



# Notes to Accounts

for the year ended December 31, 2007

(All amounts in millions of Rupees, unless otherwise stated)

## 1. SIGNIFICANT ACCOUNTING POLICIES

### *Basis of preparation*

The financial statements have been prepared to comply in all material respects with the notified accounting standards by Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

### (a) Fixed assets, depreciation/amortisation and impairment

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. The Company capitalises all costs relating to the acquisition and installation of fixed assets.

The carrying amounts of fixed assets and intangible assets are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts and where carrying values exceed the estimated recoverable amount, assets are written down to the recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

#### *Depreciation:*

Depreciation is provided, using the straight line method, pro-rata to the period of use of assets, at the rates specified in Schedule XIV to the Companies Act, 1956 or based on the useful lives of the assets estimated by the management, whichever is higher. The rates used by the Company are as follows:

Assets	Rates
Leasehold land	Over the period of lease
Buildings	1.63 - 3.34%
Plant & Machinery	4.75 - 6.67%
Furniture & Fixtures	6.33%
Office Equipments	25%
Information Technology Equipments	20 - 33.33%
Vehicles	20 - 33%

Fixed assets whose aggregate cost is Rs 5,000 or less are depreciated fully in the year of acquisition.

#### *Intangibles:*

Intangible assets are stated at cost less accumulated amortisation and impairment losses, if any.

The cost relating to Intangible assets, which are acquired, are capitalized and amortised upto the period of ten years, which is based on their estimated useful life.

### (b) Foreign currency translations

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of transaction.

Foreign currency monetary items are reported using closing rate. Non-monetary items, which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of transaction.

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise. Exchange differences arising in respect of fixed assets acquired from outside India on or before accounting period commencing before December 7, 2006 are capitalised as part of fixed assets.

Profit/loss on derivative financial instruments such as forward exchange contracts and interest rate swaps to hedge risks associated with foreign currency fluctuations and interest rates are considered as revenue items.

Premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

### (c) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are stated at cost. Provision is made to recognise a diminution, other than temporary, in the value of investments.

**(d) Inventories**

All inventories are valued at moving weighted average price other than finished goods, which are valued on quarterly moving average price. Finished goods and Work in Progress is computed based on respective moving weighted average of procured materials and appropriate share of labour and other manufacturing overheads.

Inventories are valued at cost or net realizable value, whichever is lower. Cost also includes all charges incurred for bringing the inventories to their present location and condition. Excise and customs duty accrued on production or import of goods, as applicable, is included in the valuation of inventories.

Inventories of samples and stores and spare parts are valued at cost.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

**(e) Retirement and Other Employee benefits**

Retirement benefits in the form of Provident Fund, Family Pension Fund and Superannuation Schemes, which are defined contribution schemes, are charged to the Profit & Loss Account of the year when the contributions to the respective funds accrue.

Gratuity liability, which is a defined benefit scheme and Provision for leave encashment is accrued and provided for on the basis of an actuarial valuation made at the end of each financial year.

Actuarial gains and losses are immediately taken to profit and loss account and are not deferred.

**(f) Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

*Sale of Goods*

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, which coincides with dispatch of goods to customers. Revenues are recorded at invoice value, net of excise duty, sales tax, returns and trade discounts.

*Sale of Services*

Revenues from services are recognised on completion of such services.

*Export Incentive*

Benefit on account of entitlement to import duty free materials under the "Duty Entitlement Pass Book Schemes" is recognized in the year of export.

*Royalties*

Revenue is recognized on an accrual basis in accordance with the terms of the relevant agreement.

*Interest*

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

**(g) Research and development**

Research costs are expensed as incurred. Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised over the period of expected future sales from the related project, not exceeding ten years.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, and otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable.

**(h) Income-tax**

Tax expense comprises of current, deferred and fringe benefit tax.

Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of Income Tax Act, 1961 as applicable to the financial year. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Minimum Alternative Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in the Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of credit to the profit and loss account and shown as MAT credit entitlement. The Company reviews the same at each



balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

**(i) Leases**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term are classified as operating lease. Operating lease payments are recognized as an expense in the Profit & Loss account on a straight-line basis over the lease term.

**(j) Financing/Borrowing cost**

Financing/Borrowing costs attributable to acquisition and/or construction of qualifying assets are capitalised as a part of the cost of such assets, up to the date such assets are ready for their intended use. Other financing/borrowing costs are charged to Profit & Loss account. Initial direct costs are recognised immediately as an expense.

Expenses incurred in connection with raising of funds are amortised over the tenure of the borrowing.

**(k) Provisions**

A provision is recognised when an enterprise has a present obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at the balance sheet date and adjusted to reflect the current best estimates.

**(l) Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year are adjusted for events of bonus issue to existing shareholders and share split.

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares from the exercise of options on unissued share capital. The number of equity shares is the aggregate of the weighted average number of equity shares and the weighted average number of equity shares, which would be issued on the conversion of all the dilutive potential equity shares into equity shares. Options on unissued equity share capital are deemed to have been converted into equity shares.

**(m) Cash and Cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand.

	As at 31.12.2007	As at 31.12.2006
<b>2. SHARE CAPITAL</b>		
AUTHORISED		
250,000,000 (Previous Year – 250,000,000) Equity shares of Rs. 5/- each	<b>1,250.00</b>	1,250.00
	<b>1,250.00</b>	1,250.00
ISSUED, SUBSCRIBED AND PAID UP		
109,435,903 (Previous Year – 109,435,903) Equity shares of Rs. 5/- each fully paid	<b>547.18</b>	547.18
	<b>547.18</b>	547.18

1 Of the above :

- a) 70,123,304 (Previous Year – 70,123,304) fully paid-up equity shares of Rs. 5/- each were allotted pursuant to scheme of arrangement to demerge pharmaceuticals business of Carol Info Services Limited ('CISL') (formerly Wockhardt Life Sciences Limited).
- b) 2,400,000 (Previous Year – 2,400,000) fully paid-up equity shares of Rs. 5/- each were allotted pursuant to amalgamation of Wockhardt Veterinary Limited ('WVL') with the Company.
- c) 69,716,132 (Previous Year – 69,716,132) equity shares of Rs. 5/- fully paid up are held by Khorakiwala Holdings and Investments Private Limited, the holding company.
- d) 439,200 (Previous Year – 439,200) fully paid equity shares of Rs. 5/- each were allotted pursuant to exercise of stock options.
- e) 36,431,502 (Previous Year – 36,431,502) equity shares of Rs. 5/- each are allotted as Bonus shares out of Capital Redemption Reserve.

	As at 31.12.2007	As at 31.12.2006
<b>3. RESERVES AND SURPLUS</b>		
Capital redemption reserve		
Balance as per last account	265.34	265.57
Less: Utilised for bonus shares	-	(0.23)
	<b>265.34</b>	265.34
Securities premium account		
Balance as per last account	134.14	117.07
Add: Received during the year	-	17.07
	<b>134.14</b>	134.14
Employee Stock Option Outstanding	-	3.68
Less: Deferred Employee Compensation Outstanding	-	-
	-	3.68
General reserve		
Balance as per last account	8,293.59	6,802.82
Less: Adjustment for employee benefits provision (net of tax) [Note 27(A)(c)]	-	(9.23)
Add: Transferred from profit and loss account	500.00	1,500.00
	<b>8,793.59</b>	8,293.59
Profit and loss account	519.99	321.62
	<b>9,713.06</b>	9,018.37

<b>4. SECURED LOANS</b>		
(A) TERM LOANS		
(i) From banks:		
(a) Foreign currency denominated loans	1,812.86	2,202.50
(b) Rupee denominated loans	5.10	13.29
(ii) From others :		
Rupee denominated loans	2.66	5.79
(B) Working capital loan from Banks	719.14	-
	<b>2,539.76</b>	2,221.58

- (A) Term Loans are secured as under :
- (a) Foreign currency denominated loan (External Commercial Borrowings) are secured by mortgage and hypothecation of movable and immovable assets at Aurangabad, Ankleshwar, Daman, Biotech-Waluj, Cephal-Waluj (Plant & Machinery) and Research Centre, Aurangabad. The loans are repayable in July 2008, September 2008 and March 2009.
- (b) Rupee denominated loans from banks and others are for purchase of vehicles and are secured by hypothecation of vehicles purchased under the agreement.
- (B) Working capital loans from banks are secured by hypothecation of inventories and debtors.

	As at 31.12.2007	As at 31.12.2006
<b>5. UNSECURED LOANS</b>		
<b>Long term</b>		
Sales tax deferral loan	52.29	52.29
[Of the above Rs. Nil (Previous Year - Rs. Nil) is repayable within one year]		
Zero Coupon Foreign Currency Convertible Bonds	4,275.99	4,801.13
<b>Short term</b>		
From Banks	1,220.00	-
	<b>5,548.28</b>	4,853.42

- 108,500 (Previous Year – 108,500 ) Zero Coupon Foreign Currency Convertible Bonds of USD 1000 each are:
- (a) Convertible by the holders at any time on or after 24 November, 2004 but prior to close of business on 25th September, 2009. Each bond will be converted into 94.265 fully paid up equity shares with par value of Rs. 5 per share at a fixed price of Rs. 486.075 per share.
- (b) Redeemable, in whole but not in part, at the option of the Company at any time on or after 25th October 2007 but not less than seven business days prior to maturity date i.e. 25th October, 2009 as per the terms and conditions of the bonds mentioned in the offering circular.
- (c) Redeemable on maturity date at 129.578 percent of its principal amount, if not redeemed or converted earlier.



	As at 31.12.2007	As at 31.12.2006
<b>6. DEFERRED TAX LIABILITY (net)</b>		
<b>Deferred tax liabilities</b>		
Difference between depreciation on block of assets (including CWIP)	<b>1,313.64</b>	995.33
Deferred Expenses	<b>7.54</b>	11.53
Gross deferred tax liabilities	<b>1,321.18</b>	1,006.86
<b>Deferred tax assets</b>		
Provision for Gratuity	<b>32.16</b>	31.71
Provision for Leave Encashment	<b>25.75</b>	21.37
Provision for Bonus	<b>1.83</b>	1.42
Provision for doubtful debts	<b>140.23</b>	135.63
Gross deferred tax assets	<b>199.97</b>	190.13
	<b>1,121.21</b>	816.73

#### 7. FIXED ASSETS (At cost)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.01.2007	Additions	Deductions	As at 31.12.2007	As at 01.01.2007	For the year	Deductions/ Adjustments	As at 31.12.2007	As at 31.12.2007	As at 31.12.2006
<b>Intangibles</b>										
Trademarks/ Technical knowhow	101.81	65.96	-	<b>167.77</b>	23.88	13.39	-	<b>37.27</b>	<b>130.50</b>	77.93
Software	59.61	4.88	-	<b>64.49</b>	5.98	6.98	-	<b>12.96</b>	<b>51.53</b>	53.63
<b>Tangibles</b>										
Freehold land	28.55	-	-	<b>28.55</b>	-	-	-	-	<b>28.55</b>	28.55
Leasehold land	83.41	-	-	<b>83.41</b>	4.77	1.05	-	<b>5.82</b>	<b>77.59</b>	78.64
Buildings	685.04	52.67	-	<b>737.71</b>	118.66	22.65	-	<b>141.31</b>	<b>596.40</b>	566.38
Plant and Machinery	5,640.12	435.04	10.54	<b>6,064.62</b>	1,195.26	243.27	(39.16)	<b>1,477.69</b>	<b>4,586.93</b>	4,444.86
Furniture and fittings	155.29	43.34	-	<b>198.63</b>	38.30	11.47	-	<b>49.77</b>	<b>148.86</b>	116.99
Office Equipments	48.14	3.24	0.22	<b>51.16</b>	35.59	5.60	0.22	<b>40.97</b>	<b>10.19</b>	12.55
Information Technology Equipments	176.13	13.82	0.03	<b>189.92</b>	111.24	30.16	0.03	<b>141.37</b>	<b>48.55</b>	64.89
Vehicles	83.19	0.57	25.84	<b>57.92</b>	45.11	10.84	16.43	<b>39.52</b>	<b>18.40</b>	38.08
Total	7,061.29	619.52	36.63	<b>7,644.18</b>	1,578.79	345.41	(22.48)	<b>1,946.68</b>	<b>5,697.50</b>	5,482.50
Capital Work-in- Progress (including Capital advances)				<b>3,409.21</b>					<b>3,409.21</b>	1,530.11
Total	7,061.29	619.52	36.63	<b>11,053.39</b>	1,578.79	345.41	(22.48)	<b>1,946.68</b>	<b>9,106.71</b>	7,012.61
Previous Year	4,873.51	2,205.01	17.23	<b>7,061.29</b>	1,217.30	348.43	(13.06)	<b>1,578.79</b>	<b>5,482.50</b>	

- (a) Estimated amount of Contracts remaining to be executed on capital account not provided for Rs. 742.95 million (Previous Year – Rs. 664.66 million) after deducting advance on capital account of Rs. 196.77 million (Previous Year – Rs. 70.58 million).
- (b) Capital Work-in-progress includes expenditure incurred during construction period pending allocation aggregating Rs. 773.73 million (Previous Year – Rs. 590.15 million). These expenses include Material Consumption Rs. 80.10 million (Previous Year – Rs. 55.02 million), Employee cost aggregating Rs. 198.48 million (Previous Year – Rs. 119.98 million), Interest expenses Rs. 0.21 million (Previous Year – Rs. 0.37 million), Depreciation Rs. 46.47 million (Previous Year – Rs. 20.62 million) and Operating expenses aggregating Rs. 448.47 million (Previous Year – Rs. 394.16 million) [Stores & spares Rs. 52.52 million (Previous Year – Rs. 19.37 million), Power Rs. 20.38 million (Previous Year - Rs. 10.66 million), Travelling Rs. 11.24 million (Previous Year – Rs. 11.11 million), Repairs Rs. 14.57 million (Previous Year - Rs. 3.70 million), General Expenses Rs. 349.76 million (Previous Year – Rs. 349.32 million)].

	As at 31.12.2007	As at 31.12.2006
<b>8. INVESTMENTS</b>		
LONG TERM INVESTMENTS (at cost)		
<b>A. In subsidiary companies (unquoted)</b>		
Investment in esparma (GmbH) Euro 25,000 (Previous Year – Euro 25,000) in Share Capital Rs. 1.36 million (Previous Year – Rs. 1.36 million), Euro 3.6 million (Previous Year – Euro 3.6 million) in capital reserve Rs. 196.02 million (Previous Year – Rs. 196.02 million)	197.38	197.38
1,307,368 (Previous Year – 1,307,368) Equity Shares of Wockhardt Europe Limited of par value £1 each fully paid up (including two fully paid up shares held in the name of nominees of the Company)	83.80	83.80
27,504,823 (Previous Year – 27,504,823) Equity Shares of Wockhardt UK Holdings Limited [formerly Wockhardt UK Limited] of 1p each fully paid up	752.66	752.66
18,000,000 (Previous Year – 18,000,000) Equity Shares of Wockhardt Biopharm Limited of Rs. 10 each fully paid up	90.00	90.00
Nil (Previous Year – 9,500) Shares of Wockhardt Switzerland Holding AG of CHF 1,000 each fully paid up	–	342.81
35,700 (Previous Year – Nil) shares of Wockhardt EU Operations Swiss (AG) of CHF 1,000 each fully paid up	1,768.51	–
2,000,000 (Previous Year – 2,000,000) Equity Shares of Rs. 10 each fully paid up in Wockhardt Infrastructure Development Limited (including one fully paid up share of par value held in the name of the nominee of the Company)	35.00	35.00
12,800,000 (Previous Year – 12,800,000) 7% Non-cumulative Redeemable Preference Shares of Rs. 100 each fully paid up of Vinton Healthcare Limited	83.24	83.24
10,000,000 (Previous Year – 10,000,000) Equity Shares of Rs. 10 each fully paid up of Vinton Healthcare Limited	10.88	10.88
1,000 (Previous Year – Nil) Stocks of USD 1 each fully paid up of Atlantis USA Inc.	0.04	–
	<b>3,024.66</b>	<b>1,598.91</b>
<b>B. Other than trade (unquoted)</b>		
305,982 (Previous Year – 305,982) Shares of Bharuch Eco-Aqua Infrastructure Ltd. of Rs. 10 each fully paid up	3.05	3.05
6,300 (Previous Year – 6,300) Shares of Bharuch Environmental Infrastructure Ltd. of Rs. 10 each fully paid up	0.06	0.06
250 (Previous Year – 250) Shares of Kanishka Housing Development Co. Ltd. of Rs. 100 each fully paid up	0.03	0.03
1,000 (Previous Year – Nil) Shares of Saraswat Co-Op. Bank Ltd. of Rs. 10 each fully paid up	0.01	–
	<b>3,024.66</b>	<b>1,598.91</b>
Following investments were purchased and sold during the year:		
Units of Deutsche (DWS Investments)	100.00	–
Units of Prudential ICICI	–	350.00
<b>9. INVENTORIES</b>		
Raw materials	673.50	787.39
Packing materials	254.18	172.17
Work-in-progress	459.98	410.68
Finished goods	1,163.69	703.74
Samples	30.33	30.73
Stores and spares	72.88	45.11
	<b>2,654.56</b>	<b>2,149.82</b>



	As at 31.12.2007	As at 31.12.2006
<b>10. SUNDRY DEBTORS</b>		
Debts outstanding for a period exceeding six months		
Unsecured, Considered good	1,070.86	393.29
Unsecured, Considered doubtful	412.57	402.94
	<b>1,483.43</b>	796.23
Provision for doubtful debts	(412.57)	(402.94)
	<b>1,070.86</b>	393.29
Other debts		
Unsecured, Considered good	2,398.98	2,150.49
	<b>3,469.84</b>	2,543.78
<b>11. CASH AND BANK BALANCES</b>		
Cash on hand	0.94	0.77
Balances with scheduled banks		
– on current accounts	64.31	30.61
– on margin accounts	23.92	24.53
– on deposit accounts [(including unutilised amount of FCCB) Rs. 382.28 million (Previous Year – Rs. 4,214.78 million)]	1,682.32	5,136.26
	<b>1,771.49</b>	5,192.17
<b>12. OTHER LOANS AND ADVANCES</b>		
(Unsecured, considered good)		
Loans to employees	10.74	12.74
Loans to companies	0.31	0.10
Advances recoverable in cash or in kind or for value to be received	538.20	547.61
Balance with customs and excise authorities	175.95	124.97
Other deposits	75.66	75.47
Minimum Alternative Tax (MAT) credit entitlement	199.16	199.16
Advance tax, net of provision for tax	213.80	102.21
	<b>1,213.82</b>	1,062.26
<b>13. CURRENT LIABILITIES AND PROVISIONS</b>		
CURRENT LIABILITIES		
Sundry creditors – Micro and Small enterprises [see Note 20(k)]	23.09	2.30
– Subsidiary companies	56.96	59.47
– Others	1,843.48	1,639.11
Security deposits	160.28	143.91
Investor Education and Protection Fund shall be credited as and when due by the following amounts:		
– Unclaimed dividends	15.15	9.04
Interest accrued but not due	28.25	21.75
Other liabilities	447.39	461.62
	<b>2,574.60</b>	2,337.20
PROVISIONS		
Other Provision (Refer Note 29)	75.00	45.00
Interim dividend	–	547.18
Tax on interim dividend	–	76.74
Proposed dividend	273.59	–
Tax on proposed dividend	46.50	–
Provision for Retirement benefits	170.37	157.70
	<b>565.46</b>	826.62
	<b>3,140.06</b>	3,163.82



	For the year ended 31.12.2007	For the year ended 31.12.2006
<b>14. OTHER INCOME</b>		
Dividend income on investments in subsidiaries	0.78	1.04
Dividend on other investments	0.06	0.73
Profit on sale of investments	-	39.13
Miscellaneous income	109.23	178.15
	<b>110.07</b>	219.05
<b>15. MATERIAL CONSUMED AND PURCHASE OF GOODS</b>		
Consumption of raw and packing materials	4,158.98	3,220.25
Purchase of finished goods	1,900.90	1,589.02
	<b>6,059.88</b>	4,809.27
<b>16. (INCREASE)/DECREASE IN INVENTORIES</b>		
<b>Inventories as at December 31, 2006</b>		
Finished goods	703.74	742.57
Samples	30.73	24.63
Work-in-progress	410.68	146.59
Less: Excise Duty on opening stock	(30.92)	(56.58)
<b>Inventories as at December 31, 2007</b>		
Finished goods	(1,163.69)	(703.74)
Samples	(30.33)	(30.73)
Work-in-progress	(459.98)	(410.68)
Less: Excise Duty on closing stock	22.12	30.92
	<b>(517.65)</b>	(257.02)
<b>17. OPERATING AND OTHER EXPENSES</b>		
Salaries, wages and bonus	1,004.58	860.03
Retirement benefits	32.11	43.29
Contribution to provident and other funds	51.90	42.33
Staff welfare expenses	122.37	102.10
Travelling and conveyance	339.35	321.19
Freight and forwarding charges	302.53	290.18
Selling and distribution	342.02	242.19
Commission on sales	161.21	149.12
Power and fuel	297.25	313.95
Rent	73.43	68.90
Rates and taxes	18.03	32.73
Repairs and maintenance		
Plant & Machinery	50.84	61.27
Buildings	18.15	15.41
Others	50.16	41.61
Stores and spare parts consumed	113.69	161.40
Insurance	44.74	59.88
Bad debts	49.61	10.59
Provision for doubtful debts	9.63	12.17
Miscellaneous expenses	615.07	504.13
	<b>3,696.67</b>	3,332.47





	For the year ended 31.12.2007	For the year ended 31.12.2006
<b>18. RESEARCH AND DEVELOPMENT EXPENSES</b>		
Chemicals and consumables	61.45	103.10
Employee cost	142.61	114.41
Travelling expenses	29.45	25.07
Power and fuel	15.33	17.81
Repair and maintenance	12.06	17.52
Printing and stationery	9.64	5.69
Communication expenses	7.02	5.54
Clinical trial expenses	10.28	14.39
Analysis expenses	8.63	37.55
Legal and professional expenses	11.64	27.02
Other Research and Development expenses	46.43	143.99
	<b>354.54</b>	<b>512.09</b>
<b>19. FINANCIAL EXPENSES (net)</b>		
Interest		
On Term Loans	98.02	13.90
Others	270.43	92.34
	<b>368.45</b>	106.24
Add: Exchange (gain)/loss	<b>(322.66)</b>	(95.48)
Less: Interest received [TDS of Rs. 18.84 million (Previous Year – Rs. 10.84 million)]	<b>(237.71)</b>	(322.03)
	<b>(191.92)</b>	<b>(311.27)</b>
<b>20. SUPPLEMENTARY STATUTORY INFORMATION</b>		
<b>(a) Remuneration to Directors :</b>		
(i) Salary	16.87	11.50
Commission	76.96	74.18
Contribution to Provident Fund	1.32	1.22
Other Perquisites	0.78	1.43
	<b>95.93</b>	<b>88.33</b>
As the future liability for gratuity and leave encashment is provided on the actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable and, therefore, not included in above.		
(ii) Computation of net profit in accordance with Section 349 of the Companies Act, 1956 for calculation of commission payable to Directors		
Net profit before tax	2,731.07	2,526.24
Add : Depreciation	345.41	348.43
Add : Directors' fees	0.16	0.13
Add : Directors' remuneration	95.93	88.33
Add : (Profit)/Loss on sale of Fixed Assets	1.61	(39.10)
Add : Bad debts written off against provision for doubtful debts	(49.61)	(10.58)
Add : Provision for doubtful debts	59.24	282.28
Less : Depreciation under Section 350	(345.41)	(348.43)
Adjusted net profit as per Section 349 of the Companies Act, 1956	<b>2,838.40</b>	<b>2,847.30</b>
<b>Computation of commission payable to :</b>		
(i) Chairman & Managing Director @ 2.5% of adjusted net profit	70.96	71.18
(ii) Other Directors @ Rs. 1.00 million (Previous Year - Rs. 0.50 million)	6.00	3.00
Total Commission Payable	<b>76.96</b>	<b>74.18</b>
<b>(b) Capital Expenditure on Research and Development</b>	<b>912.93</b>	<b>766.54</b>
	<b>912.93</b>	<b>766.54</b>

(c) Break-up of Raw Materials, Packing Materials and Stores and Spare Parts consumed

	For the year ended 31.12.2007		For the year ended 31.12.2006	
	Value	%	Value	%
<b>(i) Materials</b>				
Imported	979.08	23.54	953.97	29.62
Indigenously Procured	3,179.90	76.46	2,266.28	70.38
	<b>4,158.98</b>	<b>100.00</b>	3,220.25	100.00
<b>(ii) Stores and Spare Parts</b>				
Imported	39.53	27.10	31.26	15.20
Indigenously Procured	106.35	72.90	174.40	84.80
	<b>145.88</b>	<b>100.00</b>	205.66	100.00

Materials and Stores & Spare parts consumed includes foreign exchange gain of Rs. 31.11 million (Previous Year – exchange loss Rs. 2.55 million).

(d) Raw Material and Packing Material Consumed

Material Description	Unit of Measurement	For the year ended 31.12.2007		For the year ended 31.12.2006	
		Quantity	Value (Rs. in Mn.)	Quantity	Value (Rs. in Mn.)
1. Cyclohexenylethylamine	Kgs.	111,305	77.54	77,970	60.28
2. Ranitidine Base	Kgs.	41,400	43.23	26,100	28.37
3. Lisinopril	Kgs.	3,086	70.16	22	0.25
4. Cefprozil	Kgs.	747	33.70	–	–
5. P-Methoxy Phenyl Acetic Acid	Kgs.	147,750	72.07	103,500	53.19
6. Fosphenytoin sodium	Kgs.	135	30.28	–	–
7. 7-Amino Cephalosporanic Acid	Kgs.	22,340	93.14	10,540	39.92
8. Povidone Iodine	Kgs.	38,719	26.76	44,687	34.77
9. Paracetamol	Kgs.	492,457	78.88	527,535	87.14
10. D-Mandelic Acid	Kgs.	50,700	41.91	38,925	29.35
11. Azithromycin	Kgs.	4,555	32.74	4,043	32.77
12. Beet Molasses	Tons	1,984,774	22.67	4,167,771	49.12
13. Product B	Gms.	200,000	74.75	151,950	68.56
14. ECPP alanine	Kgs.	8,000	49.48	5,149	33.82
15. Isopropyl alcohol	Tons	572,051	31.23	635,996	35.32
16. Others			3,380.44		2,667.39
			<b>4,158.98</b>		3,220.25


**(e) Installed capacity, actual production, closing stock and sales in respect of each class of goods and services.**

Particulars	Unit of Measurement	Installed Capacity Per Annum Quantity	Production Quantity	Purchase Quantity	Stock at Commencement		Stock at close		Turnover	
					Quantity	Rs./Million Value	Quantity	Rs./Million Value	Quantity	Rs./Million Value
1. Injections	Ltrs.	462,600 (462,600)	245,764 (372,386)	1,480,856 (1,422,417)	184,841 (218,491)	177.95 (159.25)	270,871 (184,841)	230.94 (177.95)	1,640,590 (1,828,453)	1,743.77 (1,981.31)
2. Liquids & Solutions	Ltrs.	2,100,000 (2,100,000)	2,271,455 (2,562,578)	4,081,219 (2,871,719)	906,784 (631,615)	84.83 (70.70)	957,504 (906,784)	101.53 (84.83)	6,301,954 (5,159,128)	1,394.31 (1,119.87)
3. Tablets & Capsules	Nos. in Lacs	53,878 (53,878)	41,933 (41,148)	12,351 (10,089)	4,677 (4,058)	251.33 (204.86)	5,497 (4,677)	291.30 (251.33)	53,464 (50,618)	5,652.08 (5,543.63)
4. Ointments	Kgs.	240,000 (240,000)	96,986 (88,242)	112,651 (71,518)	47,922 (27,188)	18.64 (14.00)	40,596 (47,922)	42.13 (18.64)	216,963 (139,026)	248.67 (220.72)
5. Powder	Kgs.	- (2,488,156)	4,885,093 (1,031,957)	1,103,483 (1,031,957)	627,876 (556,858)	86.34 (79.11)	1,109,054 (627,876)	132.80 (86.34)	5,507,398 (3,449,095)	1,614.79 (792.28)
6. Bulk Drugs	Kgs.	420,200 (420,200)	450,918 (332,577)	4,923 (5,542)	42,700 (37,665)	115.38 (239.30)	62,019 (42,700)	391.24 (115.38)	436,522 (333,084)	1,519.01 (1,676.92)
7. Other goods	Nos. in Lacs			5.48 -				4.08 -		130.51 (23.17)
8. Processing charges										2.38 (2.75)
9. Distribution income										4.31 (6.12)
10. Management fees										52.08 (53.28)
11. Export Incentive										158.33 (165.81)
						734.47 (767.20)		1,194.02 (734.47)		12,520.24 (11,585.86)

- (i) Production and Sale figures include trade incentives and demonstration samples.  
(ii) Turnover includes sale of traded goods.  
(iii) Installed capacity is on a single shift basis, and is as certified by the management and not verified by the auditors.  
(iv) Turnover includes exchange rate gain including gain on hedging activity of Rs. 843.96 million (Previous Year - Rs. 843.92 million) and exchange fluctuation loss of Rs. 213.34 million (Previous Year - Rs. 45.28 million).  
(v) Production includes quantities manufactured by loan licensees.  
(vi) Figures in brackets represent prior year comparatives.

	For the year ended 31.12.2007	For the year ended 31.12.2006
<b>(f) Auditor's Remuneration :</b>		
Audit Fees	3.09	2.64
Tax Audit Fees	1.50	0.51
Other services	1.88	1.74
Out of pocket expenses	0.10	0.12
	<b>6.57</b>	5.01
<b>(g) Value of Imports on C.I.F. Basis</b>		
Raw Materials, Packing Materials, components & spares	1,370.10	1,142.08
Capital Goods	524.56	254.71
	<b>1,894.66</b>	1,396.79
<b>(h) Expenditure in Foreign Currency (Accrual Basis)</b>		
Travelling	7.26	8.46
Professional fees	66.50	84.97
Royalty	23.64	8.83
Interest	97.28	12.01
Others	303.87	437.44
	<b>498.55</b>	551.71

	For the year ended 31.12.2007	For the year ended 31.12.2006
<b>(i) Earnings in Foreign Exchange (Accrual Basis)</b>		
Exports of goods on F.O.B. basis	<b>3,631.97</b>	3,621.18
Management fees	<b>52.08</b>	53.29
Royalty	<b>86.35</b>	131.47
Dividend	<b>0.76</b>	1.04
Interest	<b>214.44</b>	254.64
	<b>3,985.60</b>	4,061.62

**(j) Information pursuant to clause 32 of the listing agreements with stock exchanges:**

Loans and advances to subsidiaries in the nature of loans comprises of amounts recoverable from CP Pharmaceutical Limited amounting to Rs. Nil (Previous Year – Rs. 452.89 million) [maximum amount outstanding during the year Rs. 452.89 million (Previous Year – Rs. 454.47 million)], Wockhardt USA Inc., amounting to Rs. 71.88 million (Previous Year – Rs. 80.71 million) [maximum amount outstanding during the year Rs. 125.76 million (Previous Year – Rs. 84.71 million)], esparma GmbH amounting to Rs. 175.03 million (Previous Year – Rs. 176.03 million) [maximum amount outstanding during the year Rs. 177.08 million (Previous Year – Rs. 178.29 million)], Wockhardt Infrastructure Development Ltd. Rs. 38.99 million (Previous Year – Rs. 78.42 million) [maximum amount outstanding during the year Rs. 147.99 million (Previous Year – Rs. 115.85 million)], Vinton Healthcare Ltd. Rs. 293.05 million (Previous Year – Rs. 272.16 million) [maximum outstanding during the year Rs. 639.17 million (Previous Year – Rs. 319.74 million)], Wockhardt EU Operations (Swiss) AG Rs. 80.11 million (Previous Year – Rs. 1.34 million) [maximum outstanding during the year Rs. 80.16 million (Previous Year – Rs. 52.08 million)], Wockpharma Ireland Ltd. Rs. Nil (Previous Year – Rs. Nil) [maximum outstanding during the year Rs. Nil (Previous Year – Rs. 2.72 million)], Atlantis USA Inc. Rs. 0.03 million (Previous Year – Rs. Nil) [maximum outstanding during the year Rs. 3.13 million (Previous Year – Rs. Nil)], Morton Grove Pharmaceuticals, Inc. Rs. 78.82 million (Previous Year – Rs. Nil) [maximum outstanding during the year Rs. 79.34 million (Previous Year – Rs. Nil)], Wockhardt Holding Corporation Rs. 630.56 million (Previous Year – Rs. Nil) [maximum outstanding during the year Rs. 635.24 million (Previous Year – Rs. Nil)].

**(k)** Principal amount payable to micro and small enterprises as per MSMED Act, 2006 as at December 31, 2007 Rs. 23.09 million (Previous Year – Rs. 2.30 million).

## 21. EARNINGS PER SHARE

The calculations of earnings per share (basic and diluted) are based on the earnings and number of shares as computed below.

	For the year ended 31.12.2007	For the year ended 31.12.2006
<b>Reconciliation of earnings</b>		
Net profit for calculation of basic/diluted EPS	<b>2,138.76</b>	2,135.49
<b>Weighted average number of shares in calculating basic EPS</b>		
	<b>Shares</b>	Shares
For basic earnings per share	<b>109,435,903</b>	109,419,237
Add:		
Deemed exercise of options on unissued equity share capital	–	22,161
<b>Weighted average number of shares in calculating diluted EPS</b>	<b>109,435,903</b>	109,441,398

## 22. EXCEPTIONAL ITEMS

Represents one time reimbursement of chargeback for USA business amounting to Rs. Nil (Previous Year – Rs. 376 million) and Merger and Acquisition expenses amounting to Rs. Nil (Previous Year – Rs. 227.72 million) comprising of Legal and Professional expenses Rs. Nil (Previous Year – Rs. 207.28 million), Travelling expenses Rs. Nil (Previous Year – Rs. 2.09 million) and Other expenses Rs. Nil (Previous Year – Rs. 18.35 million).

## 23. SEGMENTAL REPORTING

As the Company's annual report contains both Consolidated Financial Statement and this financial statement, Segmental information is presented only on the basis of consolidated Financial Statement. (Refer Note 23 of Consolidated Financial statement).

**24.** Product Development Expenses of Rs. 743.85 million (Previous Year – Rs. 566.44 million) are considered as capital expenditure to be capitalized as intangible assets.



25. The Company has taken office premises on operating lease. These lease and licence agreements are for a period not exceeding five years and are in most cases renewable by mutual consent, on mutually agreeable terms. There are no restrictions imposed by lease arrangements. There are no subleases.

**26. RELATED PARTY DISCLOSURES**

(a) **Parties where control exists**

**Wholly owned subsidiary companies**

1. Wockhardt UK Holdings Limited (formerly, Wockhardt UK Limited)
2. CP Pharmaceuticals Limited
3. CP Pharma (Schweiz) AG
4. Wallis Group Limited
5. The Wallis Laboratory Limited
6. Wockhardt Farmaceutica Do Brazil Ltda
7. Wallis Licensing Limited
8. Wockhardt Biopharm Limited
9. Vinton Healthcare Limited
10. Wockhardt Infrastructure Development Limited
11. esparma GmbH
12. Wockhardt Europe Limited
13. Wockhardt Nigeria Limited
14. Wockhardt USA Inc.
15. Wockhardt EU Operations (Swiss) AG
16. Wockhardt UK Limited
17. Wockhardt Cyprus Limited
18. Wockpharma Ireland Limited
19. Pinewood Laboratories Limited
20. Nonash Limited
21. PWH Limited
22. Atlantis USA Inc.
23. Negma Lerads S.A.S.
24. Wockhardt France (Holdings) S.A.S.
25. esparma AG
26. Wockhardt Holding Corp
27. MGP Holding Corporation
28. Morton Grove Pharmaceuticals, Inc.
29. MGP Incorporation
30. Girex S.A.S.
31. Mazal Pharmaceutique S.A.R.L.
32. Pharma 2000 S.A.S.
33. Hariphar S.C.
34. Niverpharma S.A.S.
35. Cap Dermatology S.A.R.L.
36. Negma Beneulex S.A.
37. S.E.G.A. S.A.S.
38. Chams Informatique S.A.R.L.
39. S.C.I. Salome
40. DMH S.A.S.
41. Phytex S.A.S.
42. Scomedia S.A.S.

**Holding company**

Khorakiwala Holdings and Investments Private Limited

**Enterprise over which Key Managerial Personnel exercising significant influence**

Palanpur Holdings and Investments Private Limited

(b) **Other related party relationships where transactions have taken place during the year**

**Fellow Subsidiary**

Carol Info Services Limited

**Associate Enterprises**

Khorakiwala Foundation

**Key management Personnel**

H. F. Khorakiwala, Chairman and Managing Director  
Rajiv B. Gandhi, Whole Time Director

(c) Transactions with related parties during the year

	For the year ended 31.12.2007 Rs. in million	For the year ended 31.12.2006 Rs. in million
<b>Holding Company</b>		
Dividend Paid	958.60	348.58
<b>Subsidiary Companies</b>		
Purchase of Raw material [CP Pharmaceuticals Limited Rs. 27.05 million (Previous Year – CP Pharmaceuticals Limited Rs. 24.14 million), Vinton Healthcare Limited Rs. 8.35 million (Previous Year – Rs. Nil)]	35.40	24.14
Purchase of finished goods [Vinton Healthcare Limited Rs. 21.04 million (Previous Year – Rs. Nil)]	21.04	–
Sale of Raw Material [Vinton Healthcare Limited Rs. 0.84 million (Previous Year – Rs. 9.60 million)]	0.84	9.60
Sale of scrap [Vinton Healthcare Limited Rs. 0.06 million (Previous Year – Rs. Nil)]	0.06	–
Management fees [CP Pharmaceuticals Limited Rs. 15.45 million (Previous Year – Rs. 28.18 million), Wockhardt USA Inc. Rs. 3.85 million (Previous Year – Rs. 12.77 million), esparma GmbH Rs. 5.48 million (Previous Year – Rs. 11.26 million), Wockhardt EU Operations (Swiss) AG Rs. 4.93 million (Previous Year – Rs. 1.08 million), Pinewood Laboratories Limited Rs. 14.89 million (Previous Year – Rs. Nil), Wockhardt France S.A.S. Rs. 7.48 million (Previous Year – Rs. Nil)]	52.08	53.29
Royalty expense [Wockhardt Biopharm Limited Rs. 8.90 million (Previous Year – Rs. 17.22 million), Wockhardt EU Operations (Swiss) AG Rs. 18.81 million (Previous Year – Rs. Nil)]	27.71	17.22
Sales [Wockhardt USA Inc Rs. 1,162.78 million (Previous Year – Rs. 735.24 million), CP Pharmaceuticals Limited Rs. 9.05 million (Previous Year – Rs. 761.89 million), esparma GmbH Rs. 34.83 million (Previous Year – Rs. 23.39 million), Wockhardt EU Operations Swiss AG Rs. 862.57 million (Previous Year – Rs. 327.10 million)]	2,069.23	1,847.62
Interest Income [CP Pharmaceuticals Limited Rs. 24.90 million (Previous Year – Rs. 26.79 million), esparma GmbH Rs. 13.85 million (Previous Year – Rs. 14.28 million), Vinton Healthcare Limited Rs. 32.60 million (Previous Year – Rs. 4.64 million), Wockhardt Holding Corp Rs. 11.80 million (Previous Year – Rs. Nil), Morton Grove Pharmaceuticals, Inc. Rs. 0.75 million (Previous Year – Rs. Nil)]	83.90	45.71
Dividend Income [Wockhardt UK Holdings Limited Rs. 0.76 million (Previous Year – Rs. 1.04 million)]	0.76	1.04
Royalty received [esparma GmbH Rs. 62.77 million (Previous Year – Rs. 53.80 million), CP Pharmaceuticals Limited Rs. 18.57 million (Previous Year – Rs. 75.06 million), Wockhardt UK Limited Rs. 5.01 million (Previous Year – Rs. 2.61 million)]	86.35	131.47
Commission received on Sales [Vinton Healthcare Limited Rs. 1.63 million (Previous Year – Rs. 4.97 million)]	1.63	4.97
Profit on Buyback of Shares [Wockhardt UK Holdings Limited Rs. Nil (Previous Year – Rs. 19.89 million), Wockhardt Europe Limited Rs. Nil (Previous Year – Rs. 19.24 million)]	–	39.13
Capital expenditure recovered [Pinewood Laboratories Limited Rs. 22.10 million (Previous Year – Rs. Nil)]	22.10	–
Debtors written off [Wockhardt USA Inc. Rs. Nil (Previous Year – Rs. 116.46 million)]	–	116.46



(c) Transactions with related parties during the year (Contd.)

	For the year ended 31.12.2007 Rs. in million	For the year ended 31.12.2006 Rs. in million
Expenses recovered [esparma GmbH Rs. 0.24 million (Previous Year – Rs. Nil), Pinewood Laboratories Limited Rs. 15.44 million (Previous Year – Rs. Nil), Wockhardt USA Inc., Rs. 0.11 million (Previous Year – Rs. Nil), Wockhardt EU Operations (Swiss) AG Rs. 0.56 million (Previous Year – Rs. Nil), Wockhardt France (Holding) S.A.S. Rs. 11.32 million (Previous Year – Rs. Nil), Wockhardt Holding Corporation Rs. 13.44 million (Previous Year – Rs. Nil)]	<b>41.11</b>	–
Reimbursement of expenses [CP Pharmaceuticals Limited Rs. 0.05 million (Previous Year – Rs. Nil), Atlantis USA Inc., Rs. 13.79 million (Previous Year – Rs. Nil)]	<b>13.84</b>	–
Increase in investments [Wockhardt EU Operations (Swiss) AG Rs. 1,425.70 million (Previous Year – Rs. 248.37 million), Wockhardt Infrastructure Development Limited Rs. Nil (Previous Year – Rs. 35 million), Vinton Healthcare Limited Rs. Nil (Previous Year – Rs. 94.12 million)]	<b>1,425.70</b>	377.49
Swapping of investments against shares of Wockhardt EU Operations (Swiss) AG [Wockhardt Switzerland Holdings AG Rs. 342.81 million (Previous Year – Rs. Nil)]	<b>342.81</b>	–
Buyback of Shares [Wockhardt Europe Limited Rs. Nil (Previous Year – Rs. 514.18 million), Wockhardt UK Holdings Limited Rs. Nil (Previous Year – Rs. 107.16 million)]	–	621.34
Loans/Advances given [Wockhardt USA Inc. Rs. 50.91 million (Previous Year – Rs. Nil), esparma GmbH Rs. Nil (Previous Year – Rs. 29.84 million), Wockhardt Infrastructure Development Limited Rs. 69.57 million (Previous Year – Rs. 115.85 million), Vinton Healthcare Limited Rs. 331.88 million (Previous Year – Rs. 322.16 million), Wockpharma Ireland Limited Rs. Nil (Previous Year – Rs. 2.72 million), Wockhardt EU Operations (Swiss) AG Rs. Nil (Previous Year – Rs. 1.34 million), Morton Grove Pharmaceuticals, Inc. Rs. 78.82 million (Previous Year – Rs. Nil), Wockhardt Holding Corp Rs. 630.56 million (Previous Year – Rs. Nil), Atlantis USA Inc. Rs. 13.90 million (Previous Year – Rs. Nil)]	<b>1,175.64</b>	471.91
Loans/Advances recovered [CP Pharmaceuticals Limited Rs. 419.98 million (Previous Year – Rs. Nil), Wockhardt EU Operations (Swiss) AG Rs. Nil (Previous Year – Rs. 0.04 million), Wockhardt USA Inc. Rs. 50.91 million (Previous Year – Rs. Nil), Wockhardt Infrastructure Development Limited Rs. 109 million (Previous Year – Rs. 37.44 million), Vinton Healthcare Limited Rs. 311 million (Previous Year – Rs. 50 million), Wockpharma Ireland Limited. Rs. Nil (Previous Year – Rs. 2.72 million), Atlantis USA Inc. Rs. 13.79 million (Previous Year – Rs. Nil)]	<b>904.68</b>	90.20
Commission recovered on Corporate Guarantee [CP Pharmaceuticals Limited Rs. 7.89 million (Previous Year – Rs. 11.49 million)]	<b>7.89</b>	11.49
Corporate guarantee given Vinton Healthcare Limited Rs. Nil (Previous Year – Rs. 11.70 million), Wockhardt USA Holding Swiss AG Rs. Nil (Previous Year – Rs. 11,991.75 million)]	–	12,003.45
Share Application money given [Wockhardt EU Operations Swiss AG Rs. 78.82 million (Previous Year – Rs. Nil)]	<b>78.82</b>	–
Corporate guarantee cancelled [CP Pharmaceuticals Limited Rs. 207.29 million (Previous Year – Rs. Nil)]	<b>207.29</b>	–



(c) Transactions with related parties during the year (Contd.)

	For the year ended 31.12.2007 Rs. in million	For the year ended 31.12.2006 Rs. in million
<b>Fellow Subsidiary/Associate enterprises</b>		
Loan Licensee paid [(Previous Year – Merind Limited – Rs. 252.65 million), Carol Info Services Limited Rs. 75.76 million (Previous Year – Rs. 69.20 million)]	75.76	321.85
Rent paid [Carol Info Services Limited Rs. 51.93 million (Previous Year – Rs. 48.59 million), (Previous Year – Merind Limited – Rs. 1.42 million)]	51.93	50.01
Expenses recovered/(paid) [Carol Info Services Limited Rs. 15.60 million (Previous Year – Rs. 10.80 million), Khorakiwala Foundation Rs. 0.81 million (Previous Year – Rs. 2.59 million)]	16.41	13.39
Donation given [Khorakiwala Foundation Rs. 2.70 million (Previous Year – Rs. Nil)]	2.70	–
Security deposit given [(Previous Year – Merind Limited – Rs. 280 million), Carol Info Services Limited Rs. 250 million (Previous Year – Rs. 250 million)]	250.00	530.00
Security deposit recovered [(Previous Year – Merind Limited – Rs. 280 million), Carol Info Services Limited Rs. 250 million (Previous Year – Rs. 250 million)]	250.00	530.00
<b>Key management personnel</b>		
Remuneration paid [Remuneration to Chairman and Managing Director Rs. 82.53 million (Previous Year – Rs. 77.56 million)]	89.93	85.33
<b>Enterprise over which Key Managerial Personnel exercising significant influence</b>		
Rent paid [Palanpur Holdings and Investments Pvt. Limited Rs. 0.48 million (Previous Year – Rs. 0.48 million)]	0.48	0.48
<b>(d) Related party balances</b>		
Receivable from wholly owned subsidiary companies [CP Pharmaceuticals Limited Rs. Nil (Previous Year – Rs. 441.96 million), Esparma GmbH Rs. 412.50 million (Previous Year – Rs. 318.19 million), Wockhardt USA Inc. Rs. 1,359.04 million (Previous Year – Rs. 601.31 million), Vinton Healthcare Limited Rs. 293.05 million (Previous Year – Rs. 282.72 million), Wockhardt EU Operations Swiss AG Rs. 337.44 million (Previous Year – Rs. 330.83 million), Wockhardt UK Limited Rs. Nil (Previous Year – Rs. 2.21 million), Wockhardt Infrastructure Development Limited Rs. 38.99 million (Previous Year – Rs. 78.42 million), Pinewood Laboratories Limited Rs. 54.28 million (Previous Year – Rs. Nil), Wockhardt France (Holding S.A.S.) Rs. 7.43 million (Previous Year – Rs. Nil), Morton Grove Pharmaceuticals, Inc. Rs. 79.46 million (Previous Year – Rs. Nil), Wockhardt Holding Corp Rs. 654.03 million (Previous Year – Rs. Nil), Atlantis USA Inc. Rs. 0.03 million (Previous Year – Rs. Nil)]	3,236.25	2,055.64
Payable to wholly owned subsidiary companies [Wockhardt Biopharm Limited Rs. 28.35 million (Previous Year – Rs. 21.47 million), CP Pharmaceuticals Limited Rs. 6.44 million (Previous Year – Rs. Nil), Wockhardt UK Limited Rs. 19.39 million (Previous Year – Rs. Nil)]	(54.18)	(21.47)
Payable to fellow subsidiary/associate enterprises [Merind Limited Rs. Nil (Previous Year – Rs. 21.49 million), Carol Info Services Limited Rs. 15.15 million (Previous Year – Rs. 14.77 million)]	(15.15)	(36.26)
Payable to Key management personnel – Chairman and Managing Director	(70.96)	(71.18)

**Note:**

Wockhardt IP AG, Wockhardt Switzerland Holdings AG and Wockhardt USA Holdings (Swiss) AG had been merged with Wockhardt EU Operations (Swiss) AG vide agreement dated June 11, 2007 with effect from January 1, 2007. The said merger had been registered with Commercial Registry of Switzerland on June 18, 2007.



## 27. EMPLOYEE BENEFITS

### (A) Defined benefit plans:

	2007		2006	
	Gratuity (Non-funded)	Leave Encashment (Non-funded)	Gratuity (Non-funded)	Leave Encashment (Non-funded)
<b>I. Expenses recognised during the year ended December 31, 2007</b>				
1. Current Service Cost	15.07	7.49	7.79	6.60
2. Interest cost	7.81	4.68	4.76	2.59
3. Actuarial Losses/(Gains)	(12.14)	17.15	4.90	14.90
<b>Total Expenses</b>	<b>10.74</b>	<b>29.32</b>	17.45	24.09
<b>II. Net Asset/(Liability) recognised in the Balance Sheet as at December 31, 2007</b>				
1. Present value of defined benefit obligation	94.62	75.75	94.20	63.50
2. Net Asset/(Liability)	(94.62)	(75.75)	(94.20)	(63.50)
<b>III. Reconciliation of Net Asset/(Liability) recognised in the Balance Sheet during the period ended December 31, 2007</b>				
1. Net Asset/(Liability) at the beginning of the year	(94.20)	(63.50)	(84.94)	(48.67)
2. Expense as per I above	10.74	29.32	17.45	24.09
3. Employer contributions	10.32	17.07	8.19	9.26
Net asset/(liability) at the end of the year	(94.62)	(75.75)	(94.20)	(63.50)
Experience adjustment	5.76	N.A.	4.90	N.A.
<b>IV. Actuarial Assumptions:</b>	<b>As at 31.12.2007</b>		As at 31.12.2006	
1. Discount rate	8.00%		7.50%	
2. Mortality	LIC (1994-96) Ultimate		LIC (1994-96) Ultimate	

Note:

(a) Amounts recognized as an expense and included in the Schedule 17:

“Retirement benefits” are gratuity Rs. 5.68 million (Previous Year – Rs. 16.24 million), Leave Encashment Rs. 29.67 million (Previous Year – Rs. 29.74 million).

(b) Actuarial valuation is worked out considering attrition rate and estimates of future salary increase taking into account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(c) In the previous year, the Company had gone for earlier adoption of Accounting Standard 15 (Revised) which is mandatory from accounting periods starting from December 7, 2006. Accordingly, the Company had provided for gratuity and leave encashment based on actuarial valuation done as per Projected Unit Credit Method. Further, in accordance with the transitional provision in the revised Accounting Standard, Rs. Nil [Previous Year – Rs. 9.23 million (net of tax liability Rs. 4.68 million)] has been adjusted to the General Reserve.

### (B) Defined contribution plan:

Amount recognised as an expense and included in the schedule 17 – “Contribution to provident and other funds” and schedule 18 of Profit and Loss Account Rs. 48.10 million (Previous Year – Rs. 42.52 million).

## 28. DISCLOSURE REGARDING DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

- (a) The Company enters into forward exchange contracts being derivative instruments, which are not intended for trading, or speculative purposes, but for hedge purposes, to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables.
- (b) Outstanding currency swaps (other than forward exchange contracts stated above) to hedge against fluctuations in changes in exchange rate and interest rate changes:

	2007		2006	
	2		2	
	USD in millions	Rs. in millions	JPY in millions	Rs. in millions
Notional principal	100.00	3,941.00	4,158.83	1,548.75

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

Particulars	2007			2006		
	Currency	Amt. in Foreign Currency (in millions)	Rs. in millions	Currency	Amt. in Foreign Currency (in millions)	Rs. in millions
Loan Aailed	USD	50.00	1,970.50	USD	50.00	2,212.50
Interest Payable	USD	0.72	28.28	USD	0.48	21.27
Sundry Debtors	ACU	0.16	6.42	ACU	0.03	1.12
	AUD	0.01	0.48	AUD	0.01	0.48
	CHF	0.04	1.54	CHF	-	-
	EUR	5.45	315.66	EUR	0.57	33.48
	GBP	3.41	268.83	GBP	0.01	0.68
	USD	59.31	2,337.28	USD	33.06	1,463.07
Loans and Advances	EUR	3.02	175.03	EUR	3.02	175.94
	USD	21.83	860.16	USD	1.82	80.71
	CHF	0.04	1.29	CHF	-	-
	GBP	-	-	GBP	5.22	452.88
Sundry Creditors	ACU	0.001	0.05	ACU	-	-
	AUD	0.0002	0.01	AUD	0.004	0.15
	CAD	0.01	0.22	CAD	-	-
	CHF	0.08	2.68	CHF	0.06	2.20
	EUR	1.10	63.62	EUR	0.21	12.51
	GBP	0.46	36.09	GBP	0.48	41.62
	JPY	15.83	5.56	JPY	48.48	18.05
	SEK	0.23	1.44	SEK	-	-
	USD	8.48	334.04	USD	7.94	351.28
ZAR	0.001	-	ZAR	-	-	
Foreign Currency Convertible Bonds	USD	108.50	4,275.99	USD	108.50	4,801.13
Time Deposit	USD	9.70	382.28	USD	95.25	4,214.78
Investment in foreign subsidiaries	EUR	3.63	197.38	EUR	3.63	197.38
	GBP	11.04	836.46	GBP	11.04	836.46
	CHF	52.31	1,768.51	CHF	9.50	342.81
	USD	0.001	0.04	USD	-	-



- 29.** Provision for Sales Return on date Expiry – Opening Balance Rs. 45 million (Previous Year – Rs. 15 million), Additions during the year Rs. 102.45 million (Previous Year – Rs. 83 million), Utilised during the year Rs. 72.45 million (Previous Year – Rs. 53 million), Closing balance Rs. 75 million (Previous Year – Rs. 45 million).

Provision has been recognised for expected sales return on date expiry of products sold during last two years. It is expected that all of this would be incurred within two years of the balance sheet date.

**30. CONTINGENT LIABILITIES NOT PROVIDED FOR:**

- (a) Demands by Central Excise authorities in respect of Classification/Valuation/Cenvat Credit related disputes; stay orders have been obtained by the Company in case of demands which have been confirmed – Rs. 63.01 million (Previous Year – Rs. 66.67 million).
- (b) Demand by Income tax authorities Rs. 535.35 million (Previous Year – Rs. 408.53 million) disputed by the Company.
- (c) Corporate Guarantee given on behalf of various subsidiaries in respect of bank loans amounts to Rs. 11,599.73 million (Previous Year – Rs. 13,218.52 million).
- (d) 108,500 (Previous Year – 108,500) Zero coupon Foreign Currency Convertible Bonds of USD 1,000 each are:
- (i) Convertible by the holders at any time on or after November 24, 2004 but prior to close of business on September 25, 2009. Each bond will be converted into 94.265 fully paid up equity share with par value of Rs. 5 per share at a fixed price of Rs. 486.075 per share.
- (ii) redeemable, in whole but not in part, at the option of the Company at any time on or after October 25, 2007 but not less than seven business days prior to maturity date i.e October 25, 2009 subject to the fulfillment of certain terms and obtaining requisite approvals.
- (iii) redeemable on maturity date at 129.578 percent of its principal amount, if not redeemed or converted earlier.

The Bonds are considered as monetary liability. The bonds are redeemable only if there is no conversion of the bonds earlier. Hence the payment of premium on redemption is contingent in nature, the outcome of which is dependent on uncertain future events. Hence no provision is considered necessary nor has been made in the accounts in respect of such premium amounting to a maximum of Rs. 775.98 million. (Previous Year – Rs. 581.74 million).

**31. PREVIOUS YEAR COMPARATIVES**

Previous year's figures have been regrouped where necessary to conform to this year's classification.

As per our report of even date

**For S. R. Batliboi & Co.**  
*Chartered Accountants*

**per Vijay Bhatt**  
*Partner*  
Membership No: 36647

Place : Mumbai  
Date : February 20, 2008

**R. B. Gandhi**  
*Company Secretary*

For and on behalf of the Board of Directors

**H. F. Khorakiwala**  
*Chairman and Managing Director*

**B. L. Maheshwari**  
**Shekhar Datta**

**Aman Mehta**

**Bharat Patel**

**R. A. Shah**

**Abid Hussain**  
*Directors*

## Balance Sheet Abstract and Company's General Business Profile

(Rupees in millions)

<b>(a) Registration details:</b>		<b>Application of funds</b>	
Registration No.	: L24230	Net fixed assets	: 5,697.50
	: MH1999 PLC120720	Capital work in progress including advances	: 3,409.21
State Code	: 11	Investments	: 3,024.66
Balance Sheet Date	: December 31, 2007	Net current assets	: 7,338.12
<b>(b) Capital raised during the year:</b>		Accumulated losses	: -
Public Issue	: Nil	<b>(d) Performance of company:</b>	
Rights Issue	: Nil	Turnover	: 12,478.00
Bonus Issue	: Nil	Total expenditure	: 9,746.93
Private Placement	: Nil	Profit/(Loss) before tax	: 2,731.07
Employment stock option	: Nil	Profit/(Loss) after tax	: 2,138.76
<b>(c) Position of mobilisation and deployment of funds:</b>		Earnings per share	: 19.54
Total liabilities and shareholders funds	: 19,469.49	Dividend rate%	: 225%
Total assets	: 19,469.49	<b>(e) Generic names of three principal products/services of the company:</b>	
<b>Sources of funds</b>		Product Description	: Spasmoproxyvon
Paid-up capital	: 547.18	Product Description	: Proxyvon
Reserves and surplus	: 9,713.06	Product Description	: Methycobal
Secured loans	: 2,539.76		
Unsecured loans	: 5,548.28		
Deferred tax liability	: 1,121.21		

## Statement Pursuant to Section 212 of the Companies Act, 1956 Relating to Subsidiary Companies

Sr. No.	Name of subsidiary Company	Financial year to which accounts relates	Holding Company's interest as at the close of financial year of subsidiary company		Currency	Net aggregate amount of subsidiary company's profits after deducting its losses or vice-versa, so far as it concerns members of Holding Company which are not dealt within the Company's accounts		Net Aggregate amount of the Profits/ (Losses) of the Subsidiary so far as dealt with or provision is made for those losses in Holding Company's Accounts	
			(i) Shareholding	(ii) Extent of Holding (% age)		For the current financial year (in Millions)	For the previous financial year/ period since it became a subsidiary (in Million)	For the subsidiary's financial year end December 31, 2007 (in Millions)	For the previous financial years till it became the subsidiary (in Million)
1.	Wockhardt Biopharm Limited	31.12.07	18,000,000 Equity shares of Rs.10/- each fully paid up	100%	Rs.	5.14	(7.93)	0	0
2.	Vinton Healthcare Limited	31.12.07	100,000,000 Equity shares of Rs. 10/- each fully paid up, 12,800,000 7% Non- Convertible Redeemable Preference Shares of Rs. 100/- each fully paid up	100%	Rs.	18.72	16.06	0	0
3.	Wockhardt Infrastructure Development Ltd.	31.12.07	2,000,000 Equity shares of Rs. 10/- each fully paid up	100%	Rs.	(1.22)	(0.02)	0	0
4.	Esparma GmbH	31.12.07	Euro 36,25,000*	100%	Euro (€)	0.37	0.43	0	0
5.	Wockhardt Europe Ltd.	31.12.07	1,307,368 Ordinary shares of £ 1 each	100%	STG (£)	0.01	(1.83)	0	0
6.	Wockhardt Nigeria Limited@	31.12.07	1,500,000 Ordinary Shares of Naira 10 each fully paid up	100%	USD	(0.02)	(0.05)	0	0
7.	Wockhardt UK Holdings Ltd.	31.12.07	27,504,823 Ordinary shares of 1 p each fully paid up	100%	STG (£)	0	3.21	0	0
8.	CP Pharmaceuticals Ltd.@	31.12.07	570,000 Ordinary Shares of £ 1 each 1,862,549 'A' Ordinary Shares of £ 1 each	100%	STG (£)	2.59	7.28	0	0
9.	CP Pharmaceuticals (Schweiz) AG.@	31.12.07	250 shares of CHF 1000 each	100%	GBP	(0.04)	(0.35)	0	0
10.	Wallis Group Ltd. @	31.12.07	1,408,667 Ordinary shares of £ 1 each	100%	STG (£)	0	0	0	0
11.	The Wallis Laboratory Ltd.@	31.12.07	4,040 Ordinary Shares of £ 1 each	100%	STG (£)	0	0	0	0
12.	Wockhardt Farmaceutica do Brasil Ltda@	31.12.07	731,879.98 quotas of Brazilian Ria 1 each	100%	USD	(0.01)	(0.26)	0	0
13.	Wallis Licensing Ltd.@	31.12.07	1 Ordinary shares of £ 1 each	100%	STG (£)	0.09	(1.02)	0	0
14.	Wockhardt USA Inc.@	31.12.07	2,000,000 Equity shares of \$ 1 each	100%	USD	(5.86)	(5.10)	0	0
15.	Wockhardt EU Operations (Swiss) AG@	31.12.07	35,700 shares of CHF 1000 each	100%	CHF	23.37	6.10	0	0



## Statement Pursuant to Section 212 of the Companies Act, 1956 Relating to Subsidiary Companies - Contd.

Sr. No.	Name of subsidiary Company	Financial year to which accounts relates	Holding Company's interest as at the close of financial year of subsidiary company		Currency	Net aggregate amount of subsidiary company's profits after deducting its losses or vice-versa, so far as it concerns members of Holding Company which are not dealt within the Company's accounts		Net Aggregate amount of the Profits/ (Losses) of the Subsidiary so far as dealt with or provision is made for those losses in Holding Company's Accounts	
			(i) Shareholding	(ii) Extent of Holding (% age)		For the current financial year (In Millions)	For the previous financial year/ period since it became a subsidiary (In Million)	For the subsidiary's financial year end December 31, 2007 (In Millions)	For the previous financial years till it became the subsidiary (In Million)
16.	Wockhardt UK Limited@	31.12.07	50,000 Ordinary Shares of £ 1 each	100%	STG (£)	0.97	0.26	0	0
17.	Wockhardt Cyprus Limited@	31.12.07	1,000 Ordinary shares of CY £ 1 each	100%	USD	(0.01)	(0.01)	0	0
18.	Wockpharma Ireland Limited@	31.12.07	15,000,000 Ordinary shares of € 1 each	100%	Euro (€)	(4.16)	0.86	0	0
19.	Nonash Limited@	31.12.07	(1) 30, 100 Ordinary Shares of Euro 1.27 each (2) 100 A Ordinary Shares of Euro 1.27 each (3) 100 B ordinary Shares of Euro 1.27 each (4) 500 C ordinary shares of Euro 1.27 each (5) 1000 D Ordinary Shares of Euro 0.65 each (6) 250 E Ordinary Shares of Euro 2.54 each (7) 100 F Ordinary Shares of Euro 2.54 each (8) 2000 G ordinary Shares of Euro 0.32 each (9) 2500 H Ordinary Shares of Euro 0.25 each (10) 50 I Ordinary Shares of Euro 12.69 each (11) 10 J Ordinary Shares of Euro 63.49 each (12) 25 K Ordinary Shares of Euro 25.39 each (13) 20 L Ordinary Shares of Euro 31.74 each (14) 125 M Ordinary Shares of Euro 5.08 each.	100%	Euro (€)	0.75	0.15	0	0
20.	Pinewood Laboratories Limited @	31.12.07	2,985,128 Ordinary shares of € 0.125 each 120*A* Ordinary shares of € 1.25 each	100%	Euro (€)	9.08	2.02	0.00	0.00
21.	Atlantis USA Inc.	31.12.07	1,000 Ordinary shares of \$ 1 each	100%	USD	0.01	0.00	0.00	0.00
22.	Esparma AG@	31.12.07	100,000 Shares of CHF 1 each	100%	CHF	(0.01)	0.00	0.00	0.00
23.	Wockhardt Holding Corp.@	31.12.07	1,100 Ordinary Shares of US \$ 1 each	100%	USD	0.01	0.00	0.00	0.00
24.	MGP Holding Corp@	31.12.07	100 Ordinary Shares of US \$ 0.01 each	100%	USD	0.00	0.00	0.00	0.00
25.	Morton Grove Pharmaceuticals Inc.@	31.12.07	100 Ordinary Shares of US \$ 0.01 each	100%	USD	(1.09)	0.00	0.00	0.00
26.	MGP Inc.@	31.12.07	100 Ordinary Shares of US \$ 0.01 each	100%	USD	0.00	0.00	0.00	0.00
27.	Wockhardt France (Holdings) S.A.S.@	31.12.07	601000 Shares of € 100 each	100%	Euro (€)	0.00	0.00	0.00	0.00
28.	Girex S.A.S.@	31.12.07	78,820 Shares of € 16 each	100%	Euro (€)	(3.58)	0.00	0.00	0.00
29.	Pharma 2000 S.A.S.@	31.12.07	11,400 Shares of € 16 each	100%	Euro (€)	0.31	0.00	0.00	0.00
30.	Negma Lerads S.A.S.@	31.12.07	275,409 Shares of € 153 each	100%	Euro (€)	12.85	0.00	0.00	0.00
31.	DMH S.A.S.@	31.12.07	6,000 Shares of € 16 each	100%	Euro (€)	1.21	0.00	0.00	0.00
32.	Scomedica S.A.S.@	31.12.07	2,500 Shares of € 16 each	100%	Euro (€)	(0.13)	0.00	0.00	0.00
33.	Niverpharma S.A.S.@	31.12.07	10,000 Shares of € 16 each	100%	Euro (€)	0.80	0.00	0.00	0.00
34.	S.E.G.A. S.A.S.@#	31.12.07	121,250 Shares of € 16 each	100%	Euro (€)	0.00	0.00	0.00	0.00
35.	Negma Benulex S.A.@	31.12.07	2,976 Shares of € 25 each	100%	Euro (€)	0.01	0.00	0.00	0.00
36.	Phytex S.A.S.@	31.12.07	7,000 Shares of € 153 each	100%	Euro (€)	0.36	0.00	0.00	0.00
37.	Mazal Pharmaceutique S.A.R.L.@	31.12.07	1,000 Shares of € 16 each	100%	Euro (€)	(1.07)	0.00	0.00	0.00
38.	Cap Dermatology S.A.R.L.@	31.12.07	313 Shares of € 16 each	100%	Euro (€)	(0.19)	0.00	0.00	0.00
39.	Hariphar S.C.@	31.12.07	100 shares of € 152.45 each	100%	Euro (€)	0.10	0.00	0.00	0.00
40.	Chams Informatique S.A.R.L.@#	31.12.07	250 Shares of € 153 each	100%	Euro (€)	0.00	0.00	0.00	0.00
41.	S.C.I. Salome@	31.12.07	100 shares of € 15.24 each	100%	Euro (€)	0.04	0.00	0.00	0.00

\* As per German law, there are no shares issued. Only capital is subscribed to, which is 25000 euros and subscription to capital reserve is 3,600,000 euros

@ Inclusive of shares held through wholly owned subsidiaries

# During the year merged with Negma Lerads S.A.S.

For and on behalf of the Board of Directors

**H. F. Khorakiwala**  
Chairman and Managing Director

**B. L. Maheshwari**

**Shekhar Datta**

**Aman Mehta**

**Bharat Patel**

**R. A. Shah**

**Abid Hussain**

Directors

Place : Mumbai  
Date : February 20, 2008

**R. B. Gandhi**  
Company Secretary

## Financial Details of the Subsidiary Companies for the Year Ended December 31, 2007

Name of the Subsidiary	Currency	Closing Exchange rate against Indian Rupee as on 31.12.2007	Rs. in Million								
			Paid Up Capital	Reserves	Total Assets inclusive investments*	Total Liabilities	Turnover	Profit/(Loss) before taxation	Provision for taxation	Profit/(Loss) after taxation	Proposed dividend
Wockhardt Biopharm Ltd.	Rs.	-	180.00	(122.35)	58.93	1.28	8.90	6.82	1.68	5.14	-
Vinton Healthcare Private Limited	Rs.	-	1,380.00	(531.06)	1,606.36	757.42	78.60	18.72	-	18.72	-
Wockhardt Infrastructure Development Ltd.	Rs.	-	20.00	13.98	186.61	152.63	0.01	(1.22)	-	(1.22)	-
Esparma GmbH	Euro (€)	57.97	1.74	255.07	961.14	704.34	1,107.23	37.68	16.23	21.45	-
Wockhardt Europe Ltd.	STG (£)	78.95	103.42	(19.74)	83.69	-	-	0.79	-	0.79	-
Wockhardt Nigeria Limited@	USD	39.41	3.15	(2.68)	0.47	-	-	(0.83)	-	(0.83)	-
Wockhardt UK Holdings Ltd.	STG (£)	78.95	22.11	944.24	1,561.79	595.44	-	-	-	-	-
CP Pharmaceuticals Ltd. @	STG (£)	78.95	191.85	779.24	2,456.13	1,485.05	2,838.25	273.09	72.63	200.46	-
CP Pharmaceuticals (Schweiz) AG.@	STG (£)	78.95	8.68	(30.00)	-	21.32	-	(3.47)	-	(3.47)	-
Wallis Group Ltd. @	STG (£)	78.95	111.32	132.16	243.48	-	-	-	-	-	-
The Wallis Laboratory Ltd.@	STG (£)	78.95	0.32	0.32	12.40	11.76	-	-	-	-	-
Wockhardt Farmaceutica do Brasil Ltda@	USD	39.41	11.67	(11.39)	0.32	0.04	-	(0.32)	-	(0.32)	-
Wallis Licensing Ltd.@	STG (£)	78.95	-	(73.42)	244.67	318.09	-	-	(6.95)	6.95	-
Wockhardt USA Inc.@	USD	39.41	78.82	(431.93)	1,063.68	1,416.79	1,044.76	(230.94)	-	(230.94)	-
Wockhardt EU Operations (Swiss) AG@	CHF	35.03	1,250.57	1,673.38	14,776.99	11,853.03	5,345.58	888.71	70.06	818.65	-
Wockhardt UK Limited@	STG (£)	78.95	3.95	97.11	1,874.19	1,773.14	3,615.91	112.11	35.53	76.58	-
Wockhardt Cyprus Limited@	USD	39.41	0.08	(0.59)	-	0.51	-	(0.28)	-	(0.28)	-
Wockpharma Ireland Limited@	Euro (€)	57.97	579.70	(191.30)	6,422.21	6,033.81	80.58	(240.00)	0.93	(240.93)	-
Nonash Limited@	Euro (€)	57.97	2.61	59.13	62.03	0.29	42.90	42.32	-	42.32	-
Pinewood Laboratories Limited @	Euro (€)	57.97	21.45	1,705.48	2,939.66	1,212.73	3,594.72	582.02	55.65	526.37	-
Atlantis USA Inc.	USD	39.41	0.04	0.55	1.34	0.75	13.52	0.63	0.08	0.55	-
Esparma AG@	CHF	35.03	3.50	(0.44)	3.11	0.05	0.00	(0.44)	0.00	(0.44)	-
Wockhardt Holding Corp.@	USD	39.41	0.04	867.21	1,497.82	630.57	0.23	0.23	0.00	0.23	-
MGP Holding Corp@	USD	39.41	0.00	3,273.24	3,273.24	0.00	0.00	0.00	0.00	0.00	-
Morton Grove Pharmaceuticals Inc.@	USD	39.41	0.00	(1,060.17)	1,929.87	2,990.04	438.16	(6.31)	36.71	(43.02)	-
MGP Inc.@	USD	39.41	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-
Wockhardt France (Holdings) S.A.S.@	Euro (€)	57.97	3,484.00	(329.79)	14,392.91	11,238.70	93.80	(426.31)	(160.58)	(265.73)	-
Girex S.A.S.@	Euro (€)	57.97	73.10	596.51	1,988.20	1,318.59	1,281.77	(197.21)	10.14	(207.35)	-
Pharma 2000 S.A.S.@	Euro (€)	57.97	10.55	58.55	343.18	274.08	172.92	18.14	0.00	18.14	-
Negma Lerads S.A.S.@	Euro (€)	57.97	2,442.74	483.76	4,716.03	1,789.53	3,065.22	861.14	116.23	744.91	-
DMH S.A.S.@	Euro (€)	57.97	5.57	(0.73)	336.92	332.09	534.89	79.42	9.33	70.09	-
Scomedia S.A.S.@	Euro (€)	57.97	2.32	(15.13)	118.37	131.19	146.95	(7.36)	0.00	(7.36)	-
Niverpharma S.A.S.@	Euro (€)	57.97	9.28	(62.96)	759.41	813.09	597.61	46.09	0.00	46.09	-
S.E.G.A. S.A.S.@ #	Euro (€)	57.97	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-
Negma Benulex S.A.@	Euro (€)	57.97	4.31	8.75	13.55	0.49	0.00	0.82	0.05	0.77	-
Phytex S.A.S.@	Euro (€)	57.97	62.09	27.36	145.74	56.29	0.00	31.71	10.61	21.10	-
Mazal Pharmaceutique S.A.R.L.@	Euro (€)	57.97	0.93	(259.42)	274.60	533.09	205.74	(58.43)	(3.95)	(62.38)	-
Cap Dermatology S.A.R.L.@	Euro (€)	57.97	0.29	(19.94)	11.01	30.66	0.25	(10.95)	0.00	(10.95)	-
Hariphar S.C.@	Euro (€)	57.97	0.87	11.01	12.35	0.46	6.72	5.62	0.00	5.62	-
Chams Informatique S.A.R.L.@#	Euro (€)	57.97	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-
S.C.I. Salome@	Euro (€)	57.97	0.09	4.23	5.98	1.66	2.43	2.20	-	2.20	-

\* The Investments made by these subsidiary companies is only in their step down subsidiaries, no other investments are made by these companies

@ Inclusive of shares held through wholly owned subsidiaries

# During the year merged with Negma Lerads S.A.S.