



Phone +41 44 444 35 55
Fax +41 44 444 35 35
www.bdo.ch

BDO Ltd
Fabrikstrasse 50
CH-8031 Zurich

To,
The Principal Auditor,
Haribhakti & Co.
701, Leela Business Park,
Andheri Kurla Road,
Andheri(East),
Mumbai - 400059
India.

We have audited the accompanying financial statements of Wockhardt Bio LTD (“the entity”) (a Subsidiary of Wockhardt Limited) expressed in USD, which comprise the Balance Sheet as at March 31, 2016, and the Statement of Profit and Loss for the year then ended and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with the Generally Accepted Accounting Principles in India (“Indian GAAP”). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standard on Auditing issued by the Institute of Chartered Accountants of India and the additional procedures detailed in the Group Audit Instructions dated 9 February 2016. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements of Wockhardt Bio LTD, have been prepared in all material respects in accordance with accounting policies of Wockhardt Limited, which are designed to produce consolidated financial statements in compliance with the Indian GAAP of Wockhardt Limited.

Our Audit Clearance Memorandum dated 25 April 2016 describes the results of our audit procedures.

Other Matter

- (1) This report is issued solely for the purpose of inclusion in the consolidation of Wockhardt Limited. This report may not be useful for any other purpose.
- (2) We further report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. The Balance Sheet, and the Statement of Profit and Loss, dealt with by this Report are in agreement with the books of account;
 - d. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
 - e. Provision has been made in the financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts.

Zurich, 25 April 2016

BDO Ltd



René Füglistner

Partner



Rico Müller

Senior Manager

Enclosures

Financial statements

Balance Sheet as per March 31,	2016	2015
	USD	USD
Current assets		
Cash and bank balances	39'146'385	24'474'589
Short term assets	0	54'194'759
Prepayments - third parties	1'206'379	2'043'188
Advances - intercompany	157'567'432	0
Accounts receivable - third parties	12'595'793	10'984'597
Accounts receivable - intercompany	127'812'586	92'936'062
Receivable VAT	0	54'602
Other receivables	95'794	161'528
Inventories	6'857'137	7'579'417
	345'281'506	192'428'743
Fixed assets		
Investments	158'433'726	144'203'404
Intercompany loans receivable	0	249'447'973
	158'433'726	393'651'378
Tangible assets	94'449	70'892
Accumulated depreciation	-66'332	-51'257
Tangible assets net	28'117	19'635
Capitalised Work in Progress	2'626'130	266'145
Licences and trade marks	48'844'482	48'394'221
Accumulated depreciation	-27'350'386	-23'105'876
Licences and trade marks net	21'494'096	25'288'345
Intangible assets under development	17'917'340	1'980'611
	200'499'409	421'206'114
Total fixed assets		
	545'780'915	613'634'857
Total assets		

Balance Sheet as per March 31,	2016	2015
	USD	USD
Liabilities		
Accounts payable - third parties	14'016'175	6'410'778
Accounts payable - intercompany	58'709'211	57'156'940
Advances from customers	501'725	664'464
Payable VAT	297'834	0
Loan - third party	9'375'000	74'845'408
Loans - intercompany	1'367'905	1'405'848
Accrued expenses	12'258'125	9'062'172
Accrued taxes	72'979	3'720'022
<i>Total short term liabilities</i>	96'598'954	153'265'632
Loan - third party	0	9'375'000
<i>Total long term liabilities</i>	0	9'375'000
<i>Total liabilities</i>	96'598'954	162'640'632
Shareholder`s equity		
Share capital	56'211'578	51'028'078
Legal reserves		
Capital contribution reserve	25'670'608	17'843'523
General reserve	24'858'731	24'858'731
	50'529'339	42'702'254
Free reserves		
Capital reserve	1'841'268	1'841'268
Profit carried forward	355'422'625	344'354'534
Profit /(Loss) of the year	-14'822'849	11'068'091
Accumulated profit	340'599'776	355'422'625
<i>Total shareholder's equity</i>	449'181'961	450'994'225
<i>Total liabilities and shareholder's equity</i>	545'780'915	613'634'857

Income Statement for the period

	2015/16	2014/15
	USD	USD
Revenues		
Sales export	252'856'288	267'019'399
Fee for service/Royalty paid	-976'173	-1'669'694
Bad debts	-2'201'615	-16'678
Total revenues	249'678'500	265'333'027
Operating expenses		
Cost of goods, materials and freight sold	173'885'764	165'245'090
Selling and distribution expenses	3'976'103	3'267'591
Export costs	142'937	198'249
Employee costs	5'178'507	1'586'060
Repairs and maintenance	1'953	-998
Insurance	804'875	1'248'893
Research and development costs	56'321'908	54'024'459
Legal and consultancy costs	14'762'031	8'561'608
Trade mark costs	298'394	1'642'992
Management fees	413'180	399'580
Travel expenses	269'724	252'500
Other operating expenses	10'363'967	10'271'750
Depreciation	4'259'586	4'175'715
Total operating expenses	270'678'929	250'873'489
Net profit / (loss) from operations	-21'000'429	14'459'537
Financial Income/Expenses		
<i>Income</i>		
Interest income - third party	-42'815	55'346
Interest income - intercompany	110'106	169'685
Exchange gains	0	887'807
Gain on investments	5'287'207	5'735'310
Total financial income	5'354'498	6'848'148
<i>Expenses</i>		
Interest charges - third party	1'105'313	2'671'786
Interest and guarantee charges - intercompany	324'518	824'315
Bank charges	311'101	410'717
Exchange losses	790'252	5'487'393
Total financial expenses	2'531'184	9'394'211
Total financial result	2'823'314	-2'546'063
Net profit / (loss) for the year before exceptional items & tax	-18'177'115	11'913'475
Loss from sale of assets	0	-63
Exceptional loss	0	-182'648
Net profit / (loss) before tax	-18'177'115	11'730'763
Taxes	3'354'266	-662'672
Profit / (Loss) of the year	-14'822'849	11'068'091

Notes to the financial statements as of March 31,

2016

2015

USD

USD

1 Introduction

The financial statements of Wockhardt Bio AG comply with the requirements of IGAAP.

2 Investments

CP Pharma (Schweiz) AG Incorporated in Switzerland 250 Registered shares of CHF 1'000.00 (100%)	272'094	272'094
Wockhardt Bio (R) LLC. Incorporated in Russia on 25th August 2015 5'150'000 Registered shares of Russian Roubles 1.00 each (100%)	85'799	0
Wockhardt Farmaceutica SA DE CV Incorporated in Mexico 36'867'236 Ordinary shares of MXN 1.00 (100%)	2'886'220	2'886'220
Wockhardt Services S.A. DE C.V. Incorporated in Mexico 50'000 Ordinary shares of MXN 1.00 (100%)	3'850	3'850
Wockhardt France (Holding) S.A.S. Incorporated in France 601'000 Registered shares of EUR 100 (100%)	2'000'000	2'000'000
Wockhardt Holding Corp. Incorporated in Delaware, USA 1'100 shares of Common Stock of USD 1.00 (100%)	32'972'906	32'972'906
Wockhardt UK Limited Incorporated in the United Kingdom 50'000 Ordinary shares of GBP 1.00 (100%)	134'422	134'422
Pinewood Healthcare Limited Incorporated in the United Kingdom 100'000 Ordinary shares of GBP 1.00 (100%)	160'729	160'729
Wockpharma Ireland Limited Incorporated in the Republic of Ireland 10'001'000 Ordinary shares of EUR 1.00 (100%) 50'000'000 Cumulative Redeemable Preference shares of EUR 1.00 each (100%)	17'521'362 87'597'942	17'521'362 87'597'942
Z & Z Service GmbH Incorporated in Germany Nominal capital EUR 25'000 (100 %)	1	1
CP Pharmaceuticals Limited Incorporated in the United Kingdom 1'862'549 Ordinary A shares of GBP 1.00 (100%) 570'000 Ordinary shares of GBP 1.00 (100%)	11'330'808 3'467'592	0 0

Besides the above Wockhardt Bio Pty Ltd., Wockhardt Bio Ltd. have been incorporated in Australia & New Zealand with an objective of trading, manufacturing, selling, marketing, R&D of Pharmaceutical products as 100% owned subsidiaries on 19th August, 2015 & 11th November, 2015 respectively. Wockhardt Bio Pty Ltd., Australia and Wockhardt Bio Ltd., New Zealand are yet to commence the business.

Notes to the financial statements as of March 31,

2016

2015

3 Assets pledged

As per financial year end there were open guarantees and bid-/performance bonds by Credit Suisse to third parties secured by a general deed of pledge in the amount of

907'330

1'071'380

4 Loan

Wockhardt Bio AG has an outstanding loan of USD 9.37 Mn. (Previous year USD 71.8 Mn) . The whole amount becoming due in the next 12 months per the repayment schedule and has been disclosed under Loan - third party USD 9.37 Mn (Previous year USD 62.5 Mn).

The repayment of the said loan is due on 14th May 2016.

5 Board of Directors and executive management shareholdings

As of 31 March members of the non-executive and executive boards held the following shares. No Wockhardt Bio AG share options were held.

Ajay Sahni

Member of the Board and Managing Director

Shares

Shares

23'030

15'000

Dr. Habil F.Khorakiwala

Member of the Board and Chairman

5'000'000

0

6 Significant shareholders

Wockhardt Ltd, Mumbai

Number of shares
Capital and vote share

44'600'000

44'600'000

86%

95%

7 Development Expenses on QIDP status products

During the previous year, the Company had received Qualified Infectious Disease Product (QIDP) status by US Food and Drug Administration (US FDA) for two of its breakthrough drug discovery programme in anti-infective. Further during the current year, the Company has received QIDP status for three more drugs. The Development Expenses for the year amounting to USD 13.4 Mn pertaining to Company's five new breakthrough drug discovery programme in the anti-infective space duly approved under QIDP by US FDA has been capitalised during the year and included under 'Intangible Assets under Development' as at March 31, 2016.