules applicable to Senior Executives of the Company.
3. Gratuity as applicable to Senior Executives of the Company including continuity of service for time served elsewhere, within the Group.
4. A Car for use of Company's business.
5. Leave and encashment of leave, in accordance with the Rules of the Company.
6. 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.
7. Club Fees: Fees of One Corporate Club in India (including admission and membership fees.)
8. Any other policies / benefits that are introduced by the Group from time to time, as applicable at his level.

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

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

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

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

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

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

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

**Registered Office:**

BSEL Tech Park, B Wing,  
10th Floor, Sector 30-A, Vashi  
Navi Mumbai – 400 703  
Date: 30 May 2013  
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 – 400072, 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, 16 September 2013 to Tuesday, 24 September 2013 (both days inclusive) for the purpose of Annual General Meeting.
7. At the ensuing Annual General Meeting Mr. N. K. Puri & Mr. K. Chandran retire by rotation and being eligible offer themselves for re-appointment. Further Mr. S. K. Bhattacharyya is being appointed as Director of the Company. Their brief resume are as under:

Name  
Age  
Qualification  
Expertise in Specific Area  
Date of First Appointment on the Board of the Company  
No. of Shares held in the Company  
Name of the other public limited companies in which Directorship held and Committee Membership/ Chairmanship held.

Mr. N. K. Puri  
70 Years  
M. Sc. (Physics)  
Banking  
09.03.2005  
NIL

**Director:** NIL  
**Committee Membership:** NIL  
**Committee Chairmanship:** NIL

Name  
Age  
Qualification  
Expertise in Specific Area  
Date of First Appointment on the Board of the Company  
No. of Shares held in the Company  
Name of the other public limited companies in which Directorship held and Committee Membership/ Chairmanship held.

Mr. K. Chandran  
54 Years  
Graduate  
Pharmaceutical Industry  
23.01.2001  
NIL

**Director:**  
(1) Magnum Equifin Pvt. Ltd.  
(2) Cantabria Pharma S.L., Spain  
**Committee Membership:** NIL  
**Committee Chairmanship:** NIL

Name	Mr. S. K. Bhattacharyya
Age	63 Years
Qualification	BA (Hons.) in Economics, CAIIB
Expertise in Specific Area	Banking
Date of First Appointment on the Board of the Company	30.05.2013
No. of Shares held in the Company	NIL
Name of the other public limited companies in which Directorship held and Committee Membership/ Chairmanship held.	<p><b>Director:</b></p> <p>(1) Persistent Systems Ltd. (PSL)</p> <p>(2) Dabur India Ltd. (DIL)</p> <p>(3) C&amp;S Electric Ltd. (CSEL)</p> <p><b>Committee Membership:</b></p> <p>Audit Committee – PSL</p> <p>Remuneration &amp; Compensation Committee – PSL</p> <p><b>Committee Chairmanship:</b></p> <p>Shareholders Grievance Committee - PSL</p>

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 – 400 703  
Date: 30 May 2013  
Place: Vashi, Navi Mumbai

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

**Mangesh Bhosale**  
**Vice President - Finance &**  
**Company Secretary**

**ANNEXURE TO THE NOTICE DATED 30 MAY 2013**

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

**Item No. 5:**

Mr. S. K. Bhattacharyya was appointed by the Board of Directors as an Additional Director of the Company. In terms of Section 260 of the Companies Act, 1956, Mr. S. K. Bhattacharyya holds office up to the date of the Annual General Meeting of the Company. Notice under Section 257 of the Companies Act, 1956 has been received from a member of the Company proposing Mr. S. K. Bhattacharyya as a candidate for the office of Director, liable to retire by rotation.

Mr. S. K. Bhattacharyya is a senior level banker with over 38 years of experience spanning International and Corporate Banking across Geographies, Retail Banking, Credit & Risk Management, Liability Management, Human Resource Management as Chief Executive Officer (CEO) of three banks including the State Bank of India (SBI), State Bank of Bikaner & Jaipur (SBBJ) and the SBI (International) Mauritius; participating in providing leadership to the Indian Financial System and being in the forefront of various initiatives undertaken by the SBI Group.

The Board of Directors is of the view that the services of Mr. S. K. Bhattacharyya will be of immense value to the Company. Your Directors, therefore, recommend his appointment as Director of the Company.

None of the Directors except Mr. S. K. Bhattacharyya is concerned or interested in the resolution.

**Item No. 6:**

The Members of the Company had approved the appointment of Mr. K. Chandran as Whole Time Director for a period of 3 years w.e.f 1 September, 2010, at their 22nd Annual General Meeting held on 12 August, 2010.

Mr. K. Chandran has rich experience and knowledge of pharmaceutical industry and has contributed substantially to the growth of the Company. Keeping this in view, the Board of Directors at its meeting held on 30 May 2013, has approved the re-appointment of Mr. K. Chandran as Whole-time Director of the Company for a period of 3 years with effect from 1 September 2013, subject to approval of shareholders in General Meeting. Mr. K. Chandran fulfils the eligibility criteria set out under part I of Schedule XIII to the Companies Act, 1956.

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

**I. GENERAL INFORMATION:**

- (1) Nature of Industry – Pharmaceutical Industry
- (2) Date of commencement of commercial production – The Company commenced its pharmaceutical business from 1988 onwards.
- (3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus – Not Applicable
- (4) Financial performance

Financial Parameters	₹ In Lacs					
	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009*	2007-2008**
Total Income	41,868.58	35,537.46	33,037.63	37,587.47	17,205.23	40,278.60
Total Expenditure	44,401.77	37,934.34	35,262.16	34,433.24	20,308.56	37,236.74
Profit / (Loss) Before Tax	(2,533.18)	(1,613.68)	(2,224.53)	3,154.23	(3,103.33)	3,041.86
Profit / (Loss) After Tax	(2,546.88)	(1,613.68)	(2,226.69)	2,992.15	(3,128.50)	2,977.60
Rate of Dividend recommended/ declared	0%	0%	0%	10%	0%	5%

\* Financial Year 2008-2009 was of 6 months from 1 October, 2008 to 31 March, 2009.

\*\* Financial Year 2009-2010 was of 18 months from 1 April, 2007 to 30 September, 2008.

(5) Export Performance and net foreign exchange collaborations:

Year	₹ In Lacs	
	Foreign Exchange Earnings (Income)	Foreign Exchange Outgo (Expenditure)
2012-2013	21,884.06	9,726.99
2011-2012	15,266.37	4,871.19
2010-2011	12,006.53	4,211.96
2009-2010	13,945.56	4,175.40
2008-2009 *	8,751.31	2,442.57
2007-2008 **	18,729.26	5,671.27

\* Financial Year 2008-2009 was of 6 months from 1 October, 2008 to 31 March, 2009.

\*\* Financial Year 2009-2010 was of 18 months from 1 April, 2007 to 30 September, 2008.

(6) Foreign investments or collaborators, if any

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

**II. INFORMATION ABOUT THE APPOINTEE :**

- (1) Background details: Mr. K. Chandran aged about 54 years, is a Science Graduate and has rich experience and knowledge of pharmaceutical industry and has contributed substantially to the growth of the Company.
- (2) Past Remuneration – Remuneration of ₹ 33.86 Lacs was paid to Mr. K. Chandran for the year 2012-2013.
- (3) Job profile and his suitability – Mr. K. Chandran is in-charge of the overall administration of the Company and its Subsidiary Companies, Subject to the superintendence, direction and control of the Board the Company.
- (4) Remuneration proposed – As set out in the Resolution. The remuneration of Mr. K. Chandran has the approval of Board and Remuneration Committee.
- (5) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin) – Taking into consideration size of the Company, the profile of Mr. K. Chandran, an Indian National, the responsibility shouldered by him, the remuneration package set out in resolution is commensurate with the remuneration package paid to managerial position in other companies.
- (6) Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any – Besides, the remuneration proposed, Mr. K. Chandran does not have any other pecuniary relationship with the Company.

**III. OTHER INFORMATION :****(1) Reason of loss or inadequate profits:**

The Company incurred loss of ₹ 2,546.88 Lacs in the year 2012-13.

Increase in loss is mainly on account of increased depreciation and increase in other expenses like power & fuel, carriage outward, amount w/off and misc expenses.

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

The Company has taken a number of initiatives to improve the yield and other cost reduction by improving the manufacturing process. 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 revenues and profitability.

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

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

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

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

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

**Registered Office:**

BSEL Tech Park, B Wing,  
10th Floor, Sector 30-A, Vashi  
Navi Mumbai – 400 703  
Date: 30 May 2013  
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-Fifth Annual Report together with the Audited Accounts of the Company for the year ended on 31 March 2013.

### FINANCIAL HIGHLIGHTS:

	(₹ in Lacs)	
Particulars	2012-2013	2011-2012
Revenue from Operations (Net)	41,413.69	34,455.05
Other Income	454.92	1,082.41
<b>Total Income</b>	<b>41,868.61</b>	<b>35,537.46</b>
<b>Total Cost</b>	<b>44,401.77</b>	<b>37,934.35</b>
Profit (Loss) before exceptional items and tax	(2,533.16)	(2,396.89)
Exceptional Items-Income(Expense)	Nil	783.21
<b>Profit (Loss) before tax</b>	<b>(2,533.16)</b>	<b>(1,613.68)</b>
Tax	13.69	Nil
<b>Profit (Loss) after tax</b>	<b>(2,546.86)</b>	<b>(1,613.68)</b>
<b>EBITDA</b>	<b>2,051.84</b>	<b>2,615.12</b>

### OPERATIONAL REVIEW:

The financial highlights are as under:

The Total Revenue for the financial year under review was ₹ 41,868.61 Lacs as against ₹ 35,537.46 Lacs in the previous year. The Total Expenditure incurred in the current financial year was ₹ 44,401.77 Lacs as against ₹ 37,934.35 Lacs in the previous year.

Exports of the Company during the year under review were ₹ 21,884.06 Lacs as against ₹ 15,266.37 Lacs in the previous year.

The Loss After Tax for the financial year under review was ₹ 2,546.86 Lacs as against a Loss After Tax of ₹ 1,613.68 Lacs for the previous financial year. Excluding the extra ordinary income of ₹ 783.21 Lacs, the company's Loss After Tax was ₹ 2,396.89 Lacs.

Increase in Loss is mainly on account of increased depreciation and increase in other expenses like power & fuel, carriage outward, amount w/off and misc expenses.

### DIVIDEND:

The Board of Directors of the Company has not recommended any dividend for the financial year 2012-2013 on account of negative performance.

### 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.

248 FCCB A Bonds have matured on 23 April 2012. The Company has negotiated settlement terms vide agreement 14 September 2012 with the bondholder holding 200 Bonds. Balance 48 FCCB A Bonds are pending for settlement.

700 FCCB B Bonds have matured on 17 December 2012. Part of the bonds were converted into term loan from State Bank of India and the Company has negotiated settlement terms with the balance bondholder.

Total numbers of FCCB A Bonds outstanding as on 31 March 2013 are 48 and NIL FCCB B Bonds are outstanding as on 31 March 2013.

#### **SUBSIDIARY COMPANIES:**

The Company does not have a non listed Indian subsidiary. However, the Company had 5 foreign subsidiaries as on 31 March 2013. 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 and 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:**

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

#### **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 Pharmaceutical Business of the Company for the year ended on 31 March 2013, will be submitted to the Cost Audit Department, Central Government in due course.

The report of Mr. Hemant V. Shah, Cost Accountant, in respect of audit of cost accounts for Pharmaceutical Business of the Company for the year ended on 31 March 2012, has been submitted by the Company on 3 January 2013 to the Cost Audit Department, Central Government.

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 Pharmaceutical Business of the Company for the financial year 2013-2014 i.e. from 1 April 2013 to 31 March 2014.

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 2013-2014 i.e. from 1 April 2013 to 31 March 2014.

**FIXED DEPOSITS:**

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

**CORPORATE GOVERNANCE REPORT AND MANAGEMENT DISCUSSION & ANALYSIS REPORT:**

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

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

**DIRECTORS' RESPONSIBILITY STATEMENT :**

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

- i) In the preparation of the Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the 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

**A. L. BONGIRWAR**  
DIRECTOR

Mumbai, 30 May 2013