

WANBURY LIMITED

31st Annual Report 2018-2019

DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in presenting herewith the 31st Annual Report of the business and operations alongwith Audited Financial Statements of the Company for the Financial Year ended 31stMarch, 2019.

FINANCIAL HIGHLIGHTS (STANDALONE):

The summarised financial highlights for the year under review are as under:

(₹. in Lakhs)

PARTICULARS	2018-19	2017-18
Total Revenue from operations	39,137.41	37,417.23
Other Income	932.63	7,613.85
Total Income	40,070.04	45,031.08
Total Expenses	42,568.63	48,267.57
Profit /(Loss) Before Tax	(2,498.59)	(3,236.49)
Less: Tax	(13.66)	(37.76)
Net Profit / (Loss) after tax	(2,484.93)	(3,198.73)

CONSOLIDATED ACCOUNTS:

The Consolidated Financial Statements of your Company for the Financial Year 2018–19 are prepared in compliance with applicable provisions of the Companies Act, 2013 read with Ind AS 110 -'Consolidated Financial Statements'. The Consolidated Financial Statements have been prepared on the basis of audited financial statements of your Company, its subsidiaries and associate companies, as approved by the respective Board of Director.

TRANSFER TO RESERVES:

During the year under review, no amount was transferred to general reserves.

OPERATIONAL REVIEW/AFFAIRS OF THE COMPANY & FUTURE OUTLOOK:

The Financial Highlights are as under:

The Total Income for the Financial Year under review was ₹ 40,070.04 Lakhs as against ₹ 45,031.08 Lakhs in the previous year. The Total Expenses incurred in the current Financial Year was ₹ 42,568.63 Lakhs as against ₹ 48,267.57 Lakhs in the previous year. Exceptional items during the year under review were Nil as against Nil in the previous year.

The Loss after tax for the Financial Year under review was (₹2,484.93 Lakhs) as against a loss of (₹ 3,198.73 Lakhs) in the previous Financial Year

SHARE CAPITAL:

The paid up capital of the Company is ₹ 23,72,01,170/- . The Company has not issued any shares during the financial year 2018-19 and therefore the Share Capital remained same during the said year.

MANAGEMENT'S DISCUSSION AND ANALYSIS:

In terms of the provisions of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 a separate section on Management Discussion and Analysis (MDA), which also includes further details on the state of affairs of the Company, forms part of this Annual Report.

DIVIDEND:

As the networth of the Company is in the negative, the Board of Directors of the Company has not recommended any dividend for the Financial Year 2018-2019.

EXTRACT OF ANNUAL RETURN:

Pursuant to Section 92 of the Companies Act, 2013, extract of Annual Return of the Company in Form MGT-9 for the Financial year ended 31st March, 2019 is annexed herewith as Annexure – I to this Report and is also available on the Company's website viz. <http://www.wanbury.com/>.

DEPOSITS:

The Company has not accepted any deposits during the year under review. Further, there are no deposits which remained unpaid / unclaimed at the beginning or at the end of the year under review.

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

The Board of Directors of the Company consists of the following:

Sr. No.	Name of Directors	Category
1.	Mr. K. Chandran	Promoter and Executive Director
2.	Mr. N. K. Puri	Non-Executive Independent Director
3.	Mr. S.K. Bhattacharyya	Non-Executive Independent Director
4.	Ms. Pallavi Shedge #	Non-Executive Independent Woman Director (w.e.f.14 th February, 2019)
5.	Ms. Poonam Arya Bharti \$ (upto 29.05.2018) (w.e.f. 10.08.2018 to 14.11.2018)	Non-Executive Independent Woman Director (upto 14th November, 2018)

\$ Ms. Poonam Arya Bharti had resigned as Non-executive Independent Woman Director on 29th May, 2018 and again appointed as Non-executive Independent Woman Director on 10th August, 2018. However, she has again resigned as Non-executive Independent Woman Director on 14th November, 2018.

The Board has appointed Ms. Pallavi Shedge (DIN - 08356412), as an Additional Director in the capacity of Non-Executive Independent Woman Director of the Company at its meeting held on 14th February, 2019 subject to approval of the Shareholders. However, subsequently, she was appointed as Director by the Members of the Company by postal ballot held on 22nd March, 2019.

The Board has also re-appointed Mr. N. K. Puri and Mr. S. K. Bhattacharyya whose terms expired on 31st March, 2019 for a further period of five (5) years subject to approval of Shareholders. However, they also re-appointed as Directors by the Members of the Company at postal ballot held on 22nd March, 2019.

Mr. N. K. Puri, Mr. S. K. Bhattacharyya and Ms. Pallavi Shedge are Independent Directors who are not liable to retire by rotation.

The terms and conditions of appointment of the Independent Directors and details of the familiarization programs formulated to educate the Directors regarding their roles, rights and responsibilities in the Company and the nature of the industry in which the Company operates, the business model of the Company, etc. are placed on the website of the Company < <http://www.wanbury.com/>>.

In accordance with the provisions of Section 152 (6) of the Act and the Articles of Association of the Company, Mr. K. Chandran, Wholetime Director, who has been longest in the office, retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

The notice convening the AGM includes the proposal for appointment /re-appointment of Directors.

Mr. Prashant Menon, Formulation-Director (Sales and Marketing) resigned on. 11th October, 2018.

Dr. Shireesh Ambhaikar, President-Operations, API Business resigned on 16th July, 2018. However, he has again rejoined on 3rd April, 2019

Other than this, no Director or Key Managerial Personnel was appointed or has resigned during the year under review.

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:

Five (5) Board Meetings were held during the Financial Year 2018-19. These meetings were held on 10th August, 2018, 10th August, 2018, 27th September 2018, 14th November 2018 and 14th February, 2019.

DECLARATION BY INDEPENDENT DIRECTORS:

Independent Directors have given declaration that they meet the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013 read with the Schedules and Rules made thereunder as well as Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

ANNUAL PERFORMANCE EVALUATION:

The Company has devised a policy for performance evaluation of Independent Directors, Board, Committees and other Individual Directors which includes criteria for performance evaluation of the Non-Executive Directors and Executive Directors.

The Company follows the best practices prevalent in the industry with respect to evaluation of Board Members.

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The details of programmes for familiarisation of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are put up on the website of the Company at www.wanbury.com.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS UNDER SECTION 186:

The Company has not given any loans, guarantee and made any investments pursuant to the provisions of Section 186 of Companies Act, 2013 during the year under review.

DETAILS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES:

Your Company has four foreign subsidiaries viz. Wanbury Holdings B. V. (Netherland), Wanbury Global FZE (UAE), Ningxia Wanbury Fine Chemicals Co. Ltd. (China) and Cantabria Pharma S. L. (Spain).

The accounts of Cantabria Pharma S. L. is not available due to the company being into liquidation.

The salient features of the financial statements of the subsidiaries in pursuance of Section 129 (3) of the Companies Act, 2013, read with Rule 5 of the Companies (Accounts) Rules, 2014 are given in prescribed **Form AOC-1** attached as **Annexure - II** to this report.

The Company is not having any Holding Company or Joint Venture or any Associate Company.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

Pursuant to the provisions of Section 188 of Companies Act, 2013, all contracts / arrangements / transactions entered into by the Company during the Financial Year with related parties were in the ordinary course of business and on an arm's length basis. During the year under review, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

The transactions entered into with M/s. Wanbury Infotech Private Limited, related party are in the normal course of business and on at arm's length basis. The Policy on materiality of Related Party Transactions and dealing with Related Party Transactions as approved by the Board may be accessed on the Company's website at www.wanbury.com.

The details, in specified format in **Form AOC-2**, of the transactions with the related parties are given in the **Annexure - III** forming part of this report.

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE FINANCIAL YEAR END OF THE COMPANY TO WHICH FINANCIAL RESULTS RELATE AND THE DATE OF THIS REPORT:

No material changes and commitments which could affect the Company's financial position have occurred between the end of the financial year of the Company and date of this report.

STATUTORY AUDITORS:

M/s. V. Parekh & Associates, Chartered Accountants (Firm Registration No. 107488W), Mumbai was appointed as Statutory Auditors of the Company by the Members vide resolution dated 27th September, 2018, until the conclusion of the ensuing Annual General Meeting.

The re-appointment of Statutory Auditors for a term of 1 (one) year from the conclusion of 31st (this) Annual General Meeting till the conclusion of 32nd Annual General Meeting was recommended by the Audit Committee and the Board of Directors respectively in their meeting held on 14th August, 2019 subject to the approval of the Members in the ensuing Annual General Meeting to be held on Monday, 30th September, 2019. The Company has received a certificate from the auditors to the effect that their re-appointment if made, would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

AUDITOR'S REPORT:

The Notes on Financial Statements referred to in the Auditors Reports are self-explanatory and do not call for any comments and explanation.

The observations made in the Standalone Auditor's Report read together with relevant notes thereon are self explanatory and explained in notes to accounts and hence do not call for any further comments under the Companies Act, 2013. Auditors' Report to the Shareholders for the year under review does not contain any qualification, reservation or adverse remark or disclaimer.

COST AUDITOR:

Your Directors have appointed M/s. D. C. Dave & Co., Cost Accountant, Mumbai as the Cost Auditor for the Financial Year 2018-19. M/s. D. C. Dave & Co., will submit the Cost Audit Report alongwith necessary annexure to the Central Government (Ministry of Corporate Affairs) in the prescribed form within specified time and at the same time forward a copy of such report to your Company.

The Cost Audit Report for the Financial Year ended 31st March, 2018 which was due for filing on 30th September, 2018 was filed with the Central Government (Ministry of Corporate Affairs) on 21st September, 2018.

The Board of Directors at its meeting held on 14th August, 2019 has appointed M/s. Manish Shukla & Associates., Cost Accountant, Mumbai as Cost Auditor of the Company for the Financial Year 2019-20. As required by Section 148 of the Act, necessary resolution has been included in the Notice convening the 31st Annual General Meeting, seeking approval by Members for the appointment & remuneration proposed to be paid to M/s. Manish Shukla & Associates, Cost Accountant, Mumbai as Cost Auditor of the Company for the Financial Year 2019-20.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS:

Your Company has in place adequate internal financial control systems, commensurate with the size, scale and complexity of its operations. During the year, such controls were tested and no reportable material weakness in the operations was observed. The Company has appropriate policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence of the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of accounting records and timely preparation of reliable financial information.

M/s. BDO India LLP, Mumbai, Internal Auditors of the Company monitor and evaluate the efficacy and adequacy of internal control systems in the Company. Based on the report of the Internal Auditors, respective departments undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

Your Company has a robust financial closure self-certification mechanism wherein the line managers certify adherence to various accounting policies, accounting hygiene and accuracy of provisions and other estimates.

SECRETARIAL AUDIT REPORT:

Pursuant to Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company has appointed Ms. Kala Agarwal, Practicing Company Secretary [FCS No.: 5976 and COP No.: 5356] to conduct the Secretarial Audit of the Company for the Financial Year ended on 31st March, 2019 (i.e. from 1st April, 2018 to 31st March, 2019). The Secretarial Audit Report in Form MR-3 is annexed as **Annexure - IV** to this report.

The observations made in the Secretarial Audit Report are as under:

- i. *Only 76.79% of the Shareholding of Promoter & Promoter Group is in dematerialised form. However, as per SEBI circular No. SEBI/Cir/ISD/05/2011 & Regulation 31(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, 100 % Shareholding of Promoter & Promoter Group has to be in dematerialised form.*
- ii. *There was a delay in conducting the Audit Committee & Board Meeting for the last quarter of the financial year ended 31.03.2018 as per the for the Regulation SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and consequently the Company has paid the Penalty of ₹ 6,98,800/- to the BSE Limited & ₹ 6,98,800/- to NSE Ltd.*

Management Response to the aforesaid observations verbatim are as under:

- i. *The share certificate aggregating 30,24,000 Equity Shares held by M/s. Kingsbury Investment INC. (Promoter Group Company) of Wanbury Limited. These shares held by them are in physical mode. The Company is undertaking necessary steps to dematerialize these shares.*
- ii. *The Company has paid the Penalty of ₹ 6,98,800/- each to the BSE Limited & NSE Ltd. on 13th August, 2018 for Non-Compliance of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 i.e. for delay in conducting the Audit Committee & Board Meeting for the last quarter ended 31st March, 2018 for the Financial Year 2017-18 as per SEBI Circular No. CIR/CFD/CMD/12/2015 dated 30th November, 2015.*

CORPORATE SOCIAL RESPONSIBILITY POLICY:

Provisions of Section 135 of the Companies Act 2013 related with Corporate Social Responsibility are not applicable to the Company.

Therefore, the Company has not constituted Corporate Social Responsibility Committee.

AUDIT COMMITTEE:

Your Company's Audit Committee has been constituted in accordance with the provisions of Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013.

During the year under review, four Meetings of the Audit Committee were held on 10th August, 2018, 10th August, 2018, 14th November 2018 & 14th February 2019 along with the Board Meetings.

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Following are the Members of the Audit Committee:

Sr. No.	Name of Directors	Designation	Category
1	Mr. N. K. Puri	Chairperson	I & NED
2	Mr. S. K. Bhattacharyya	Member	I & NED
3	Ms. Pallavi Shedge	Member (w.e.f.14.02.19)	I & NED
4	Ms. Poonam Arya Bharti	Member (upto 29.05.2018) (w.e.f. 10.08.2018 to 14.11.2018)	I & NED
5	Mr. K. Chandran	Member	P & WTD

The details pertaining to the Broad terms and conditions of the Audit Committee are included given in Corporate Governance Report, which form part of this report

NOMINATION AND REMUNERATION COMMITTEE:

Nomination and Remuneration Policy inter alia containing appointment criteria, qualifications, positive attributes, independence of Directors, removal, retirement and remuneration of Directors, Key Managerial Personnel (KMP) and Senior Management Personnel of the Company has been formulated by the Nomination and Remuneration Committee of the Company and approved by the Board of Directors.

Following are the Members of the Nomination and Remuneration Committee:

Sr. No.	Name of Directors	Designation	Category
1	Mr. S. K. Bhattacharyya	Chairperson	I & NED
2	Mr. N. K. Puri	Member	I & NED
3	Ms. Pallavi Shedge	Member (w.e.f.14.02.19)	I & NED
4	Ms. Poonam Arya Bharti	Member (upto 29.05.2018) (w.e.f. 10.08.2018 to 14.11.2018)	I & NED
5	Mr. K. Chandran	Member	P & WTD

Nomination and Remuneration Policy is available on the website of the Company at www.wanbury.com

STAKEHOLDERS RELATIONSHIP COMMITTEE:

Your Company Stakeholder Relationship Committee has been constituted in accordance with the Regulation 20 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in order to specifically look in to the mechanism of Redressal of grievances of Shareholders.

Following are the Members of the Stakeholder Relationship Committee:

Sr. No.	Name of Directors	Designation	Category
1	Mr. S. K. Bhattacharya	Chairperson	I & NED
2	Mr. N. K. Puri	Member	I & NED
3	Ms. Pallavi Shedge	Member (w.e.f.14.02.19)	I & NED
4	Ms. Poonam Arya Bharti	Member (upto 29.05.2018) (w.e.f. 10.08.2018 to 14.11.2018)	I & NED
5	Mr. K. Chandran	Member	P & WTD

RISK MANAGEMENT COMMITTEE:

The Board of Directors of the Company has constituted Risk Management Committee to consider the potential risks of the business of the Company and to plan for the mitigation of the same.

Following are the members of the Risk Management Committee:

Sr. No.	Name of Directors	Designation	Category
1	Mr. N. K. Puri	Chairperson	I & NED
2	Mr. S. K. Bhattacharya	Member	I & NED
3	Ms. Pallavi Shedge	Member (w.e.f.14.02.19)	I & NED
4	Ms. Poonam Arya Bharti	Member (upto 29.05.2018) (w.e.f. 10.08.2018 to 14.11.2018)	I & NED
5	Mr. K. Chandran	Member	P & WTD

CORPORATE GOVERNANCE:

In compliance with Regulation 34 (3) read with Schedule V (C) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Report on Corporate Governance forms part of this Annual Report. The Auditors' certificate certifying compliance with the conditions of Corporate Governance as prescribed under Schedule V (E) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed to the Corporate Governance Report.

PARTICULARS OF EMPLOYEES:

Disclosure pertaining to the remuneration and other details as required under Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are attached as Annexure-V and forms part of this Report.

Information pursuant to Rule 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 pertaining to the top ten names and other particulars of employees also form part of this report. However, this information is not sent along with this report pursuant to the proviso to Section 136(1) of the Act. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary/Compliance Officer at the registered office address of the Company and the same will be furnished on request.

SIGNIFICANT AND MATERIAL ORDER PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE:

Nil

VIGIL MECHANISM/ WHISTLE BLOWER POLICY:

The Company, pursuant to Section 177 of the Companies Act, 2013 read along with the rules made thereunder and Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, have established vigil mechanism for Director and Employees to report concern about unethical behaviour, actual or suspected fraud or violation of Company's code of conduct or ethics policy. The Whistle Blower Policy is posted on the website of the Company at www.wanbury.com.

SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013:

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013.

Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

The Company has not received any sexual harassment complaint during the Financial Year under review.

EMPLOYEE STOCK OPTION SCHEME:

The Company has instituted Employee Stock Option Scheme 2016 ("Wanbury ESOP 2016") which was approved by the shareholders vide their resolution dated 29th September, 2016 to reward eligible employees. Pursuant to the said scheme and on the recommendation of the Nomination and Remuneration Committee, the Board had granted 3,00,000 options to employees. During the Year ended 31st March, 2019, 2,00,000 options were lapsed. 1,00,000 options are outstanding as on 31st March, 2019.

The information required to be disclosed in terms of the provisions of the SEBI (Share Based Employee Benefits) Regulations, 2014 is enclosed as Annexure-VI to this report.

SECRETARIAL STANDARDS

The Directors state that applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meeting' respectively, have been duly followed by the Company.

UNCLAIMED DIVIDEND & SHARES

Pursuant to the applicable provisions of the Companies Act, 2013, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (the Rules), all unpaid or unclaimed dividends are required to be transferred by the Company to the IEPF established by the Central Government, after the completion of the seven years. Further, according to the Rules, the shares on which the dividend has not been paid or claimed by the shareholders for seven consecutive years or more shall also be transferred to the demat account of the IEPF Authority. Accordingly, the Company has transferred the unclaimed and unpaid dividend of ₹ 4,14,937/- for the Financial Year 2009-10.

Further, 3,38,865 corresponding shares were transferred as per the requirement of the IEPF Rules. The details are available on the website, at www.wanbury.com/PaidUnpaidDividends.

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

As required by the Companies (Accounts) Rules, 2014 the relevant data pertaining to conservation of energy, technology absorption and foreign exchange earnings and outgo is given as **Annexure-VII** forming part of this report.

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DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the provisions of sub-section (5) of Section 134 of the Companies Act, 2013, your Directors confirm that:

- i. in the preparation of the annual accounts for the Financial Year ended on 31st March, 2019 the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii. the accounting policies had been selected and applied 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 ended on 31st March, 2019 and of the profit and loss of the Company for that year;
- iii. proper and sufficient care had been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. the annual accounts had been prepared on a going concern basis;
- v. internal financial controls, to be followed by the Company, have been laid down and these controls are adequate and were operating effectively; and
- vi. the Company has devised proper systems which are in place to ensure compliance with the provisions of all applicable laws which are considered adequate and are operating effectively.

ACKNOWLEDGEMENTS:

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

For and on behalf of the Board of Directors,

K. Chandran
Vice Chairman
DIN: 00005868

N. K. Puri
Director
DIN: 00002226

Mumbai, 14th August, 2019