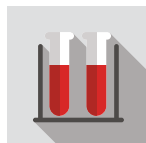


# INSIGHTS

LEAD TO OPPORTUNITIES



**WOCKHARDT**  
Enhancing Quality of Life

Annual Report 2013-14



KNOWLEDGE  
TEMPERED BY  
UNDERSTANDING  
LEADS TO  
INSIGHTS

Insights broaden perspectives, expand horizons, spur ingenuity, overcome challenges, discover solutions and create opportunities.

Insight is the enlightening ray of understanding that lights up an organisation's path and sets the course for action.

At Wockhardt, deep insights have created markets, inspired innovation, directed research & development, and driven the organisation's growth.

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**SALES**

US\$  
**0.81**  
billion

₹ 4,830 crore

**OPERATING  
PROFIT  
(EBITDA)**

US\$  
**163**  
million

₹ 980 crore

**PROFIT  
AFTER  
TAX**

US\$  
**140**  
million

₹ 841 crore

**EBITDA  
MARGIN**

**20.3%**



## CHAIRMAN'S STATEMENT

My dear shareowners

Insights come from knowledge, experience, learning, introspection and self-realisation, both as an individual as well as an organisation.

At Wockhardt, every milestone, record, difficulty and challenge has been a source of insights that have always helped us capitalise on successes, bounce back from setbacks, seek new opportunities and explore new markets. Take for example the global Anti-Infective Vacuum that is expected to reach crisis proportions across developed, developing and under-developed countries. Rising anti-infective resistance; new strains of known infections; and new infections that are significantly and sometimes totally resistant to available medicines across the entire anti-infective spectrum; are a worldwide cause for alarm. Unfortunately very few organisations are currently engaged in the development of new anti-infective drugs. New antibiotic product approvals have steadily shrunk over the last three decades.

Alarmed by this anti-infective vacuum, regulatory agencies like US FDA and European EMA have revisited the entire new drug approval process and have drafted guidelines to shorten them and offer incentives to organisations developing antibiotics. USA, in particular, has instituted the GAIN Act (Generating Antibiotic Incentives Now) that significantly reduces the time for drug development for qualified products, eases clinical studies requirements, and offers several funding alternatives to ensure successful development as well as an additional five-year marketing exclusivity.

This anti-infective vacuum was anticipated well before by Wockhardt, an insight that accordingly focused the company's

R&D efforts on a strong antibiotics programme. Today we are well placed to benefit from the opportunities offered by a global unmet need for antibiotics to treat harmful and life-threatening microorganisms.

Insights drive our work ethic that reveres quality and revels in excellence. They will continue to guide Wockhardt's strategy for growth and expansion and value-creation.

### Insight-driven Strategy

I am happy to announce that our Swiss Subsidiary, Wockhardt Bio AG, has been listed on the Berne Stock Exchange, Switzerland. Wockhardt Bio AG allocated 2,348,000 ordinary shares of CHF 1.00 each, representing 5 per cent of the post-diluted capital for subscription at a price of CHF 5.05 per ordinary share, for its Initial Public Offering (IPO). The first Indian company to do so, Wockhardt Bio AG's European listing raised CHF 11.86 million (\$13.37 million) in FY 2013-14.

### Insight-driven Performance

The financial year under review has been a challenging one for Wockhardt. Regulatory impositions by US FDA and UK MHRA have affected sales and impacted profits as compared to FY 2012-13.

This year we posted consolidated revenues of ` 4830 crore, and a Profit After Tax of ` 841 crore.

But just as fire refines gold and pressure creates diamonds, challenges strengthen organisations.

Your company too has emerged stronger with Net Debt at ` 206 crore compared to ` 974 crore in FY 2012-13. Net Debt to Equity Ratio stands at 0.05 as against 0.36 as of March 31, 2013. And interest and financing cost has been pared down by 61% from ` 215 crore in FY 2012-13 to ` 83 crore in FY 2013-14.

Wockhardt's insight into global markets as an opportunity continues to be validated with your company's international business accounting for 79% of total revenues in FY 2013-14.

The company's US business, where we filed 17 ANDAs with US FDA, declined by 26%, yet accounted for 45% of total revenues in FY 2013-14. Our UK business, where we launched 4 new products, grew by 3% in FY 2013-14. We launched 12 new products in the Irish market that saw a decline of 15% in FY 2013-14. On the domestic front, Wockhardt launched 26 new products that saw our India business grow by 2% in FY 2013-14.

### **Insight-driven Remedial Action**

The regulatory challenges faced by Wockhardt spurred us to review processes, revise procedures, rethink strategies, refresh personnel, restructure management and reinvest in technology.

We have completely renewed our production and quality departments in our manufacturing facilities at Waluj and Chikalthana. We have filed for regulatory approvals for our state-of-the-art Shendra plant in Aurangabad for injectables and tablets, and expect to get it soon. We have recruited over 200 new employees to strengthen key departments and have introduced a series of changes at the management and top executive levels.

### **Insight-driven Research & Development**

To quote British biologist Thomas Henry Huxley, "Science is simply common sense at its best, that is, rigidly accurate in observation, and merciless to fallacy in logic."

Wockhardt's early insights into consumer behaviour, market potential, competitive trends, and global pharmaceutical dynamics, ensured its strong focus on and heavy investment in talent and technology to build world-class R&D capabilities.

Today, 850 scientists in three state-of-the-art research facilities across US, UK and India are engaged in multi-disciplinary and innovative studies to create a strong base of Intellectual Property (IP). And the results have merely proved our conviction. During the year we filed 271 patents and were awarded 50 patents taking cumulative patents filed to 2001 and patents granted to 259.

And we continue to be convinced that our focus on R&D will drive growth and create value. This year, despite a decline in sales and profits as compared to last year, we have increased our investment in R&D by almost 20% over FY 2012-13. Continuing our industry-leading position, our R&D expenditure of ₹ 450 crore at 9.3% of total sales is almost 20% higher over last year's R&D spend of ₹ 376 crore at 6.7% of total sales.

Needless to say, R&D will remain intrinsic to our plans for sustainable growth.

### **Insight-driven Social Initiatives**

It is never enough. With a population as large and huge sections as underprivileged as ours, social efforts will always be a challenge for organisations.

At Wockhardt, social commitment goes beyond compliance and strives to be a voluntary mission. Wockhardt believes in leveraging its deep domain knowledge and experience to develop a sustainable social programme that provides succour to the weaker sections of society in its sphere of expertise.

With the belief that healthy communities are happy communities, Wockhardt's initiatives to provide basic healthcare services to the needy are driven by Wockhardt Foundation along with Wockhardt Hospitals. A year-round schedule of screening programmes, medicine distribution, cataract surgeries and nutrition camps have impacted the lives of over 16.5 million people.

Like Gautama Buddha says, "I never see what has been done, I only see what remains to be done", we believe there is still much to do.

### **Insight-driven Work Culture**

Common objectives, collective goals and shared passions unite the multi-ethnic workforce of over 8600 people from 21 nationalities that comprise Team Wockhardt. A spirit that inspires them to do their best regardless of results. A characteristic that defines their never-say-die attitude. My thoughts are merely an echo of Mahatma Gandhi's beautiful words, "Satisfaction lies in the effort, not in the attainment, full effort is full victory." Keep it up Team Wockhardt.

Last but not the least, I would like to extend my sincere thanks to all Wockhardians, associates, vendors, shareowners, medical communities and financial institutions for their support and good wishes.

In conclusion, we have had a challenging year. But the insights gained by the challenges posed have provided a clear course correction for the road ahead. We have implemented strong measures to close operational gaps and increase management bandwidth.

Finally, hindsight gives us wisdom, foresight gives us strength and insight gives us opportunity. Look forward to it.



Dr. Habil Khorakiwala,  
Founder Chairman & Group CEO





WOCKHARDT

Ebonique Lee-C...  
LEAD PHARMACY



### INSIGHT

The tiger's crouch is merely a prelude to its spring.





**Dr. Murtaza Khorakiwala**  
Managing Director

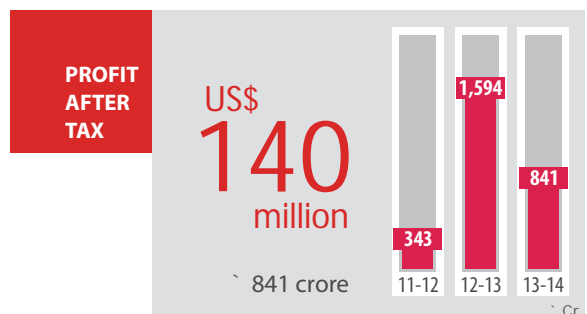
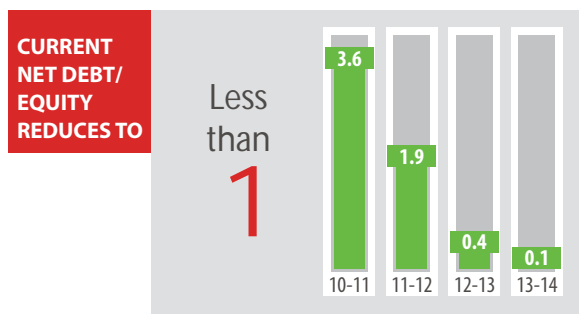
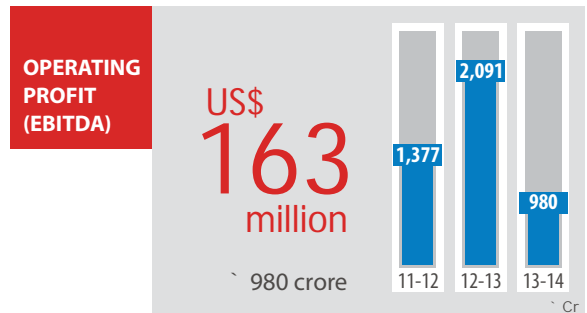
**OPPORTUNITY**  
A Motivated  
Team Wockhardt

A setback compels an organisation to examine strategies, assess people, evaluate process and revise objectives. Wockhardt's performance in FY 2013-14 has resulted in a positive endeavour to reengineer ourselves, both at an organisational as well as an individual level.

This change is most visible in the spirit of Team Wockhardt, an ethnically diverse, global workforce comprising over 8,600 people across 21 nationalities. It is our biggest asset that has constantly contributed its best to the organisation's growth.

Wockhardt's lower numbers have raised the bar for Team Wockhardt that is now inspired to bounce back with a resurgent performance and herald a future of growth and excellence.

To quote American author and speaker John Calvin Maxwell, "Teamwork can make the dream work." I am confident that Team Wockhardt will deliver.





## INSIGHT

The ideal way to  
foretell the future  
is to create it.



THE  
STERILIZING  
EQUIPMENT  
CO. LTD



## OPPORTUNITY

Focus on Research  
& Development

Wockhardt has always believed that Research and Development is the engine that will drive future growth. Over the years, Wockhardt's intuitive approach to well-anticipated global needs has led to innovative solutions strengthening the company's Intellectual Property (IP) asset base.

Little wonder then, that our industry-leading R&D spends as a percentage of total revenues keeps rising year-on-year regardless of sales performance.

Our three multi-disciplinary research & development facilities in India, USA and UK are engaged in programmes that deal with Generics, Novel Drug Delivery Systems and New Chemical Entities, with a special focus on Anti-Infectives

and Recombinant Biopharmaceuticals. Today we are capable of deploying a robust and scalable 'Concept to Market' offering that spans research, development, trial, manufacture and marketing across geographies.

Across our three facilities, 850 scientists and research associates are blazing new trails that are reflected in Wockhardt's 271 patents filed and 50 patents awarded in FY 2013-14, taking our cumulative patent filings to 2001 and global patents awarded to 259.

Not surprisingly, we have won the Government of India and Pharmexcil award for maximum number of patents granted for the 5th consecutive year.

259  
Global Patents

2001 patents filed by  
Wockhardt scientists  
259 patents  
granted globally

Won  
Patent Awards  
5  
Years in a row

Winner of maximum  
granted patent awards  
by the Government of  
India & Pharmexcil

979  
Products

Manufactured in India,  
US, UK and Ireland...  
Sold worldwide

3  
R&D Centres  
worldwide

In India, USA and UK.  
850 research scientists  
develop innovative  
and technologically  
advanced medicines



## INSIGHT

Medicines don't recognise borders.



## OPPORTUNITY

Creating Global Markets

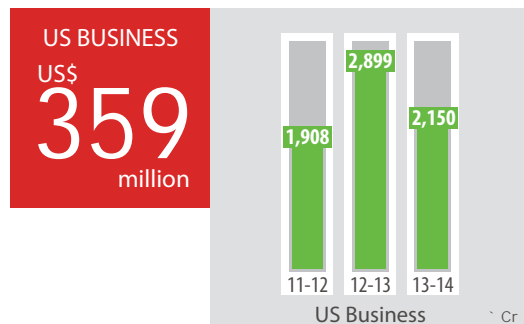
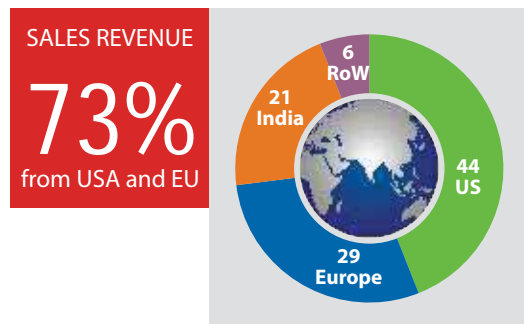
Healing is a universal need that goes beyond race and religion. Wockhardt's philosophy that quality is a constant that doesn't differentiate between classes and masses, has helped it set exacting standards of quality control regardless of the global markets it caters to.

Indeed, a global workforce of over 8600 employees across 21 nationalities reflects the company's multinational reach across all continents. A fact mirrored by Wockhardt's performance year after year that shows that a majority of the

company's revenues come from its international business.

In FY 2013-14 too, Wockhardt's domestic business contributed to 21% of sales while the US business contributed 44%, EU business contributed 29%, and other international markets accounted for 6% of total sales.

And Wockhardt's future focus will continue to focus on expanding its international business and exploring new markets worldwide.



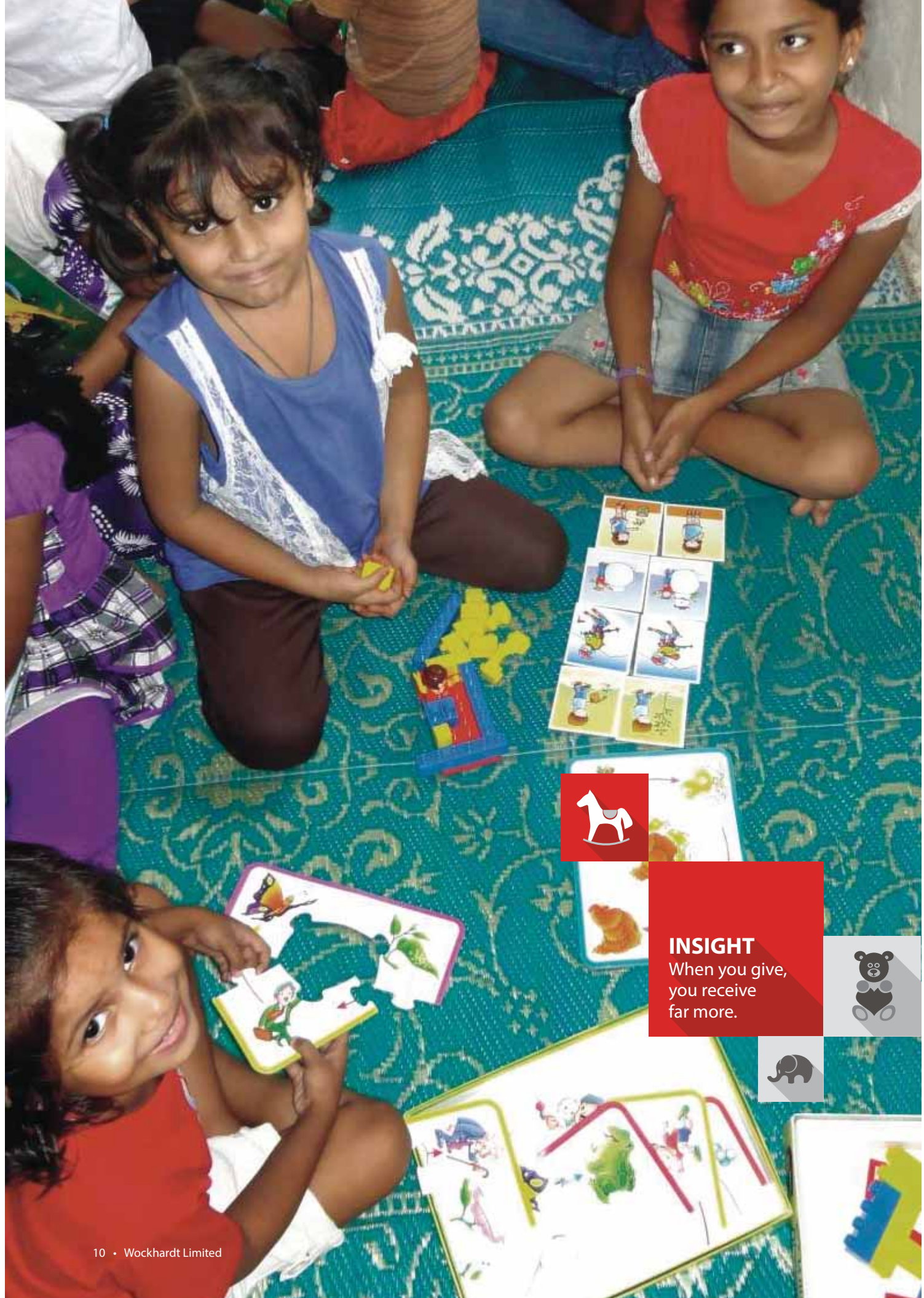
### OUR EUROPEAN EDGE



### OUR INDIA EDGE







**INSIGHT**  
When you give,  
you receive  
far more.







**Dr. Huzaifa Khorakiwala**  
**Executive Director, Wockhardt**  
**CEO, Wockhardt Foundation**

**OPPORTUNITY**  
 Increased  
 Happiness Quotient

In the words of Ben Carson, "Happiness doesn't result from what we get, but from what we give." And we at Wockhardt Foundation believe that we are happiest knowing that we have made a difference to the lives of the needy and underprivileged.

Our social commitment is driven by a voluntary choice that dictates that we pool together the knowledge, expertise and resources gained in our business and use it to create a positive

social impact. It is a mission adopted by every 'warrior' at Wockhardt Foundation, an individual commitment that translates into an organisational endeavour to alleviate pain and suffering.

Operating in the areas of healthcare, education, water and sanitation, Wockhardt Foundation's year-round efforts have managed to make over 16.5 million people smile across the country.

<b>Mobile 1000 (83 Vans)</b>	<b>94.88 lakh</b> patients checked with free medicines	<b>Mobile 1000 Eye (13 Vans)</b>	<b>1.1 lakh</b> patients screened and treated (89,443 patients screened, 10,987 cataracts treated, 9,676 glasses given)	<b>Mobile 1000 Urban (5 Vans)</b>	<b>0.73 lakh</b> patients checked with free medicines
<b>HIV/AIDS (WHARF)</b>	<b>3.68 lakh</b> times children benefited	<b>Wockhardt Health Education Institute</b>	<b>0.12 lakh</b> times students benefited	<b>SHUDHU (Water Purification Tablet)</b>	<b>44.32 lakh</b> times people benefited
<b>Bio-Toilet (8 Toilets)</b>	<b>1.38 lakh</b> times people benefited	<b>E-Learning (43 Schools)</b>	<b>18.75 lakh</b> times students benefited	<b>Khel Khel Mein (14 Toy Libraries)</b>	<b>0.63 lakh</b> times children benefited



**INSIGHT**  
In health lies  
true wealth.





**Zahabiya Khorakiwala**  
**Managing Director**  
**Wockhardt Hospitals\***

**OPPORTUNITY**  
 Demand for  
 Quality Healthcare

A Dutch proverb goes thus, "Sickness arrives on horseback but departs on foot." Indeed, diseases and ailments ravage the body, stress the mind and traumatise family and friends over time.

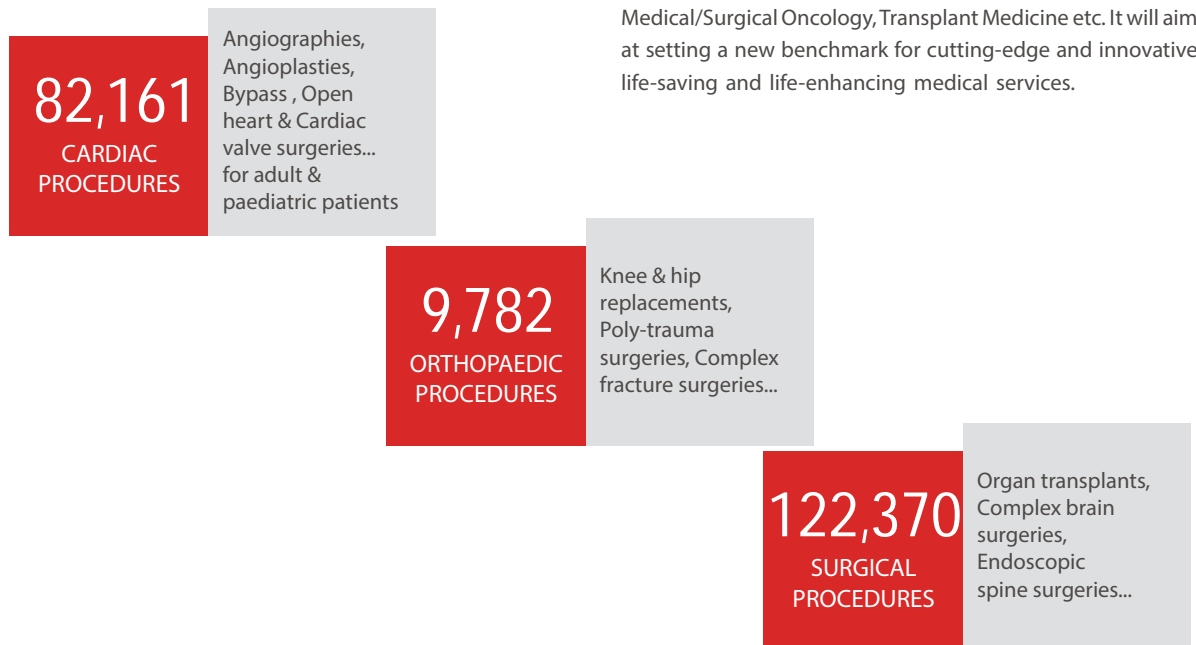
Quality healthcare is the need of the hour and Wockhardt Hospitals has emerged as a synonym for it. Wockhardt Hospitals is a super-speciality chain of eight hospitals delivering state-of-the-art healthcare services that seeks to narrow the gap with an offering of world-class, comprehensive treatment regimes in Cardiology, Neurosurgery, Orthopaedics, Critical Care, Oncology, Nephrology, Urology, etc.

Located across geographies with unmet medical needs, Wockhardt Hospitals' approach towards holistic healthcare,

beginning from effective emergency management to multidisciplinary treatment to robust rehabilitation, has set benchmarks for healthcare delivery in its area and location of operations.

Supported by Partners Medical International, Boston, USA; backed by cutting-edge technologies; and aided by some of the best healthcare professionals; Wockhardt Hospitals has redefined tertiary healthcare delivery and emerged as a supremely credible healthcare provider of choice.

Our recently opened hospital at South Mumbai is a 22-storey, 350-bed tertiary care centre equipped with state-of-the-art facilities and equipment. A New Age Hospital, it will be a Centre of Excellence providing services in all major super-specialities including Cardiac Sciences, Joint Replacements, Spine Surgery, Minimal Access Surgery, Medical/Surgical Oncology, Transplant Medicine etc. It will aim at setting a new benchmark for cutting-edge and innovative life-saving and life-enhancing medical services.



\* Wockhardt Hospitals, an unlisted company, is part of the Wockhardt Group



## BOARD OF DIRECTORS



**DR. HABIL KHORAKIWALA**  
Founder Chairman & Group CEO

Dr. Habil Khorakiwala founded Wockhardt in 1967. He has gone on to build a multinational enterprise active in the fields of pharmaceuticals, biotechnology and hospitals, and created one of India's leading healthcare businesses. Besides being a highly successful entrepreneur, he has also held many senior positions as an industry representative and is highly respected, both in India and abroad. As a former president of FICCI (Federation of Indian Chambers of Commerce & Industry) Dr. Khorakiwala represented India's business interests to many Presidents, Prime Ministers and Heads of State. He is currently the Chairman of the Board of Governors at the Centre for Organisation & Development in Hyderabad, a non-profit scientific and industrial research organisation and a recognised doctoral research centre.

He received the Shiromani Vikas Award in 1992 from Mother Teresa for his 'Outstanding and Inspiring Contribution to National Development'. A Harvard alumnus, Dr. Habil Khorakiwala is a member of the World Economic Forum and was a distinguished speaker at its 2008 Davos meeting. A graduate of Purdue University in the US, in 2010 he was awarded an honorary doctorate by his alma mater. He has also served as the Honorary Consul General of Sweden in Mumbai.



**MR. R A SHAH**  
Director

Mr. R A Shah has been a director of the Company since 2000. He is a senior partner of M/s Crawford Bayley & Co., a leading Mumbai firm of solicitors & advocates. He is on the boards of various other multinational and Indian companies. He has rich experience in the field of law and corporate affairs with special focus on foreign investments, joint ventures, technology and license agreements, intellectual property rights, mergers and acquisitions, industrial licensing, anti-trust laws, company law and taxation.



**MR. SHEKHAR DATTA**  
Director

Mr. Shekhar Datta has been a director of the Company since 2000. A mechanical engineering graduate, Mr. Datta has held directorships with Greaves Cotton Limited and Industrial Development Bank of India Ltd. He is a former member of the International Business Advisory Council of UNIDO. Mr. Datta is a former president of the Confederation of Indian Industry (CII), Bombay Chamber of Commerce & Industry and Indo-Italian Chamber of Commerce & Industry.



**MR. AMAN MEHTA**  
Director

Mr. Aman Mehta has been a director of the Company since 2004. An economics graduate, he has over 35 years of experience in various positions with the HSBC Group. He headed HSBC operations in the Middle East, America, Australia and Asia Pacific.





**MR. D S BRAR**  
Director

Mr. D S Brar was inducted as a director on the Board of Wockhardt in April 2012. He has a B.E. (Electrical) degree from Thapar Institute of Engineering & Technology, Patiala, and a Masters in Management (Gold Medallist) from Faculty of Management Studies, University of Delhi.

He has been associated with the pharmaceutical industry for over three decades. In the past, he has also served as director of the Reserve Bank of India (RBI) and is presently a member of the Board of Governors of the Indian Institute of Management, Lucknow (IIML).



**DR. SANJAYA BARU**  
Director

Dr. Sanjaya Baru was inducted as a director on the board of Wockhardt in April 2012. He holds a PhD and Masters Degree in economics from Jawaharlal Nehru University, New Delhi. Dr. Baru is director for Geo-economics and Strategy at the International Institute for Strategic Studies (IISS), London, and a Honorary Senior Fellow and member of the Governing Board, Centre for Policy Research, New Delhi.

In the past, he has been the official spokesman and media advisor to the Prime Minister of India.



**DR. HUZAIFA KHORAKIWALA**  
Executive Director

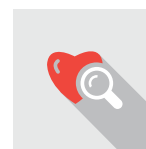
Dr. Huzaifa Khorakiwala is a Commerce graduate from Mumbai University. He holds a Masters degree in Business Management from Yale University School of Management, USA. He joined the company in July 1996 and over the years, has run various Wockhardt businesses and served in Corporate Administration. He devotes a significant part of his time to Wockhardt's corporate social responsibility activities. He serves as CEO of the Wockhardt Foundation.



**DR. MURTAZA KHORAKIWALA**  
Managing Director

Dr. Murtaza Khorakiwala joined Wockhardt in 2000. He graduated in medicine from GS Medical College, Mumbai and also holds an MBA degree from the University of Illinois, USA.

He is responsible for the overall management and operations of the company. A driving force behind Wockhardt's Global Strategic Planning, his young and dynamic leadership has been the springboard for various corporate initiatives in the transformation of Wockhardt. He is a member of the executive committee of the Indian Pharmaceutical Association (IPA).



## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Fifteenth Annual Report of the Company along with the Audited Accounts for the financial year ended March 31, 2014.

## FINANCIAL PERFORMANCE

	(` in crore)	
	Year ended March 31, 2014	Year ended March 31, 2013
<b>Consolidated</b>		
Income	<b>4,869</b>	5,772
Profit Before Depreciation, Finance Cost & Tax	<b>1,018</b>	2,166
Profit/(Loss) Before Exceptional Items & Tax	<b>841</b>	1,799
Exceptional Items (Expense)/Income	<b>50</b>	61
Profit/(Loss) Before Tax	<b>891</b>	1,860
Provision for Taxation (Expense)/Credit	<b>(48)</b>	(265)
Share of Profit/(Loss) from Associates	-	(1)
Minority Interest (Profit)/Loss	<b>(2)</b>	-
Net Profit/(Loss)	<b>841</b>	1,594
<b>Standalone</b>		
Income	<b>2,125</b>	2,628
Profit Before Depreciation, Finance Cost & Tax	<b>385</b>	640
Profit/(Loss) Before Exceptional Items & Tax	<b>215</b>	425
Exceptional Items (Expense)/Income	-	288
Profit/(Loss) Before Tax	<b>215</b>	713
Provision for Taxation (Expense)/Credit	<b>(16)</b>	(91)
Profit/(Loss) After Tax	<b>199</b>	623

For the year ended March 31, 2014, the Company registered Consolidated Income of ` 4,869 crore and Net Profit of ` 841 crore. On standalone basis, the Company registered income of ` 2,125 crore and Net Profit of ` 199 crore.

During the year, the Company has received regulatory alerts from USFDA on two of its manufacturing units located in Aurangabad. The said action did not affect the sale of inventories which were already lying in USA, thereby assuring no quality concerns on the products. Further, USFDA has also excluded 6 products and the supply of the same continues to the US market.

The Company has also received restricted GMP certificate from the UKMHRA for its manufacturing facilities at Aurangabad & Daman. The UKMHRA has however, allowed the Company to manufacture and supply 21 products. The UKMHRA had also initiated drug recalls for the products manufactured at two Aurangabad facilities, but has categorically mentioned that the recalls were only precautionary and there was no risk to patient safety.

The above has resulted in inventory write-off as well as decline in the sales and profitability during the year.

During the year, the company has reviewed its technical operations and as a result of the same has directed its energies into strengthening and upgrading its Quality & Manufacturing operations. The company has initiated a number of improvement measures to ensure creation of a robust, sustainable and compliant operating framework on a consistent basis. Some of these measures include restructuring and strengthening Quality & Manufacturing functions, initiating extensive training programs for upgrading competencies and improving information system security and integrity.

## DIVIDEND AND RESERVES

During the year 2013-2014, the Board of Directors of the Company had declared and paid two interim dividends @100% each, totaling to 200% (` 5/- per equity share of ` 5/- each) absorbing ` 109.75 crore.

The Board recommends dividend @ 0.01% (` 0.0005 per Preference Share of ` 5/- each) on 47,56,59,941 Non-Convertible Cumulative Redeemable Preference Shares of ` 5/- each and 12,14,54,927 Optionally Convertible Cumulative Redeemable Preference Shares of ` 5/- each, absorbing a sum of ` 2,98,557/- and dividend distribution tax of ` 50,740/-.

An amount of ` 19.86 crore is proposed to be transferred to the General Reserves of the Company out of the profits of the Company for the year.



## CHANGES IN CAPITAL STRUCTURE

During the year under review, the issued, subscribed and paid-up equity share capital increased to ` 54,87,55,765/- pursuant to the allotment of 1,67,750 equity shares of ` 5/- each against exercise of employee stock options granted to the employees of the Company under Wockhardt Employee Stock Option Scheme - 2011 ("ESOP Scheme").

## DIRECTORS

The Board of Directors of the Company at their meeting held on February 9, 2014 re-appointed Dr. Huzaifa Khorakiwala (DIN: 02191870) as "Executive Director" and Dr. Murtaza Khorakiwala (DIN: 00102650), as "Managing Director", liable to retire by rotation for a period of Five (5) years w.e.f. March 31, 2014 subject to the approval of members in ensuing Annual General Meeting. The Board recommends their re-appointment. Further, pursuant to the provisions of Section 152 of the Companies Act, 2013 (the 'Act'), Dr. Huzaifa Khorakiwala, Executive Director retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Pursuant to Section 149 of the Companies Act, 2013, the Board proposes to appoint Mr. Rajendra Ambalal Shah (DIN: 00009851), Mr. Shekhar Datta (DIN: 00045591), Mr. Aman Mehta (DIN: 00009364), Mr. Davinder Singh Brar (DIN: 00068502) and Dr. Sanjaya Baru (DIN: 05344208), existing Independent Directors as Non-Executive Independent Directors of the Company for a term of five consecutive years with effect from April 1, 2014 to March 31, 2019, subject to the approval of members at the ensuing Annual General Meeting of the Company. These Independent Directors shall not be liable to retire by rotation.

A brief resume and other details of Dr. Huzaifa Khorakiwala, Dr. Murtaza Khorakiwala and all Independent Directors as required under clause 49 (IV) (G) of the Listing Agreement are provided in the Notice of Annual General Meeting and forms part of this Annual Report.

## STATUTORY AUDITORS

M/s Haribhakti & Co. (ICAI Firm Registration No: 103523W), the Statutory Auditors, hold office upto the conclusion of the ensuing Annual General Meeting.

M/s Haribhakti & Co. are Statutory Auditors of the Company from the financial year 2009-2010. It is proposed to appoint M/s Haribhakti & Co. as Statutory Auditors to hold office for a term of five years i.e. from conclusion of Fifteenth Annual General Meeting till the conclusion of Twentieth Annual General Meeting of the Company (subject to ratification by Members at every Annual General Meeting). M/s Haribhakti & Co. have expressed their willingness to act as Auditors of the Company, if appointed, and have further confirmed that the said appointment would be in conformity with the provisions of Section 140 of the Companies Act, 2013.

## AUDITORS' REPORT

The Independent Auditors' Report issued by the Statutory Auditors to the Shareholders does not contain any qualifications. We draw your attention to Note No. 5 of the Independent Auditors' Report regarding matter of emphasis. The clarification of the same is provided in Note No. 47 of Notes to Accounts of the standalone accounts.

## COST AUDITORS

The Board of Directors of the Company has appointed M/s Kirit Mehta & Co., Cost Accountants as Cost Auditors for the Audit of Cost Accounts relating to Pharmaceutical Activity of the Company for the year ended March 31, 2014 and for the year ending March 31, 2015. Pursuant to the provisions of Section 148 of the Companies Act, 2013 and the Rules made there under, the resolution for the ratification of the remuneration payable to M/s Kirit Mehta & Co. is placed for the approval of the members of the Company at ensuing Annual General Meeting.

The Company has filed the cost audit reports for the year ended March 31, 2013 with the Ministry of Corporate Affairs within due date i.e. on September 27, 2013.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors, based on the representation received from the operating management, confirm that:

- in the preparation of annual accounts, the applicable accounting standards have been followed;
- in order to provide a true and fair view of the state of affairs of the Company as on March 31, 2014 and the profits for the year ended on that date, reasonable and prudent judgments and estimates have been made and generally accepted accounting policies have been selected and consistently applied;
- for safeguarding the assets of the Company and for preventing and detecting any material fraud and irregularities, proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956;
- the annual accounts presented to the members have been prepared on a going concern basis.



### **FIXED DEPOSITS**

During the year under review, no fixed deposits were accepted by the Company.

### **PARTICULARS OF EMPLOYEES**

Information as prescribed under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, amended from time to time forms part of this report. As per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to the shareholders of the Company excluding the statement of particulars of employees under Section 217 (2A) of the Companies Act, 1956. Any shareholder interested in inspection or obtaining a copy of the statement may write to the Secretarial Department at the Registered Office of the Company.

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO**

The information pursuant to Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are provided in Annexure I to this report.

### **EMPLOYEE STOCK OPTIONS**

During the year under review, no stock options were granted under Wockhardt Employee Stock Option Scheme - 2011. However, details pursuant to SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) are provided in Annexure II to this report.

### **SUBSIDIARY COMPANIES & LEGAL COMPLIANCE**

The Company has 31 subsidiaries as on March 31, 2014. The Ministry of Corporate Affairs vide its circular dated February 8, 2011 granted general exemption under Section 212 (8) of the Companies Act, 1956 to the Companies with regard to attaching of the balance sheet, profit and loss account and other documents of the Subsidiary Companies. Accordingly, the annual accounts and other documents of the Company's subsidiaries for the year ended March 31, 2014 are not attached to this Annual Report. The annual accounts of the subsidiaries will be available for inspection by any member of the Company at the Registered Office of the Company and also at the Registered Office of the concerned subsidiaries. The annual accounts of the subsidiary companies and detailed information will be made available to the members of the Company and subsidiaries upon receipt of request from them. A statement pursuant to the provisions of Section 212 (1) (e) of the Companies Act, 1956 and the summary of the key financials of the Company's subsidiaries are included in this Annual Report. Pursuant to Clause 32 of the Listing Agreement and Accounting Standard AS-21, the Audited Consolidated Financial Statements for the financial year ended March 31, 2014 forms part of this Annual Report.

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

A Report on Corporate Governance along with a certificate from the Practicing Company Secretary on compliance of the conditions of Corporate Governance pursuant to the Clause 49 of the Listing Agreement and Management Discussion and Analysis Report are given separately in this Annual Report.

### **ACKNOWLEDGEMENTS**

Your Directors acknowledge the significant contribution made by the employees of the Company at all levels towards its overall success. The Directors also take this opportunity to place on record their appreciation to all the stakeholders, bankers and members of medical profession for their continued support to the Company.

For and on behalf of the Board

**DR. H. F. KHORAKIWALA**  
Chairman

Mumbai, May 26, 2014

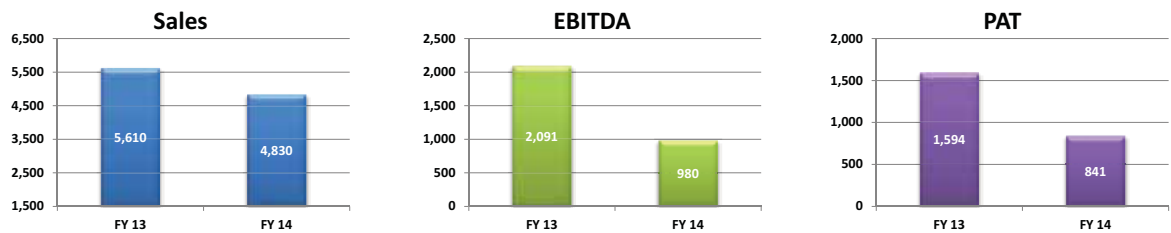




**MANAGEMENT DISCUSSION & ANALYSIS**

2013-14 was a challenging year for Wockhardt where the focus shifted significantly towards ensuring the compliance and regulatory aspect of the organization. Two export oriented plants of the company received import alert from the US and UK regulatory agencies. While the US business was strongly impacted, the UK business impact was not very high given the nature of products and large share of locally manufactured products in UK. The organization on its part developed a strong remedial plan of action. These actions included organizational restructuring, involving consultants to advice upon improving the entire compliance management system, strengthening training system to keep people abreast of new regulations, enhancing higher technological control to ensure it is back into regular business status as early as possible.

The Indian Domestic Branded and Generic business, Pinewood (Ireland) and the Rest of World (ROW) business were stable.



**REVENUES**

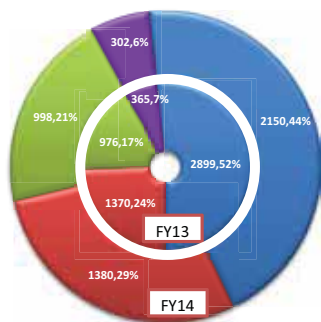
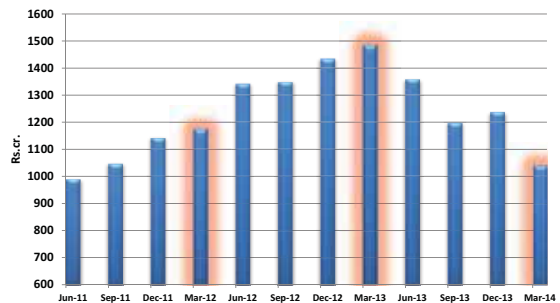
Net Sales declined by 14% to ` 4,830 crore from ` 5,610 crore achieved during the previous year.

	FY 14	FY 13	Change	% Change
Revenue from operations	4,830	5,610	(780)	-14%

Due to the above regulatory actions, the sequential growth trend got breached beginning from the second quarter of FY 2014.

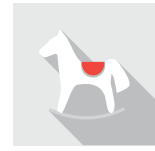
The Revenue de-Growth in FY 2014 is explained by de-growth in US market, de-growth in European market (excluding France) & marginal increase in India & Emerging market & rupee devaluation.

**Quarterly Sales Excluding Nutrition**



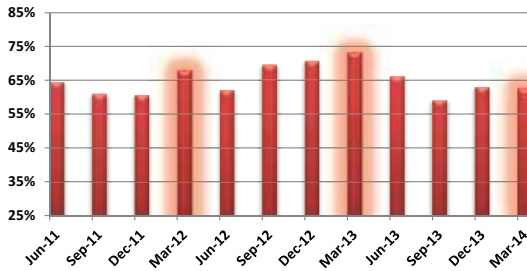
The revenue split is still led by US operations at 44% (compared to 52% as in FY 2013) while European Business contributed 29% (compared to 24% in FY 2013) & India and Rest of the World contributed 27% (compared to 24% in FY 2013).

■ US ■ EU ■ India (excl Nut) ■ ROW



**PROFITABILITY**

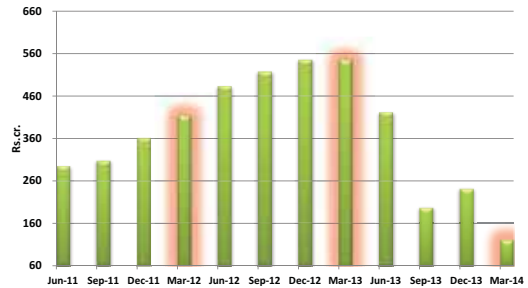
**Gross Margin %**



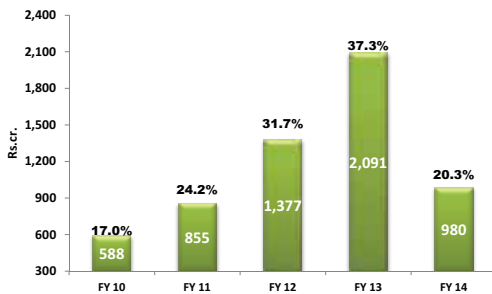
The Gross Margins have consistently stayed above 55% from June-11 onwards.

The decrease in EBITDA is explained largely by de-growth in the US market.

**Quarterly EBITDA**



**EBITDA & EBITDA Margins**

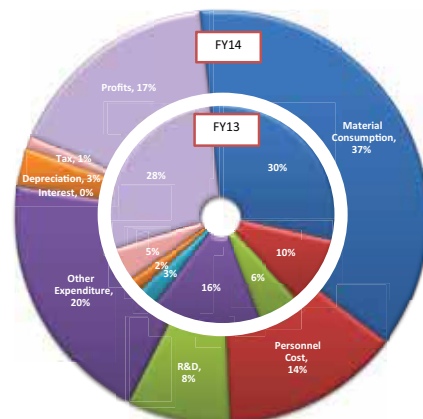


Company's EBITDA margins declined to 20.3% in FY 14 compared to 37.3% in the previous year.

Material consumption for FY 14 stood at 37% of sales compared to 30% in FY 13, largely due to declining overall realizations. US being a better margin geography and lower contribution in sales from US business resulted in decline in Gross Margins for the company.

The emphasis on R&D continued with R&D costs for FY 14 going up by ` 90 Crore on absolute basis and in terms of % to sales improving to 8.3% in FY 14 compared to 5.6% in previous year.

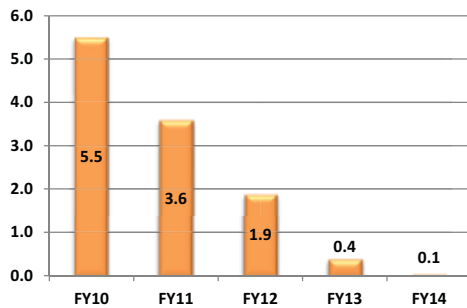
Other expenses were at 20% of sales for FY 14 compared to 16% for FY 13. Interest costs reduced substantially in FY 14 compared to FY 13 due to reduction in Debt during the year.





**DEBT AND LEVERAGE**

**Net Debt / Equity**



The Net Debt to Equity ratio has now come down to 0.05.  
 During the year the company repaid loans of ₹ 459 crore.

**Debt Position**

₹ in crores

	<b>FY 14</b>	<b>FY 13</b>	<b>Change</b>	<b>% Change</b>
<b>Secured</b>	<b>1,898</b>	2,054	(155)	(8%)
<b>Unsecured</b>	<b>8</b>	17	(9)	(54%)
<b>Total</b>	<b>1,906</b>	2,070	(164)	(8%)

**REGULATORY CHALLENGE**

During the year, the company faced a challenge in managing the compliance requirements from the regulating authorities from US FDA and UK MHRA. The warnings and alert however did not impact the inventories lying in USA which indicates that there is no serious quality concern as far as manufactured products is concerned but lacking the requirements in regulation and regulatory practices as per the current Good Manufacturing Practices (cGMP), which is a dynamic body of regulatory practices. Further, USFDA has also excluded 6 products and the supply of the same continues to the US market from the same plants. The actions by UKMHRA were however less severe, allowing the Company to manufacture and supply 21 products. The UKMHRA had also initiated drug recalls for the products manufactured at two Aurangabad facilities, but has categorically mentioned that the recalls were only precautionary and there was no risk to patient safety.

Faced with the import alert and warnings in its manufacturing plants making drugs for these two markets, the company undertook a remedial exercise to improve the conditions and bring the operations back to approvable levels for these two markets. The manufacturing and compliance organizations were restructured to ensure appropriate coverage of every aspect that falls under the purview of the regulatory agencies with a clear identification, diagnosis and resolution plan of action for any reported incident. Further all critical activities in these domains have been identified and Standard Operating Procedures (SOPs) have been modified to make them and other activities easier to manage and improve the overall quality outcome. The Top Management is directly involved in the exercise and is assisted by ex-FDA consulting experts who helped design a gamut of activity to manage the manufacturing process and identify critical check. The organization along with these experts have also developed and put in place a long term learning and training program for all those involved in the manufacturing and compliance activities so that they can be appropriately appraised with the latest changes in regulatory practices and undertake a certification courses for the same. Another major initiative has been enhancement of technological advancement within these setups to bring them to the advanced scale and a slew of major Information Technology (IT) consultants are involved in the same. This would also minimise the human intervention and thus reduce the risk of error.

The organization believes that these challenges will be met with the stringent practices and improvement of SOPs and the organization will be back on track in these geographies in near future.

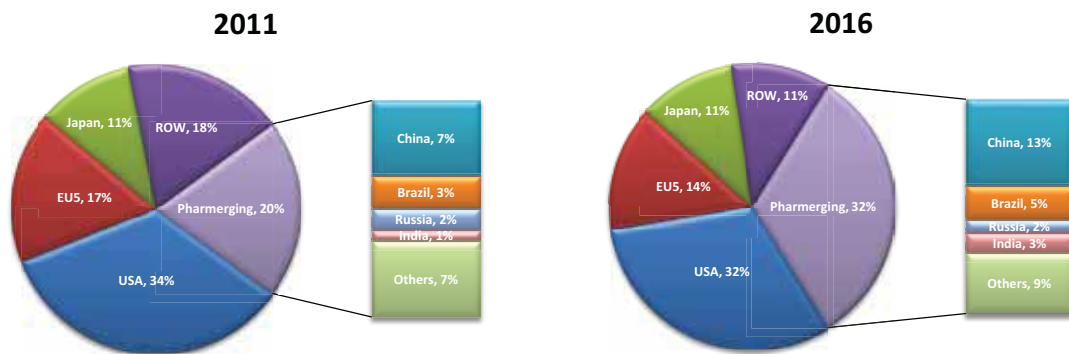


**GLOBAL OUTLOOK**

The relatively matching pace of patented products growth and products getting into generic space in regulated countries coupled with a large grown base in emerging countries has ensured that the global growth of pharmaceutical industries stays in lower single digits. The market is projected to become a trillion dollar one between 2014 and 2015 and would grow up to \$ 1.2 Trillion by 2017-18.

However the emerging markets like China, India, Russia and Brazil, where the growth over a 5 year period is expected to be in double digits CAGR, will be the centre of focus. These economies not only contribute significantly towards the overall emerging market growth but also undertake a significant share of generic product development and manufacturing for the regulated markets.

**Geographical Spread**



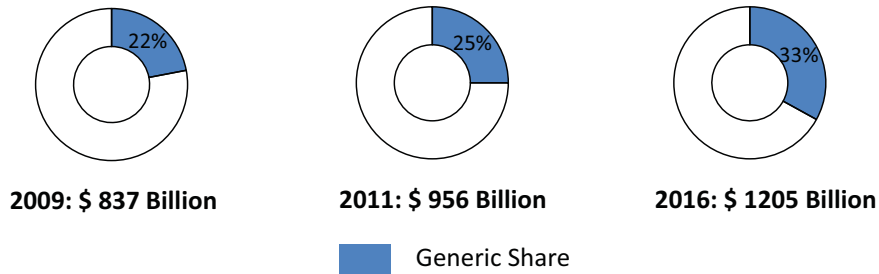
- USA, the world top consumer of medicines, has been growing at a snail pace, in fact even de-grew though just a little bit in 2013. Primarily the pace of generics and the patent cliff maturing has created significant shift in the overall spending pattern towards generic medicines, which come at a small fraction of the originators price, and thus the small growth. Besides its large base makes it very difficult to grow in high single digit or low double digits. The expected market size of US is set to grow to \$ 360-380 Billion by 2016.
- Japan is on the forefront of a concerted effort by the government to induce higher generic drugs contribution going forward. While the population growth is largely stagnant, there is a significant growth in ageing population and thus the increase in medical expenditure has initiated this move. Japan, with its primarily innovator drug oriented approach till 2012 had 12% of the global market, is expect to reduce its share to 9% by 2017.
- EU5 (UK, France, Italy, Germany, Spain), however, finds itself in a difficult territory with mounting national debts, healthcare spending cuts being implemented on providers including pharmaceutical companies and an overall slow or negative growth rates. Market does carry a risk of degrowth for a certain period of time while the overall economy manages to claw back. Pharmaceutical market growth (CAGR) is expected to be in -1 to 2% range with almost flattish revenue at \$150-155 Billion in 2016. The EU pharma global share is expected to reduce from over 15% in 2012 to 13% by 2017.
- In the space of 5 years between 2012-17, China will overtake both EU5 and Japan in global contribution with 15% market share from the current 8%. China's growth will remain robust, though lower than previously forecast as the macroeconomic outlook weakens and measures are taken to constrain expansion of medicine spending. Volume-based growth will be driven by Chinese government plans to better the healthcare and medical services.
- India is expected to register second highest growth after China at 14-17% CAGR and is expected to grow its market size to \$20-22 Billion by 2017. The growth will continue to primarily come from expansion of generic market and products. The country has seen a slew of coordinated initiatives in healthcare and that could drive the markets even further.





### Generic Penetration

The potential for the Generics market to grow globally is immense considering patent expiries, cuts in healthcare spending and increasing importance of pharma emerging economies.



Generics market will continue the momentum across the world and particularly in the USA. The Shift from Branded to Generics will gather further pace as total Global sales of generics will increase from \$ 242 Billion in 2011 to \$415 Billion by 2016, a large component of which will be outside USA. The Generics market growth will be way ahead of the growth curve of the overall growth. A large component of this value, \$230 Billion, will be from Pharmedging countries.

### OPPORTUNITIES

The company has direct presence in most of the large pharma markets globally including USA and UK. Back home in India, the company is a strong player in pain, diabetes, respiratory and CNS market among other therapies. This market access to the major centres has enabled the company to successfully launch a series of products in various geographies and have a strong position in the regions it operates in. Except for USA, where the recent compliance related setbacks have impacted the company, the company has maintained a strong market positions. As the generic and biotech opportunities in the Regulated and Emerging Countries' increase, the company is well poised to strengthen its position by leveraging on its multidisciplinary Research capabilities and global manufacturing setup. In addition the company has identified LATAM region as the next key strategic market for its expansion. The LATAM market is currently over \$65 billion in revenues and growing at 15% with Brazil as the largest contributor. During the last 2 years Wockhardt has developed a strong organizational structure and also introduced products in the markets.

The hybrid R&D program involving complex generics, biotechnology and new drug discovery programs provides for the strong base for its future growth. The higher degree of complexity in products technologies has benefited the company with the dividends of better product offerings, higher sales and margins and lower competition. The company intends to continue on this path and move up the technology pyramid to continue exploiting these benefits.

India business represents a strong business opportunity with its growth potential second to none barring China. However these opportunities are laden with price increase challenges on a host of products due to government initiatives on National Pricing Policy on certain critical drugs. The challenge will be to ensure alignment to the growth parameters and growing ahead of the market with the help of new product development, higher volume sales while adhering to the Pricing regulations where applicable.

### RESEARCH

The company's Research and development forays into Complex Technology Generics in current horizon, Biotechnology in medium horizon and new drug discovery program in long term horizon places it in among a select few Hybrid Organizations which have multidimensional research facets. Over the period of time it has significantly scaled up its R&D talent and facilities as per the requirements of its future plans. It has established R&D centres in India, US and Europe to cater to the technological needs of the products. The senior/top management takes a keen view and direct involvement in the product development program and has a stringent set of norms in identifying the potential products for development.

Building upon the technological base it has already achieved in NDDS, Nasal device etc. technologies, the company looks forward to enhance its scale and product offerings in complex technology generics. Company's current pipeline consists of 62 filings with US FDA and intends to gradually increase the number of filings for sustained business returns.



The company has very focused approach to its Biotechnology program in developing biosimilars of Insulin and its analogs. Regulated markets are currently underway in developing biosimilar launch guidelines, 2 products (Insulin and Glargine) have already been launched in India as well as have product registrations in 34 countries for Insulin and 5 for Glargine. The European regulatory agencies have already clarified their positive stance on launch of biosimilars and have provided significant support towards the same. In recent gestures from US, the world's largest market, the USFDA has also indicated positive signals as it allows the companies to initiate the biosimilar clinical studies. This could well be the precursor of the final guidelines from FDA in near term.

The Company spent ` 450 crore on R&D activities, representing 9.3% of sales (previous year ` 376 crore; 6.7% of sales).

### SEGMENT-WISE PERFORMANCE

The company is exclusively into pharmaceutical business segment.

### COMPANY OUTLOOK

The company's long term outlook continues to be promising given the following

- a. Overall growth in the global pharmaceutical industry
- b. Wockhardt's continued focus on R&D
- c. Company's global reach
- d. Increasing pipeline of niche & complex technology generic products
- e. Encouraging progress on Bio-similars and NCE programs.

There will be business impact in the short term though given the restriction on supply of products to USA.

### INTERNAL CONTROL SYSTEMS AND ADEQUACY

The company has set up internal control procedures commensurate with its size and nature of the business. These business procedures ensure optimum use and protection of the resources and compliance with the policies, procedures and statutes. The internal control systems provide for well-defined policies, guidelines and authorizations and approval procedures. The prime objective of such audits is to test the adequacy and effectiveness of the internal controls laid down by management and to suggest improvements.

The organization has spawned various compliance management groups at macro and micro levels to ensure the learning from the recent audits and warnings from regulatory bodies were well imbibed into the culture of the organization and worked upon.

### HUMAN RESOURCES

Talent management and retention is one of the major concerns across the spectrum of various businesses. The importance and impact of the same is significantly visible in the business outcomes of the organization. Taking this into its stride, Wockhardt over the last few years had initiated a coordinated effort spanning multiple initiatives and programs to ensure all its associates live the corporate mantra of "Joy of Performance".

One of the major dynamics of these initiatives is the identification of high potential candidates and charting out their future path to sustain the organization's momentum. Furthermore the organization has formulated a strong Leadership Development Program to ensure that the future leaders of the organization are not only identified early but presented with personality and leadership development scenarios which thus expand their capabilities to take higher and newer challenges.

The organization is strongly aligned to nurture competencies in its associate and all the way from the field sales to R&D to Manufacturing domains. This is a critical component of its success and will play a significant part in organization's journey into higher echelons of a superior hybrid organization.

The Company has adopted a Policy on Prevention and Redressal of Sexual Harassment at the Workplace, with the objective to created and provide a work environment that is safe, civilized, free front any sort of hostility and supportive to the diversity and dignity of all employees, where employees feel secure, provide protection to the employees at the workplace and for prevention and redressal of complaints of sexual harassment and for matters connected or incidental thereto.

**INDEPENDENT AUDITORS' REPORT  
ON THE CONSOLIDATED FINANCIAL STATEMENTS OF WOCKHARDT LIMITED****To the Board of Directors of Wockhardt Limited**

1. We have audited the accompanying Consolidated Financial Statements of Wockhardt Limited ("the Company") and its subsidiaries and associates (the Company, its subsidiaries and associates constitute "the Group") which comprise the Consolidated Balance Sheet as at March 31, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Consolidated Financial Statements**

2. Management is responsible for the preparation of these Consolidated Financial Statements on the basis of separate financial statements and other financial information regarding components that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

3. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the Consolidated Financial Statements that give a true and fair view 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 Consolidated Financial Statements.

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

**Opinion**

4. We report that the Consolidated Financial Statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 "Consolidated Financial Statements" and Accounting Standard (AS) 23 "Accounting for Investments in Associates in Consolidated Financial Statements" as notified pursuant to the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate financial statements of Wockhardt Limited, its subsidiaries (including subsidiaries of subsidiaries), and associates.

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries and associates as mentioned in the 'Other Matter' paragraph below, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

**Emphasis of Matter**

5. We draw attention to Note 31 to the Consolidated Financial Statements with regard to regulatory alert received by the Company on certain manufacturing units from the USFDA and UKMHRA due to which there has been a decline in the sales and the profitability for the year and provision has been made of ₹ 110 crore towards inventory write-off and recall cost. Our opinion is not qualified in respect of this matter.

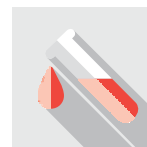
**Other Matter**

6. We did not audit the financial statements of 25 subsidiaries, whose financial statements reflect total net assets of ₹ 2,950.35 crore as at March 31, 2014, total net revenues of ₹ 1,563.29 crore and net cash outflows amounting to ₹ 273.26 crore for the year then ended. We also did not audit the financial statements of one associate, whose aggregate share of net loss amounting to ₹ 0.01 crore is included in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion is based solely on the reports of the other auditors. Our opinion is not qualified in respect of this matter.
7. The values in the Consolidated Financial Statements are also stated in United States Dollars translated at the closing year end rates. We have not reviewed the translations of the amounts mentioned in United States Dollar in the financial statements, and accordingly do not express an opinion on such amounts.

For **Haribhakti & Co.**  
Chartered Accountants  
Firm Registration No. 103523W

**Shailesh Haribhakti**  
Partner  
Membership No. 30823

Place : Mumbai  
Date : May 26, 2014



**CONSOLIDATED BALANCE SHEET**

As at March 31, 2014

	Note No.	As at March 31, 2014 in crore	As at March 31, 2014 USD in million	As at March 31, 2013 in crore	As at March 31, 2013 USD in million
<b>EQUITY AND LIABILITIES</b>					
<b>SHAREHOLDERS' FUNDS</b>					
Share capital	3	353.43	58.96	353.34	65.10
Reserves and surplus	4	3,228.04	538.40	2,350.84	433.14
		<b>3,581.47</b>	<b>597.36</b>	2,704.18	498.24
<b>MINORITY INTEREST</b>					
		<b>136.17</b>	<b>22.71</b>	-	-
<b>NON-CURRENT LIABILITIES</b>					
Long-term borrowings	5	1,102.30	183.85	1,475.15	271.80
Deferred tax liabilities (Net)	6	6.90	1.16	-	-
Long-term provisions	7	51.98	8.67	69.85	12.87
		<b>1,161.18</b>	<b>193.68</b>	1,545.00	284.67
<b>CURRENT LIABILITIES</b>					
Short-term borrowings	8	210.20	35.06	182.00	33.53
Trade payables	9	557.79	93.03	634.15	116.84
Other current liabilities	10	947.70	158.06	789.96	145.53
Short-term provisions	11	27.51	4.59	167.37	30.84
		<b>1,743.20</b>	<b>290.74</b>	1,773.48	326.74
<b>TOTAL</b>		<b>6,622.02</b>	<b>1,104.49</b>	6,022.66	1,109.65
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
<b>FIXED ASSETS</b>					
	12				
Tangible assets		1,339.49	223.42	1,150.38	211.95
Intangible assets		955.14	159.31	839.22	154.63
Capital work-in-progress		707.53	118.01	490.94	90.45
Non-current investments	13	2.62	0.43	2.63	0.48
Deferred tax assets (net)	6	-	-	24.20	4.45
Long-term loans and advances	14	235.86	39.33	183.35	33.79
Other non-current assets	15	25.46	4.25	5.01	0.92
		<b>3,266.10</b>	<b>544.75</b>	2,695.73	496.67
<b>CURRENT ASSETS</b>					
Current investments	16	573.98	95.74	-	-
Inventories	17	992.89	165.59	1,058.83	195.10
Trade receivables	18	481.04	80.23	958.46	176.59
Cash and Bank Balances	19	1,125.80	187.79	1,096.06	201.94
Short-term loans and advances	20	182.21	30.39	213.58	39.35
		<b>3,355.92</b>	<b>559.74</b>	3,326.93	612.98
<b>TOTAL</b>		<b>6,622.02</b>	<b>1,104.49</b>	6,022.66	1,109.65
Significant accounting policies	2				

The notes from 1 to 42 form an integral part of the Financial statements.

As per our attached report of even date

**For Haribhakti & Co.**  
Chartered Accountants  
Firm Registration No. 103523W

**Shailesh Haribhakti**  
Partner  
Membership No. 30823

**V. R. Khetan**  
Company Secretary

Place : Mumbai  
Date : May 26, 2014

For and on behalf of the Board of Directors

**H. F. Khorakiwala**  
Chairman  
**Huzaifa Khorakiwala**  
Executive Director  
**Murtaza Khorakiwala**  
Managing Director

**R. A. Shah**  
**Shekhar Datta**  
**Aman Mehta**  
**D. S. Brar**  
**Sanjaya Baru**

Directors



**CONSOLIDATED STATEMENT OF PROFIT AND LOSS**

For the Year Ended March 31, 2014

	Note No.	For the year ended March 31, 2014 ₹ in crore	For the year ended March 31, 2014 USD in million	For the year ended March 31, 2013 ₹ in crore	For the year ended March 31, 2013 USD in million
Revenue from operations	21	4,835.87	806.58	5,615.19	1,034.58
Less: Excise duty		(5.51)	(0.92)	(5.77)	(1.06)
Revenue from operations (net)		4,830.36	805.66	5,609.42	1,033.52
Other income	22	38.40	6.41	51.21	9.44
<b>TOTAL REVENUE</b>		<b>4,868.76</b>	<b>812.07</b>	5,660.63	1,042.96
Expenses:					
Cost of materials consumed		958.84	159.90	1,290.77	237.80
Purchases of stock-in-trade		774.71	129.20	637.06	117.40
Changes in inventories of finished goods, work-in-progress and stock-in-trade	23	72.70	12.30	(180.27)	(33.22)
Employee benefits expense	24	768.63	128.20	655.90	120.85
Finance costs	25	83.35	13.90	215.37	39.67
Depreciation and amortization expense	12	139.92	23.34	122.14	22.50
Exchange fluctuation loss/(gain), net		(45.88)	(7.65)	27.88	5.14
Other expenses	26	1,275.65	212.77	1,115.61	205.53
<b>TOTAL EXPENSES</b>		<b>4,027.92</b>	<b>671.96</b>	3,884.46	715.67
<b>PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX</b>		<b>840.84</b>	<b>140.11</b>	1,776.17	327.29
Exceptional items (gains)/loss [including profit on sale of Nutrition business of ₹ 1,195.27 crore in previous year]	31	(49.83)	(8.31)	(61.52)	(11.33)
<b>PROFIT BEFORE TAX</b>		<b>890.67</b>	<b>148.42</b>	1,837.69	338.62
Tax expense:					
Current tax		(55.50)	(9.13)	(371.65)	(68.48)
MAT credit		45.23	7.43	-	-
Tax for earlier years		8.08	1.33	-	-
Deferred tax		(45.69)	(7.62)	113.44	20.90
<b>PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS</b>		<b>842.79</b>	<b>140.43</b>	1,579.48	291.04
<b>PROFIT FROM DISCONTINUED OPERATIONS</b>	40	-	-	22.51	4.15
Tax expense of discontinued operations		-	-	7.30	1.35
<b>PROFIT FROM DISCONTINUED OPERATIONS (AFTER TAX)</b>		-	-	15.21	2.80
<b>PROFIT AFTER TAX BEFORE SHARE OF PROFIT/(LOSS) OF ASSOCIATES AND MINORITY INTEREST</b>		<b>842.79</b>	<b>140.43</b>	1,594.69	293.84
Add: Share in Profit/(Loss) of Associate Companies		(0.01)	-	(0.57)	(0.11)
Minority Interest – Profit		2.07	0.35	-	-
<b>NET PROFIT FOR THE YEAR</b>		<b>840.71</b>	<b>140.08</b>	1,594.12	293.73
Earnings per equity share of face value of ₹ 5/- each:	29				
(1) Basic		76.64	1.28	145.61	2.68
(2) Diluted		75.71	1.26	143.34	2.64

Significant accounting policies

2

The notes from 1 to 42 form an integral part of the Financial statements.

As per our attached report of even date

**For Haribhakti & Co.**  
Chartered Accountants  
Firm Registration No. 103523W

**Shailesh Haribhakti**  
Partner  
Membership No. 30823

Place : Mumbai  
Date : May 26, 2014

**V. R. Khetan**  
Company Secretary

For and on behalf of the Board of Directors

**H. F. Khorakiwala**  
Chairman  
**Huzaifa Khorakiwala**  
Executive Director  
**Murtaza Khorakiwala**  
Managing Director

**R. A. Shah**  
**Shekhar Datta**  
**Aman Mehta**  
**D. S. Brar**  
**Sanjaya Baru**

Directors



**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the Year Ended March 31, 2014

	For the year ended March 31, 2014 in crore	For the year ended March 31, 2014 USD in million	For the year ended March 31, 2013 in crore	For the year ended March 31, 2013 USD in million
<b>A. CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES:</b>				
Net Profit Before Tax (including profit from discontinued operations in previous year)	890.67	148.56	1,860.20	342.74
Adjustments for:				
Expense on Employee Stock Option Scheme (ESOS)	20.23	3.37	25.82	4.76
Depreciation/Amortisation	139.92	23.34	124.84	23.00
Product development expenses written off	-	-	1.49	0.27
Exchange fluctuation, net	(45.38)	(7.57)	27.86	5.13
Liabilities no more payable	(2.23)	(0.37)	(6.44)	(1.19)
Provision for doubtful debts	1.80	0.30	1.46	0.27
Provision for doubtful advances	-	-	(15.06)	(2.77)
Bad debts	7.38	1.23	(0.80)	(0.15)
(Profit)/Loss on sale of fixed assets, net	0.50	0.08	2.79	0.51
Write off of development cost	-	-	471.61	86.89
Impairment of goodwill	-	-	621.21	114.46
Profit on divestment of nutrition business	-	-	(1,195.27)	(220.22)
Actuarial Gain on Pension Scheme	-	-	(11.69)	(2.15)
Impairment of investments	-	-	18.77	3.46
Other exceptional items	13.86	2.31	22.16	4.08
Exceptional item-gain on settlement of litigation	(169.86)	(28.33)	-	-
Inventory written off	93.71	15.63	-	-
Finance cost	83.35	13.90	215.37	39.68
Interest income	(9.75)	(1.63)	(30.81)	(5.68)
Dividend income	(0.002)	-	(0.001)	-
<b>Operating profit before working capital changes</b>	<b>1,024.20</b>	<b>170.82</b>	<b>2,133.51</b>	<b>393.09</b>
Movement in working capital				
(Increase)/Decrease in inventories	(27.77)	(4.63)	(204.86)	(37.74)
(Increase)/Decrease in trade receivables	490.51	81.81	(207.73)	(38.28)
(Increase)/Decrease in loans and advances and other assets	13.26	2.21	(80.01)	(14.74)
Increase/(Decrease) in trade payables, other liabilities and provisions	(124.22)	(20.72)	149.66	27.57
Adjustment for translation difference in working capital	236.21	39.40	75.95	13.99
<b>Cash generated from operations</b>	<b>1,612.19</b>	<b>268.89</b>	<b>1,866.52</b>	<b>343.89</b>
Income taxes paid	(135.90)	(22.67)	(334.12)	(61.56)
<b>Net cash from/(used in) Operating Activities (A)</b>	<b>1,476.29</b>	<b>246.22</b>	<b>1,532.40</b>	<b>282.33</b>
<b>B. CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES:</b>				
Purchase of fixed assets, additions to capital work in progress and intangibles under development	(462.51)	(77.15)	(341.43)	(62.91)
Proceeds from sale of fixed assets	3.81	0.64	79.63	14.67
Proceeds from sale of investments	-	-	68.78	12.67
Purchase of investments	(573.98)	(95.74)	-	-
Proceeds from sale of nutrition business	-	-	1,288.31	237.37
Proceeds from settlement of litigation	169.86	28.34	-	-
Margin money and fixed deposits under lien	1.45	0.24	(40.73)	(7.50)
Interest received	9.75	1.63	30.81	5.68
Dividend received	0.002	-	0.001	-
<b>Net cash from/(used in) Investing Activities (B)</b>	<b>(851.62)</b>	<b>(142.04)</b>	<b>1,085.37</b>	<b>199.98</b>



	For the year ended March 31, 2014 ₹ in crore	For the year ended March 31, 2014 USD in million	For the year ended March 31, 2013 ₹ in crore	For the year ended March 31, 2013 USD in million
<b>C. CASH FLOWS PROVIDED BY/(USED IN) FINANCING ACTIVITIES:</b>				
Proceeds from issuance of share capital	0.09	0.02	0.07	0.01
Premium on issue of shares	0.39	0.07	1.57	0.29
Proceeds from issue of shares to Minority by subsidiary	78.69	13.13	-	-
Redemption of preference share capital	-	-	(317.15)	(58.43)
Premium on redemption of preference shares	-	-	(33.72)	(6.21)
Repayment of long term borrowings	(458.85)	(76.53)	(1,442.67)	(265.81)
Proceeds from long term borrowings	-	-	1.18	0.22
Short term borrowings (net)	28.20	4.70	(78.80)	(14.52)
Interest paid	(86.07)	(14.35)	(375.76)	(69.23)
Dividend paid (including dividend distribution tax)	(163.77)	(27.32)	(0.47)	(0.09)
<b>Net cash from/(used in) Financing Activities (C)</b>	<b>(601.32)</b>	<b>(100.28)</b>	<b>(2,245.75)</b>	<b>(413.77)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>23.35</b>	<b>3.90</b>	<b>372.02</b>	<b>68.54</b>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<b>1,050.01</b>	<b>175.13</b>	<b>689.66</b>	<b>127.07</b>
Unrealised gain/(loss) on foreign currency cash and cash equivalents	28.29	4.72	(11.67)	(2.15)
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<b>1,101.65</b>	<b>183.75</b>	<b>1,050.01</b>	<b>193.46</b>
Components of cash and cash equivalents, as at March 31, 2014				
Cash	0.16	0.03	0.10	0.02
Balance with banks:				
- on current accounts (excluding unclaimed dividend accounts)	1,035.11	172.65	997.96	183.87
- on Unpaid Dividend Account (Refer note 4)	1.63	0.27	0.83	0.15
- on fixed deposit accounts	64.75	10.80	51.12	9.42
	<b>1,101.65</b>	<b>183.75</b>	<b>1,050.01</b>	<b>193.46</b>

## Notes:

- All figures in bracket are outflow.
- Income taxes paid are treated as arising from operating activities and are not bifurcated between investing and financing activities.
- Cash flow in respect of ordinary activities attributable to discontinued operations:
  - Operating activities – ₹ Nil (Previous Year – ₹ 19.02 crore)
  - Investing activities – ₹ Nil (Previous Year – ₹ Nil)
  - Financing activities – ₹ Nil (Previous Year – ₹ 0.04 crore)
- These balances are not available for use by the Company as they represent corresponding unpaid dividend liabilities.

As per our attached report of even date

**For Haribhakti & Co.**  
Chartered Accountants  
Firm Registration No. 103523W

**Shailesh Haribhakti**  
Partner  
Membership No. 30823

Place : Mumbai  
Date : May 26, 2014

**V. R. Khetan**  
Company Secretary

For and on behalf of the Board of Directors

**H. F. Khorakiwala**  
Chairman  
**Huzaifa Khorakiwala**  
Executive Director  
**Murtaza Khorakiwala**  
Managing Director

**R. A. Shah**  
**Shekhar Datta**  
**Aman Mehta**  
**D. S. Brar**  
**Sanjaya Baru**

} Directors



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the Year Ended March 31, 2014

(All amounts in crore of ₹, unless otherwise stated)

### 1. (a) Background

Wockhardt Limited ('WL' or 'Company') is a subsidiary of Khorakiwala Holdings and Investments Private Limited. The Company has controlling interest, directly or through subsidiaries, step down subsidiaries, associates in the following entities during the year ended March 31, 2014:

Entity	Country of Incorporation	Name of Parent	Percentage of holding (%)
<b>Subsidiaries</b>			
1. Wockhardt Biopharm Limited	India	Wockhardt Limited	100%
2. Vinton Healthcare Limited	India	Wockhardt Limited	100%
3. Wockhardt Infrastructure Development Limited	India	Wockhardt Limited	100%
4. Wockhardt UK Holdings Limited	England & Wales	Wockhardt Limited	100%
5. Wockhardt Bio AG [formerly, Wockhardt EU Operations (Swiss) AG] *	Switzerland	Wockhardt Limited	95%
6. Wockhardt Europe Limited	British Virgin Islands	Wockhardt Limited	100%
<b>Step-down subsidiaries</b>			
1. CP Pharmaceuticals Limited	England & Wales	Wockhardt UK Holdings Limited	100%
2. Wallis Group Limited	England & Wales	Wockhardt UK Holdings Limited	100%
3. The Wallis Laboratory Limited	England & Wales	Wallis Group Limited	100%
4. Wallis Licensing Limited	England & Wales	Wallis Group Limited	100%
5. Wockhardt Farmaceutica Do Brasil Ltda	Brazil	The Wallis Laboratory Limited	90%
		Wockhardt Europe Limited	10%
6. Z & Z Services GmbH (formerly, Esparma GmbH)	Germany	Wockhardt Bio AG	100%
7. Esparma AG #	Switzerland	Wockhardt Bio AG	100%
8. Wockhardt Cyprus Limited #	Cyprus	Wockhardt Bio AG	100%
9. Wockhardt UK Limited	England & Wales	Wockhardt Bio AG	100%
10. CP Pharma (Schweiz) AG	Switzerland	Wockhardt Bio AG	100%
11. Wockpharma Ireland Limited	Ireland	Wockhardt Bio AG	100%
12. Pinewood Healthcare Limited #	England & Wales	Wockhardt Bio AG	100%
13. Pinewood Laboratories Limited	Ireland	Wockpharma Ireland Limited	100%
14. Nonash Limited	Ireland	Pinewood Laboratories Limited	100%
15. Wockhardt France (Holdings) S.A.S.	France	Wockhardt Bio AG	100%
16. Niverpharma S.A.S.	France	Wockhardt France (Holdings) S.A.S.	100%
17. Laboratoires Pharma 2000 S.A.S.	France	Wockhardt France (Holdings) S.A.S.	100%
18. Laboratoires Negma S.A.S.	France	Wockhardt France (Holdings) S.A.S.	100%
19. Negma Beneulex S.A.	Belgium	Wockhardt France (Holdings) S.A.S.	53.97%
		Laboratoires Negma S.A.S.	46.03%
20. Phytex S.A.S.	France	Wockhardt France (Holdings) S.A.S.	100%
21. Wockhardt Holding Corp.	USA	Wockhardt Bio AG	100%
22. Morton Grove Pharmaceuticals Inc.	USA	Wockhardt Holding Corp.	100%
23. MGP Inc.	USA	Morton Grove Pharmaceuticals Inc.	100%
24. Wockhardt USA LLC	USA	Morton Grove Pharmaceuticals Inc.	100%
25. Wockhardt Farmaceutica SA DE CV	Mexico	Wockhardt Bio AG	100%
26. Wockhardt Services SA DE CV	Mexico	Wockhardt Bio AG	100%
27. Wockhardt Nigeria Limited	Nigeria	Wockhardt Europe Limited	100%
<b>Associate</b>			
1. Swiss Biosciences AG #	Switzerland	Wockhardt Bio AG	45%

\* During the year, Wockhardt Bio AG, Switzerland has allocated 2,348,000 Ordinary shares of CHF 1.00 each representing 5% of its post diluted capital for its initial public offering on the Berne Stock Exchange, Switzerland.

# During the year, Esparma AG & Wockhardt Cyprus Limited (subsidiaries of Wockhardt Bio AG) were sold on 30<sup>th</sup> September, 2013. The Company's associate Swiss Biosciences AG is also under liquidation. Also, the Company has considered for consolidation Pinewood Healthcare Limited which was incorporated on November 23, 2012.

The Company together with its subsidiaries Wockhardt Europe Limited ('WEL'), Wockhardt Biopharm Limited ('WBL'), Wockhardt Infrastructure Development Limited ('WIDL'), Consolidated Wockhardt UK Holdings Limited ('WUK'), Vinton Healthcare Limited ('VHL') and Consolidated Wockhardt Bio AG (collectively, 'the Group') is primarily engaged in the business of manufacture and marketing of pharmaceutical products. The Group has twelve manufacturing locations and there are five locations where research and development activities are carried out.



**(b) Basis of consolidation**

The consolidated financial statements have been prepared and presented in accordance with the Indian Generally Accepted Accounting Principles ("IGAAP") under the historical cost convention on the accrual basis. IGAAP comprise mandatory accounting standards notified by the Central Government of India under Section 211(3C) of the Companies Act, 1956 and guidelines issued by Securities and Exchange Board of India.

**(c) Principles of consolidation**

The consolidated financial statements includes the financial statements of Wockhardt Limited ('WL' or 'Company'), the parent Company and all of its subsidiaries in which the Company has more than one-half of the voting power of an enterprise or where the Company controls the composition of the board of directors.

The consolidated financial statements have been prepared on the following basis:

- i. The consolidated financial statements of the Group have been prepared based on a line-by-line consolidation of the financial statements of Wockhardt Limited and its subsidiaries using uniform accounting policies for like transactions and other events in similar circumstances. All material inter-company balances and transactions are eliminated on consolidation. Wockhardt Limited and all the subsidiaries have closed books of accounts as at March 31, 2014 as year-end for the purpose of preparing the consolidated financial statements of the Group.
- ii. Investment of the Company in associates is accounted as per the equity method prescribed under notified Accounting Standard 23 – "Accounting for Investment in Associates in Consolidated Financial Statements" under Company (Accounting Standard) Rules, 2006.
- iii. The excess of cost to the Group of its investments in subsidiary companies over its share of the equity of the subsidiary companies at the dates, on which the investments in the subsidiary companies are made, is recognised as 'Goodwill (on Consolidation)' being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investment of the Group, it is recognised as 'Capital Reserve (on Consolidation)' and shown under the head 'Reserves and Surplus', in the consolidated financial statements.
- iv. Assets and liabilities of subsidiaries are translated into Indian rupees at the rate of exchange prevailing as at the Balance Sheet date. Revenues and expenses are translated into Indian rupees at average of twelve months closing rates and the resulting net translation adjustment aggregating ` 194.61 crore (USD 32.46 million) [Previous Year – ` 26.60 crore (USD 4.90 million)] has been adjusted to Reserves.
- v. The operations of the Company's subsidiaries are considered as non-integral operations for the purpose of consolidation.
- vi. The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the parent Company for its separate financial statements.
- vii. Minority Interest in the net assets of subsidiaries consists of :
  - i. the amount of equity attributable to the minorities at the date on which investment in subsidiary is made, and
  - ii. the minorities' share of movements in equity since the date the parent-subsidiary relationship came into existence.
- viii. Convenience translation

The accompanying financial statements have been prepared in Indian rupees, the national currency of India. Solely for the convenience of the reader, the financial statements as of and for the 12 months ended March 31, 2014 and March 31, 2013 have been translated into United States dollars at the closing rate USD 1 = ` 59.955 (Previous Year – USD 1 = ` 54.275). No representation is made that the Indian rupee amounts have been, could have been or could be converted into United States dollars at such a rate or any other rate.

**(d) Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

**2. Summary of Group's Significant Accounting Policies**

The consolidated financial statements have been prepared to comply in all material respects with the notified accounting standards by Companies (Accounting Standards) Rules, 2006. 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 Group and are consistent with those used in the previous period. These consolidated financial statements have been prepared to meet the requirements of clause 32 of the listing agreement with the stock exchanges. The significant accounting policies of the Group are as follows:

**(a) Fixed assets and depreciation/amortization****Tangible assets:**

Fixed assets are stated at cost less accumulated depreciation/amortization and impairment loss if any. The Group capitalizes all costs relating to the acquisition and installation of fixed assets.

**Depreciation/amortization:**

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.

**Intangible assets:**

Intangible assets except goodwill are amortised on a straight line basis up to the period of ten years, which is based on their estimated useful life.

Goodwill is tested for impairment.

**(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 foreign exchange 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.

Premium or discount on forward exchange contracts 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.

Translation of Non-integral foreign operation:

In translating the financial statements of a non-integral foreign operation for incorporation in financial statements, the assets and liabilities, both monetary and non-monetary, of the non integral foreign operation are translated at the closing rate; income and expenses item of the non-integral operation are translated at exchange rates at the date of the transaction; and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

On the disposal of the non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognised as income or as expense in the same period in which the gain or loss on disposal is recognised.

Translation of Integral foreign operations:

In respect of representative offices and branches, monetary items are translated using the closing rate; non-monetary items are translated using the monthly average rate which is expected to approximate the actual rate on the date of transaction; items of income and expenses are translated at the respective monthly average rates; and the net exchange difference resulting from the translation of items in the financial statements of foreign integral operations is recognised 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 category basis. Long-term investments are stated at cost. Provision is made to recognise a diminution, other than temporary, in the value of investments.

Investments in associates, accounted under the equity method of accounting, are initially recorded at cost, identifying any goodwill/capital reserve at the time of acquisition. The carrying amount of such investments is adjusted thereafter for the post acquisition change in the Group's share of net assets of the investee unless there is an agreement to the contrary. The carrying amount of investment in an associate is reduced to recognise a decline, other than temporary, in the value of the investment, such reduction being determined and made for each investment individually.

**(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 price 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 finished goods.

Inventories of 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) Employee benefits**

Employee benefits in the form of Provident Fund, Family Pension Fund, Super annuation Schemes and non-contributory money purchase scheme, which are defined contribution schemes, are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds accrue. There are no other obligations other than the contribution payable to the respective trusts.

Gratuity liability, which is a defined benefit scheme, is provided for on the basis of an actuarial valuation made using Projected Unit Credit Method at the end of each financial year.



Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation made using Projected Unit Credit Method at the end of each financial year.

Actuarial gains and losses are immediately taken to the Statement of Profit and Loss and are not deferred.

WUK operates defined contribution pension scheme. Till February 2004, WUK operated defined benefit pension scheme. The assets of schemes are held separately from those of the WUK in an independently administered fund.

Pinewood Laboratories Limited operates defined contribution pension schemes. Pension rights are secured by contributions to independent insurance schemes. The pension cost charge represents contributions by the Company to the insurance schemes.

Wockhardt USA LLC. (WUSA) and Morton Grove Pharmaceuticals Inc., maintain 401(k) retirement contribution plans that cover all regular employees on their payroll. The companies make a matching contribution on the first 6% and employee participation is allowable as per US Government laws. The assets of the plan are held separately from those of the Company in an independently administered fund.

Employee stock option schemes

In accordance with the Securities and Exchange Board of India guidelines, the excess of the market price of shares, at the date of grant of options under the Employee stock option schemes, over the exercise price is treated as employee compensation and amortised over the vesting period.

**(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 sales tax, value added tax (VAT), returns and trade discounts. Also, revenue from sales are net of chargebacks and rebates.

*Sale of Services*

Revenues from services are recognised on completion of rendering of 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.

*Duty drawback*

Duty drawback is recognized at the time of exports and the benefits in respect of advance license received by the Company against export made by it are recognized as and when goods are imported against them.

*Royalties*

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

*Dividend and Interest*

Dividend income is recognized when the right to receive the payment is established. Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

**(g) Research and development (R&D)**

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 amortized 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 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) Impairment of Assets**

The carrying values of assets/cash generating units at each Balance Sheet date, are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Consolidated Statement of Profit and Loss, except in case of revalued assets.

**(i) Income tax**

Tax expense comprises of current and deferred tax.

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of local Income Tax rules as applicable to the financial year. A deferred income tax 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 it has timing differences, the reversal of which will result in sufficient income. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

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 Statement of Profit and Loss 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 year.

Income tax charge is the simple aggregation of the tax charge appearing in the group companies.

**(j) Leases**

**Operating leases**

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

**Finance Lease**

The assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases and hire purchase contracts. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

**(k) Financing/Borrowing cost**

Financing/Borrowing costs attributable to acquisition and/or construction of qualifying asset 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 the Statement of Profit and Loss. 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.

**(l) Provisions, Contingent Liabilities and Contingent Assets**

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 each balance sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed in the Notes. Contingent liabilities are disclosed for (1) possible obligations which will be confirmed only by future events not wholly within the control of the Company or (2) present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are not recognised in the financial statements as this may result in the recognition of income that may never be realised.

**(m) 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 numbers 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 attributable to equity shareholders and the weighted average number of shares outstanding 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.

**(n) Government grants**

Government grants in respect of capital expenditure are credited to a deferred income account and are released to the Statement of Profit and Loss over the expected useful life of the relevant assets. Grants of revenue nature are credited to income in the year to which they relate.

**(o) Derivative Financial Instruments**

As per the Institute of Chartered Accountants of India (ICAI) Announcement, accounting for derivative contracts, if any, other than those covered under AS-11, are marked to market on a portfolio basis, and the loss is charged to the income statement. Net gains are ignored.

**(p) Operating Cycle**

All assets and liabilities have been classified as current or non-current as per each Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Act.





	As at March 31, 2014			As at March 31, 2013		
	Number of shares	Amount in crore	Amount USD in million	Number of shares	Amount in crore	Amount USD in million
<b>3. SHARE CAPITAL</b>						
<b>AUTHORISED</b>						
Equity shares of ` 5/- each	250,000,000	125.00	20.85	250,000,000	125.00	23.03
Preference shares of ` 5/- each	2,000,000,000	1,000.00	166.79	2,000,000,000	1,000.00	184.25
		1,125.00	187.64		1,125.00	207.28
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>						
Equity shares of ` 5/- each fully paid up						
Shares outstanding as at the beginning of the Year	109,583,403	54.79	9.14	109,435,903	54.72	10.08
Add: Shares Issued during the Year	167,750	0.09	0.02	147,500	0.07	0.01
Shares outstanding as at the end of the Year	109,751,153	54.88	9.16	109,583,403	54.79	10.09
Optionally Convertible Cumulative Redeemable Preference shares of ` 5/- each fully paid up:						
Shares outstanding as at the beginning of the Year	121,454,927	60.72	10.13	446,549,949	223.27	41.14
Add: Shares Issued during the Year	-	-	-	-	-	-
Less: Shares redeemed during the year	-	-	-	325,095,022	162.55	29.95
Shares outstanding as at the end of the Year	121,454,927	60.72	10.13	121,454,927	60.72	11.19
Non-Convertible Cumulative Redeemable Preference shares of ` 5/- each fully paid up:						
Shares outstanding as at the beginning of the Year	475,659,941	237.83	39.67	1,076,198,988	538.10	99.14
Add: Shares Issued during the Year	-	-	-	-	-	-
Less: Shares redeemed during the year	-	-	-	600,539,047	300.27	55.32
Shares outstanding as at the end of the Year	475,659,941	237.83	39.67	475,659,941	237.83	43.82
<b>TOTAL</b>	<b>706,866,021</b>	<b>353.43</b>	<b>58.96</b>	<b>706,698,271</b>	<b>353.34</b>	<b>65.10</b>

**Notes:**

- (a) The Company has only one class of equity shares having a par value of ` 5/- per share. Each holder of equity shares is entitled to one vote per share held and is entitled to dividend, if declared at the Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

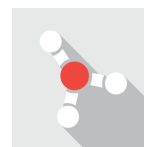
Subject to the approval of shareholders at the Annual General Meeting, board has recommended dividend of 0.01% (at the rate of ` 0.0005 per share of ` 5/- each) on 475,659,941 Non-convertible Cumulative Redeemable Preference shares of ` 5/- each and 121,454,927 Optionally Convertible Cumulative Redeemable Preference Shares of ` 5/- each. During the year the Board of Directors of the Company have declared two interim dividends of 100% each totalling to 200% on equity shares of ` 5/- each, absorbing ` 109.75 crore. The Board recommends the said interim dividends of 200% as final dividend for the financial year 2013-14.

- (b) **Issue of Preference Shares as per Corporate Debt Restructuring (CDR) Scheme:**

Pursuant to approved CDR package against various liabilities of the Company, the Company has issued preference shares of ` 5/- each to Banks/Financial Institutions on the following terms and conditions:

- (i) 121,454,927 (Upto Previous Year – 121,454,927) 0.01% Optionally Convertible Cumulative Redeemable Preference shares (OCCRPS Series 2) issued bilaterally to various banks, on the following terms and conditions:

The Preference Shareholders shall have the right to convert OCCRPS Series 2 along with accumulated dividend, into fully paid equity shares of the Company, in one or more tranches, commencing July 4, 2016 till December 31, 2018, at conversion price as per the then applicable SEBI formula on the date of conversion. The said shares, in case not converted, shall get redeemed along with accumulated dividend on December 31, 2018 without any redemption premium.



- (ii) 32,265,110 (Upto Previous Year – 32,265,110) 0.01% Non-Convertible Cumulative Redeemable Preference shares (NCRPS Series 2), which shall be redeemed at a premium of 20% of the face value along with cumulative dividend on December 31, 2018.
- (iii) 283,394,831 (Upto Previous Year – 283,394,831) 0.01% Non-Convertible Cumulative Redeemable Preference shares (NCRPS Series 3) issued bilaterally to various banks, which shall be redeemed at a redemption premium calculated at 4% p.a. on simple basis along with cumulative dividend on December 31, 2018.
- (iv) 160,000,000 (Upto Previous Year – 160,000,000) 0.01% Non-Convertible Cumulative Redeemable Preference shares (NCRPS Series 5), which shall be redeemed at a premium of 20% of the face value along with cumulative dividend on March 31, 2019.
- (v) Pursuant to modification in the terms in line with the CDR scheme, the Company had redeemed the following Preference shares during the previous year:
  - 208,555,274 0.01% Optionally Convertible Cumulative Redeemable Preference shares (OCCRPS Series 1) at premium amounting to ₹ 16.86 crore.
  - 116,539,748 0.01% Optionally Convertible Cumulative Redeemable Preference shares (OCCRPS Series 2) shares at 25% of its face value.
  - 208,555,274 0.01% Non-Convertible Cumulative Redeemable Preference shares (NCRPS Series 1) at premium amounting to ₹ 16.86 crore.
  - 271,926,078 0.01% Non-Convertible Cumulative Redeemable Preference shares (NCRPS Series 3) at 25% of its face value.
  - 120,057,695 0.01% Non-Convertible Cumulative Redeemable Preference shares (NCRPS Series 4) at its face value.

(c) **Shares held by holding Company:**

71,116,132 (Previous Year – 69,716,132) Equity Shares are held by Khorakiwala Holdings and Investments Private Limited, the holding Company.

- (d) 160,000,000 (Previous Year – 160,000,000) Non-Convertible Cumulative Redeemable Preference shares (NCRPS Series 5) are held by Khorakiwala Holdings and Investments Private Limited, the holding Company.

(e) **Details of equity shares held by each shareholders holding more than 5% of total equity shares:**

Name of the Shareholder	As at March 31, 2014		As at March 31, 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Khorakiwala Holdings and Investments Private Limited	71,116,132	64.80	69,716,132	63.62
Dartmour Holdings Private Limited	6,828,325	6.22	6,828,325	6.23

(f) **Details of Non-Convertible Cumulative Redeemable Preference shares (NCRPS) held by each shareholders holding more than 5% of total Non-Convertible Cumulative Redeemable Preference shares:**

Name of the Shareholder	As at March 31, 2014		As at March 31, 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Khorakiwala Holdings and Investments Private Limited	160,000,000	33.64	160,000,000	33.64
Indian Overseas Bank	104,563,437	21.98	104,563,437	21.98
Union Bank of India	74,397,151	15.64	74,397,151	15.64
Corporation Bank	50,929,498	10.71	50,929,498	10.71
HDFC Bank Limited	43,233,260	9.09	43,233,260	9.09
Punjab National Bank	29,778,521	6.26	29,778,521	6.26

(g) **Details of Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) held by each shareholders holding more than 5% of total OCCRPS:**

Name of the Shareholder	As at March 31, 2014		As at March 31, 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Indian Overseas Bank	39,888,348	32.84	39,888,348	32.84
Union Bank of India	31,884,492	26.25	31,884,492	26.25
Corporation Bank	21,826,928	17.97	21,826,928	17.97
HDFC Bank Limited	18,528,540	15.26	18,528,540	15.26
Punjab National Bank	9,326,619	7.68	9,326,619	7.68

(h) **Shares reserved for issue under options:**

Equity shares of 1,365,250 (Previous Year – 1,593,000) of face value of ₹ 5 each have been reserved for issue under Wockhardt Stock Option Scheme-2011.



	As at March 31, 2014 in crore	As at March 31, 2014 USD in million	As at March 31, 2013 in crore	As at March 31, 2013 USD in million
<b>4. RESERVES AND SURPLUS</b>				
<b>Capital Reserve</b>				
Opening Balance	145.67	24.30	-	-
Add: Addition during the Year [Refer note (a) below]	-	-	145.67	26.84
Closing Balance	145.67	24.30	145.67	26.84
<b>Capital Redemption Reserve</b>				
Opening Balance	489.35	81.62	26.53	4.89
Add: Transferred from surplus [Refer note (b) below]	-	-	462.82	85.27
Closing Balance	489.35	81.62	489.35	90.16
<b>Securities Premium Account</b>				
Opening Balance	6.04	1.01	13.41	2.47
Add: Securities premium credited				
- On share issue pursuant to ESOP	6.85	1.14	6.04	1.11
- On issue of shares to minority by subsidiary	60.53	10.10	-	-
Less: Utilised for premium on redemption of Preference shares	-	-	(13.41)	(2.47)
Closing Balance	73.42	12.25	6.04	1.11
<b>Capital Reserve on Consolidation</b>				
Opening Balance	18.11	3.02	18.11	3.34
Closing Balance	18.11	3.02	18.11	3.34
<b>General Reserve</b>				
Opening Balance	250.05	41.71	175.28	32.29
Add: Addition during the Year	-	-	12.50	2.30
Add: Transfer from Surplus	19.86	3.31	62.27	11.47
Closing Balance	269.91	45.02	250.05	46.06
<b>Debenture Redemption Reserve</b>				
Opening Balance	-	-	12.50	2.30
Add: Current Year Transfer	-	-	-	-
Less: Transferred to general reserve	-	-	12.50	2.30
Closing Balance	-	-	-	-
<b>Share Options Outstanding Account</b> (Refer note 36)				
Opening Balance	81.50	13.59	58.47	10.77
Add: Addition during the year (net)	(8.93)	(1.49)	23.03	4.24
	72.57	12.10	81.50	15.01
Less: Deferred Employee Compensation expense	(27.26)	(4.55)	(49.96)	(9.20)
Closing Balance	45.31	7.55	31.54	5.81
<b>Foreign Currency Translation Reserve</b>				
Opening Balance	2.40	0.40	(24.20)	(4.46)
Add/(Less): Effect of Foreign exchange rate variation during the year	194.61	32.46	26.60	4.90
Closing Balance	197.01	32.86	2.40	0.44
<b>Surplus</b>				
Opening balance	1,407.68	234.93	423.10	77.95
Add: Net Profit for the current year	840.71	140.08	1,594.12	293.73
Less: Share of Minority Interest in opening surplus	(138.79)	(23.15)	-	-
Less: Transferred to Capital Redemption Reserve	-	-	(462.82)	(85.27)
Less: Premium on redemption of Preference shares [Refer Note 3 (b) (v)]	-	-	(20.31)	(3.74)
Less: Proposed dividend on preference shares	(0.03)	(0.01)	(0.03)	(0.01)
Less: Tax on proposed preference shares dividend	(0.01)	-	(0.01)	-
Less: Transferred to General Reserve	(19.86)	(3.31)	(62.27)	(11.47)
Less: Proposed dividend on equity shares during previous year (Amount proposed per share ` 5)	-	-	(54.79)	(10.09)
Less: Interim Dividend on Equity Share [Amount paid per share ` 10 (Previous Year - ` Nil)]	(109.75)	(18.31)	-	-
Less: Tax (charge)/credit on proposed equity shares dividend	9.31	1.55	(9.31)	(1.72)
Closing Balance	1,989.26	331.78	1,407.68	259.38
<b>TOTAL</b>	<b>3,228.04</b>	<b>538.40</b>	<b>2,350.84</b>	<b>433.14</b>

**Notes:**

- (a) The Company had issued 116,539,748 Optionally Convertible Cumulative Redeemable Preference shares (OCCRPS Series 2) and 271,926,078 Non-Convertible Cumulative Redeemable Preference shares (NCRPS Series 3) to one of the CDR lenders amounting to ₹ 194.22 crore.

As per the original terms, the Preference Shareholders had the right to convert OCCRPS Series 2 along with accumulated dividend, into fully paid equity shares of the Company, in one or more tranches, commencing July 4, 2016 till December 31, 2018, at conversion price as per the then applicable SEBI formula on the date of conversion. The said shares, in case not converted, were to be redeemed along with accumulated dividend on December 31, 2018 without any redemption premium. NCRPS Series 3 was redeemable at redemption premium calculated at 4% p.a. on simple basis along with cumulative dividend on December 31, 2018. During the previous year, pursuant to modification in the terms, the Company has redeemed the aforesaid shares at 25% of its face value. The difference between the face value and redemption value of ₹ 145.67 crore has been credited to capital reserve.

Capital redemption reserve equivalent to face value of shares redeemed has been created amounting to ₹ 194.22 crore.

- (b) During the previous year, the Company had created capital redemption reserve of ₹ 462.82 crore against redemption of following preference shares of ₹ 5 each:
- (1) 208,555,274 Optionally Convertible Cumulative Redeemable Preference shares (OCCRPS Series 1).
  - (2) 116,539,748 Optionally Convertible Cumulative Redeemable Preference shares (OCCRPS Series 2).
  - (3) 208,555,274 Non-Convertible Cumulative Redeemable Preference shares (NCRPS Series 1).
  - (4) 271,926,078 Non-Convertible Cumulative Redeemable Preference shares (NCRPS Series 3).
  - (5) 120,057,695 Non-Convertible Cumulative Redeemable Preference shares (NCRPS Series 4).

	As at March 31, 2014 ₹ in crore	As at March 31, 2014 USD in million	As at March 31, 2013 ₹ in crore	As at March 31, 2013 USD in million
<b>5. LONG TERM BORROWINGS</b>				
<b>SECURED</b>				
<b>Term Loans:</b>				
from banks/financial institutions (Refer note I to III below)	1,095.30	182.69	1,465.63	270.04
from others (Refer note IV below)	0.97	0.16	1.88	0.35
	<b>1,096.27</b>	<b>182.85</b>	<b>1,467.51</b>	<b>270.39</b>
<b>UNSECURED</b>				
<b>Deferred payment liabilities</b>				
Sales tax deferral loan (Refer note V below)	2.12	0.35	3.10	0.57
Loans from Others (Refer note VI below)	3.91	0.65	4.54	0.84
	<b>6.03</b>	<b>1.00</b>	<b>7.64</b>	<b>1.41</b>
<b>TOTAL</b>	<b>1,102.30</b>	<b>183.85</b>	<b>1,475.15</b>	<b>271.80</b>

- (I) Term loan of Euro 86.7 million (₹ 716.44 crore) [Previous Year – Euro 91.1 million (₹ 632.61 crore)] availed by Wockhardt France (Holdings) S.A.S. is secured by pledge of shares of Negma Group of companies. The loan with interest of EURO LIBOR plus 1.75% p.a. is fully restructured and repayable in 14 half yearly instalments by November 2020.
- (II) Term loan of Euro 20.0 million (₹ 165.32 crore) [Previous Year – Euro 25.4 million (₹ 176.37 crore)] availed by Wockpharma Ireland Limited is secured by pledge of shares of Pinewood Laboratories Limited and Nonash Limited, all movable and immovable properties of Pinewood Laboratories Limited situated at Unit at M50, Business Park, Ballymount, Dublin 12 and Deerpark, Ballymacarbray, Co. Waterford by way of first fixed charge.
- The loan with interest of EURO LIBOR plus 3.67% p.a. is repayable by January 2015.
- (III) Loan availed by Wockhardt Bio AG of USD 134.38 million (₹ 805.65 crore) [Previous Year – USD 196.88 million (₹ 1,068.54 crore)] is secured as under:
- (i) first ranking pari passu charge on immovable properties of Wockhardt Limited situated at Kadaiya in Daman and Baddi in Himachal Pradesh.
  - (ii) second ranking pari passu charge by way of hypothecation on all the current assets, movables, inventories and book debts of Wockhardt Limited.
- Further, out of loan of ₹ 805.65 crore (Previous Year – ₹ 1,068.54 crore), term loan of USD 54.30 million (₹ 325.48 crore) [Previous Year – USD 79.54 million (₹ 431.69 crore)], in addition to aforesaid security, is also secured by:
- (i) subservient charge on movable properties of Wockhardt Limited situated at Bhimpore in Daman, Ankleshwar, L-1, D-4, Chikhalthana and Biotech Park, Waluj in Aurangabad (except book debts and current assets).
  - (ii) subservient charge on movable properties of Wockhardt Infrastructure Development Limited situated at Shendra in Aurangabad.
- Further, the Company has made an application to Reserve Bank of India for obtaining its approval to create a subservient charge on fixed assets of the Company situated at all locations except Baddi and Kadaiya in Daman.
- The said loan has been fully rescheduled and lenders aggregating 100% (Previous Year – 97.95%) of the loan value have acceded to the reschedulement. The loan carries an interest of LIBOR plus 2.15% p.a. and repayable in 9 quarterly instalments by May 2016.
- (IV) Term loan from others is secured by first charge on pari passu basis by hypothecation of movable properties of the Company (except book debts) at all locations. This term loan from others with interest rate of 2% p.a. is repayable in 10 equal half yearly instalments beginning 1 year after completion of the project.
- (V) Interest free sales tax deferral loan is repayable in the month of May every year. This loan is repayable by May 2019.
- (VI) Loans from others with interest rate of 3% p.a. is repayable in 10 annual installment. Loans amounting ₹ 1.13 crore (Previous Year – ₹ 1.32 crore) is repayable by June 2019 and the balance ₹ 3.39 crore (Previous Year – ₹ 3.82 crore) by October 2021.
- (VII) Except as mentioned above, the Company has repaid all its term loans and the release of securities is in process.



	As at March 31, 2014 ₹ in crore	As at March 31, 2014 USD in million	As at March 31, 2013 ₹ in crore	As at March 31, 2013 USD in million
<b>6. DEFERRED TAX (ASSET)/LIABILITIES (Net)</b>				
<b>Deferred tax liabilities</b>				
Difference between depreciation on block of assets	182.91	30.51	160.87	29.64
<b>TOTAL (A)</b>	<b>182.91</b>	<b>30.51</b>	160.87	29.64
<b>Deferred tax assets</b>				
Provision for Gratuity	6.48	1.08	5.44	1.00
Provision for Leave Encashment	8.93	1.49	7.40	1.36
Deferred expenses	105.32	17.56	149.63	27.57
Unabsorbed losses	34.68	5.78	2.08	0.38
Provision for Bonus	0.34	0.06	0.30	0.06
Lease rent equalisation	1.05	0.18	0.98	0.18
Provision for Doubtful Debts	19.21	3.20	19.24	3.54
<b>TOTAL (B)</b>	<b>176.01</b>	<b>29.35</b>	185.07	34.09
<b>Net deferred tax (asset)/liability as of the year end (A-B)</b>	<b>6.90</b>	<b>1.16</b>	(24.20)	(4.45)
<b>7. LONG TERM PROVISIONS</b>				
<b>(1) Provision for employee benefits</b> (Refer note 34)				
Leave encashment (unfunded)	15.58	2.60	14.39	2.65
Gratuity (unfunded)	12.48	2.08	11.69	2.15
Provision for pension/other benefits	20.42	3.41	21.04	3.88
	<b>48.48</b>	<b>8.09</b>	47.12	8.68
<b>(2) Other provisions</b>				
Provision for other expenses (Refer note below)	3.50	0.58	22.73	4.19
	<b>3.50</b>	<b>0.58</b>	22.73	4.19
<b>TOTAL</b>	<b>51.98</b>	<b>8.67</b>	69.85	12.87

**Note:** Provision for other expenses for current year mainly include provision for breakages/warranty/returns.

Provision for other expenses for previous year mainly includes claims for damages due to loss of & margin on generic of ART50 in earlier years.

	As at March 31, 2014 ₹ in crore	As at March 31, 2014 USD in million	As at March 31, 2013 ₹ in crore	As at March 31, 2013 USD in million
<b>8. SHORT TERM BORROWINGS</b>				
<b>SECURED</b>				
<b>Loans repayable on demand</b>				
(I) Working capital facilities from banks [Refer note (A) & (B)]	198.99	33.19	182.00	33.53
(II) From other parties [Refer note (c)]	11.21	1.87	-	-
<b>TOTAL</b>	<b>210.20</b>	<b>35.06</b>	182.00	33.53

(A) The working capital facilities amounting to ₹ 163.23 crore (Previous Year – ₹ 163.17 crore) availed by Wockhardt Limited are secured by way of:

- (i) First charge on pari passu basis on present and future stock of raw materials, consumables, spares, semi-finished goods, finished goods, book debts and other current assets.
- (ii) Second charge on pari passu basis by way of mortgage of immovable properties and hypothecation of movable assets, both present and future, at Plot No. L-1, D-4, Chikhalthana in Aurangabad, Plot No. 138, Ankleshwar in Gujarat, Plot No. 87A, Bhimpore in Daman and Biotech Park H-14/2, B-15/2, both at MIDC Waluj, and E-1/1 at MIDC, Shendra in Aurangabad and Jagraon in Punjab.

(B) Working capital loan of Euro 4.25 million (₹ 35.76 crore) [Previous Year – Euro 2.71 million (₹ 18.83 crore)] availed by Pinewood Laboratories Limited is secured by charge over all of its assets.

(C) Buyers' credit amounting to ₹ 11.21 crore (Previous Year – Nil) availed by Wockhardt Ltd. are secured by way of:

- (i) First charge on the specific assets.
- (ii) Second charge on the entire current assets and all fixed assets, present and future, located at all locations other than Units at Baddi, Himachal Pradesh and Kadaiya, Daman.

The security on the above assets is yet to be created.





	As at March 31, 2014 in crore	As at March 31, 2014 USD in million	As at March 31, 2013 in crore	As at March 31, 2013 USD in million
<b>9. TRADE PAYABLES</b>				
Trade Payables	557.79	93.03	634.15	116.84
<b>TOTAL</b>	<b>557.79</b>	<b>93.03</b>	<b>634.15</b>	<b>116.84</b>
<b>10. OTHER CURRENT LIABILITIES</b>				
Current maturities of long-term debt (Refer note 5)	593.58	99.00	413.32	76.14
Interest accrued but not due on borrowings	1.99	0.33	4.71	0.87
Unpaid dividends	1.63	0.27	0.83	0.15
Other payables				
Security Deposit	15.32	2.56	18.23	3.36
Others	228.87	38.18	251.55	46.34
Employee liabilities	56.14	9.36	43.35	7.99
Creditors for Statutory dues	23.94	3.99	31.04	5.72
Creditors for Capital goods	26.23	4.37	26.93	4.96
<b>TOTAL</b>	<b>947.70</b>	<b>158.06</b>	<b>789.96</b>	<b>145.53</b>
<b>11. SHORT TERM PROVISIONS</b>				
<b>Provision for employee benefits (Refer note 34)</b>				
Gratuity (unfunded)	6.78	1.13	5.06	0.93
Leave Encashment (unfunded)	10.33	1.72	8.08	1.49
	17.11	2.85	13.14	2.42
<b>Other provisions</b>				
Provision for Sales Return on Date Expiry [Refer note (a) below]	10.15	1.69	10.05	1.85
Provision for tax, net of advance tax [Refer note (b) below]	–	–	77.59	14.30
Proposed dividend on preference shares	0.03	0.01	0.03	0.01
Tax on preference shares dividend	0.01	–	0.01	–
Proposed dividend on equity shares	–	–	54.79	10.09
Tax on equity shares dividend	–	–	9.31	1.72
Provision for others	0.21	0.04	2.45	0.45
	10.40	1.74	154.23	28.42
<b>TOTAL</b>	<b>27.51</b>	<b>4.59</b>	<b>167.37</b>	<b>30.84</b>

**Notes:**

(a) Provision for Sales Return on Date Expiry – opening balance ₹ 10.05 crore (Previous year – ₹ 24.41 crore), additions during the year ₹ 10.35 crore (Previous year – ₹ 3.71 crore), utilised during the year ₹ 10.25 crore (Previous year – ₹ 18.07 crore), closing balance ₹ 10.15 crore (Previous year – ₹ 10.05 crore).

Provision has been recognised for expected sales return on date expiry of products sold during last two years.

(b) During previous year, provision for tax was net of advance tax of ₹ 413.10 crore. Tax assets and liabilities are in accordance with respective countries Tax Legislations.



**12. FIXED ASSETS**

PARTICULARS	GROSS BLOCK					ACCUMULATED DEPRECIATION					NET BLOCK				
	As at April 1, 2013	Additions	Disposals	Exchange Gain/(Loss)	As at March 31, 2014	As at April 1, 2013	Depreciation charge for the year*	Impairment Losses	Deduction/Transfer	Exchange Gain/(Loss)	As at March 31, 2014	As at March 31, 2014		As at March 31, 2013	
	in crore	in crore	in crore	in crore	in crore	in crore	in crore	in crore	in crore	in crore	in crore	in crore	USD in million	in crore	USD in million
<b>Tangible Assets</b>															
Freehold Land	71.68	37.68	-	0.50	109.86	-	-	-	-	-	-	109.86	18.32	71.68	13.21
Leasehold land	20.04	-	-	-	20.04	1.89	0.23	-	-	-	2.12	17.92	2.99	18.15	3.34
Buildings	340.13	38.60	(0.32)	24.30	402.71	96.92	10.17	-	(0.17)	11.00	117.92	284.79	47.50	243.21	44.81
Electrical Fittings	0.11	-	(0.11)	-	-	0.08	0.01	-	(0.09)	-	-	-	-	0.03	0.01
Plant and Equipment	1,361.72	157.21	(9.64)	64.57	1,573.86	589.43	73.31	-	(8.13)	44.18	698.79	875.07	145.96	772.29	142.29
Furniture and Fixtures	43.74	6.72	(5.80)	3.39	48.05	25.08	3.00	-	(3.16)	1.99	26.91	21.14	3.53	18.66	3.44
Vehicles	7.09	0.68	(0.56)	0.11	7.32	4.38	0.76	-	(0.58)	0.10	4.66	2.66	0.44	2.71	0.50
Office equipment	66.33	5.46	(0.02)	9.19	80.96	43.62	5.06	-	(0.01)	7.94	56.61	24.35	4.06	22.71	4.18
Information Technology Equipments	49.20	7.38	(0.04)	3.13	59.67	48.26	5.02	-	(0.04)	2.73	55.97	3.70	0.62	0.94	0.17
<b>TOTAL</b>	<b>1,960.04</b>	<b>253.73</b>	<b>(16.49)</b>	<b>105.19</b>	<b>2,302.47</b>	<b>809.66</b>	<b>97.56</b>	<b>-</b>	<b>(12.18)</b>	<b>67.94</b>	<b>962.98</b>	<b>1,339.49</b>	<b>223.42</b>	<b>1,150.38</b>	<b>211.95</b>
Previous Year	1,844.06	141.16	(40.95)	15.77	1,960.04	740.20	87.18	-	(26.65)	8.93	809.66	1,150.38	211.95		
<b>Intangible Assets</b>															
Goodwill	1,950.31	-	(178.94)	128.62	1,899.99	1,223.96	-	-	(178.94)	4.71	1,049.73	850.26	141.82	726.35	133.83
Brands/Trademarks/Technical know-how	332.50	-	-	38.38	370.88	242.46	34.85	-	-	18.73	296.04	74.84	12.48	90.04	16.59
Computer software	52.90	13.22	-	3.35	69.47	30.07	7.51	-	-	1.85	39.43	30.04	5.01	22.83	4.21
<b>TOTAL</b>	<b>2,335.71</b>	<b>13.22</b>	<b>(178.94)</b>	<b>170.35</b>	<b>2,340.34</b>	<b>1,496.49</b>	<b>42.36</b>	<b>-</b>	<b>(178.94)</b>	<b>25.29</b>	<b>1,385.20</b>	<b>955.14</b>	<b>159.31</b>	<b>839.22</b>	<b>154.63</b>
Previous Year	2,367.54	66.86	(140.53)	41.84	2,335.71	900.06	37.67	621.21	(72.41)	9.96	1,496.49	839.22	154.63		
<b>Capital work-in-progress</b> (Refer note (a) below)												<b>707.53</b>	<b>118.01</b>	490.94	90.45
<b>Intangible assets under Development</b>															
<b>TOTAL</b>	<b>4,295.75</b>	<b>266.95</b>	<b>(195.43)</b>	<b>275.54</b>	<b>4,642.81</b>	<b>2,306.15</b>	<b>139.92</b>	<b>-</b>	<b>(191.12)</b>	<b>93.23</b>	<b>2,348.18</b>	<b>3,002.16</b>	<b>500.74</b>	<b>2,480.54</b>	<b>457.03</b>
TOTAL (Previous Year)	4,211.60	208.02	(181.48)	57.61	4,295.75	1,640.26	124.85	621.21	(99.06)	18.89	2,306.15	2,480.54	457.03		

\* Includes amount ` Nil (Previous Year - ` 2.71 crore) attributed to discontinued operations.

Note (a)

Addition to Capital Work-In-Progress includes expenditure incurred during construction period pending allocation aggregating ` 0.35 crore (Previous Year - ` 0.11 crore). These expenses include Employee Cost ` 0.35 crore (Previous Year - ` Nil) and interest expense ` Nil (Previous Year - ` 0.11 crore).

**13. NON CURRENT INVESTMENTS**

**Other than trade (unquoted) – Equity Shares**

443,482 (Previous Year – 443,482) Shares of Bharuch Eco-Aqua Infrastructure Limited of ` 10 each fully paid-up

0.44

0.07

0.44

0.08

6,300 (Previous Year – 6,300) Shares of Bharuch Enviro Infrastructure Limited of ` 10 each fully paid-up

0.01

-

0.01

-

**Investment in associate**

755,000 (Previous Year – 755,000) Equity Shares of Swiss Bio Sciences AG [Refer note 38]

2.17

0.36

2.18

0.40

**TOTAL**

2.62

0.43

2.63

0.48

**14. LONG-TERM LOANS AND ADVANCES**

**Capital Advances**

Unsecured, considered good

21.00

3.50

42.73

7.87

21.00

3.50

42.73

7.87

**Security Deposits**

Unsecured, considered good [includes deposits with Related Parties ` 49.25 crore (Previous Year - ` 49.25 crore)] – Refer note 33

69.13

11.53

62.39

11.50

69.13

11.53

62.39

11.50

**Loans and advances to related parties**

Unsecured, considered good

22.21

3.70

21.05

3.88

Loan to Fellow subsidiary (Refer note 33)

22.21

3.70

21.05

3.88

**Advance tax, net of provision for tax (Refer Note below)**

10.10

1.68

-

-

**Minimum Alternative Tax (MAT) credit entitlement**

66.00

11.01

19.97

3.68

**Other advances**

47.42

7.91

37.21

6.86

**TOTAL**

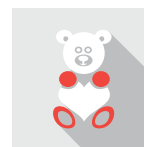
235.86

39.33

183.35

33.79

Advance tax is after netting of Provision for tax of ` 474.56 crore in current year. Tax assets and liabilities are in accordance with respective countries Tax Legislations.



	As at March 31, 2014 in crore	As at March 31, 2014 USD in million	As at March 31, 2013 in crore	As at March 31, 2013 USD in million
<b>15. OTHER NON-CURRENT ASSETS</b>				
Margin money (Refer note (a) below)	16.30	2.72	5.01	0.92
Deposits with maturity of more than 12 months (Refer note (b) below)	9.16	1.53	-	-
<b>TOTAL</b>	<b>25.46</b>	<b>4.25</b>	5.01	0.92

(a) Margin on Guarantees under lien ₹ 16.30 crore (Previous Year ₹ 5.01 crore).

(b) Deposits under lien amounting to ₹ 0.002 crore (Previous Year Nil)

	As at March 31, 2014 in crore	As at March 31, 2014 USD in million	As at March 31, 2013 in crore	As at March 31, 2013 USD in million
<b>16. CURRENT INVESTMENT*</b>				
<b>Quoted – [Other than trade]</b>				
In Bonds	89.63	14.95	-	-
In Equities	245.52	40.95	-	-
In Bond Funds and Mutual Funds	238.83	39.84	-	-
<b>TOTAL – Quoted</b>	<b>573.98</b>	<b>95.74</b>	-	-

	As at March 31, 2014 in crore At Market Value	As at March 31, 2014 USD in million At Market Value	As at March 31, 2013 in crore At Market Value	As at March 31, 2013 USD in million At Market Value
<b>Quoted – [Other than trade]</b>				
In Bonds	89.87	14.99	-	-
In Equities	260.80	43.50	-	-
In Bond Funds and Mutual Funds	246.45	41.11	-	-
<b>TOTAL – Quoted</b>	<b>597.12</b>	<b>99.60</b>	-	-

\* Current Investments are valued at cost or market value whichever is less on category basis.

	As at March 31, 2014 in crore	As at March 31, 2014 USD in million	As at March 31, 2013 in crore	As at March 31, 2013 USD in million
<b>17. INVENTORIES</b>				
Raw Materials and components	398.01	66.37	314.99	58.04
Goods-in transit	12.96	2.16	11.76	2.17
Total Raw Materials and components	410.97	68.53	326.75	60.21
Work-in-progress	72.62	12.11	121.03	22.30
	72.62	12.11	121.03	22.30
Stock-in-trade	132.98	22.18	79.51	14.65
Finished goods	331.29	55.26	503.33	92.74
	464.27	77.44	582.84	107.39
Stores and spares	45.03	7.51	28.21	5.20
	45.03	7.51	28.21	5.20
<b>TOTAL</b>	<b>992.89</b>	<b>165.59</b>	1,058.83	195.10

**Note:**

Inventories are valued at cost or net realizable value, whichever is lower.

	As at March 31, 2014 ₹ in crore	As at March 31, 2014 USD in million	As at March 31, 2013 ₹ in crore	As at March 31, 2013 USD in million
<b>18. TRADE RECEIVABLES</b>				
<b>Trade receivables outstanding for a period less than six months</b>				
Unsecured, considered good	456.07	76.07	935.63	172.38
Unsecured, considered doubtful	0.91	0.15	1.85	0.34
	<b>456.98</b>	<b>76.22</b>	937.48	172.72
<b>Trade receivables outstanding for a period exceeding six months</b>				
Unsecured, considered good	24.97	4.16	22.83	4.21
Unsecured, considered doubtful	49.80	8.31	46.98	8.66
	<b>74.77</b>	<b>12.47</b>	69.81	12.87
Less: Provision for doubtful debts	(50.71)	(8.46)	(48.83)	(9.00)
	<b>24.06</b>	<b>4.01</b>	20.98	3.87
<b>TOTAL</b>	<b>481.04</b>	<b>80.23</b>	958.46	176.59
<b>19. CASH AND BANK BALANCES</b>				
<b>Cash and cash equivalents</b>				
<b>Balances with banks</b>				
On current account	1,035.11	172.65	997.96	183.87
Deposits with original maturity of less than 3 months	64.75	10.80	51.12	9.42
Unpaid dividend accounts	1.63	0.27	0.83	0.15
Cash on hand	0.16	0.03	0.10	0.02
	<b>1,101.65</b>	<b>183.75</b>	1,050.01	193.46
<b>Other bank balances</b>				
Deposits with original maturity more than 3 months but less than 12 months	0.22	0.04	0.27	0.05
Bank deposits with original maturity equal to 12 months	20.00	3.34	–	–
Margin money (Refer note below)	3.93	0.66	45.78	8.43
	<b>24.15</b>	<b>4.04</b>	46.05	8.48
<b>TOTAL</b>	<b>1,125.80</b>	<b>187.79</b>	1,096.06	201.94

**Note:**

Margin money of ₹ 3.93 crore (Previous Year – ₹ 45.78 crore) are under lien being margin on Letter of Credits (LCs) and guarantees.

	As at March 31, 2014 ₹ in crore	As at March 31, 2014 USD in million	As at March 31, 2013 ₹ in crore	As at March 31, 2013 USD in million
<b>20. SHORT-TERM LOANS AND ADVANCES</b>				
<b>(1) Loans and advances to related parties (refer note below)</b>				
Unsecured, considered good	4.10	0.68	4.35	0.80
	<b>4.10</b>	<b>0.68</b>	4.35	0.80
<b>(2) Other short term loans and advances</b>				
Advances recoverable in cash or in kind or for value to be received				
Unsecured, considered good	27.59	4.60	72.61	13.38
Unsecured, considered doubtful	14.30	2.38	14.30	2.63
Less: Provision for doubtful advances	(14.30)	(2.38)	(14.30)	(2.63)
	<b>27.59</b>	<b>4.60</b>	72.61	13.38
Advances to suppliers	57.34	9.56	65.97	12.15
Balances with statutory/government authorities	91.51	15.26	67.29	12.40
Other short term advances	1.67	0.29	3.36	0.62
	<b>178.11</b>	<b>29.71</b>	209.23	38.55
<b>TOTAL</b>	<b>182.21</b>	<b>30.39</b>	213.58	39.35

**Note:**

Remuneration paid to the Chairman in excess of the approval received from Ministry of Corporate Affairs (MCA)/limits specified in Schedule XIII amounting to ₹ 4.10 crore has been recovered in FY 2014-2015.



	For the year ended March 31, 2014 ₹ in crore	For the year ended March 31, 2014 USD in million	For the year ended March 31, 2013 ₹ in crore	For the year ended March 31, 2013 USD in million
<b>21. REVENUE FROM OPERATIONS</b>				
Sale of products	4,829.21	805.47	5,612.18	1,034.03
Less: Excise duty	(5.51)	(0.92)	(5.77)	(1.06)
	<b>4,823.70</b>	<b>804.55</b>	5,606.41	1,032.97
Sale of services	6.66	1.11	3.01	0.55
<b>TOTAL</b>	<b>4,830.36</b>	<b>805.66</b>	5,609.42	1,033.52
<b>22. OTHER INCOME</b>				
Dividend Income*	–	–	–	–
* ₹ 9,450 (Previous Year – ₹ 6,300)				
Profit/(Loss) on sale of assets	(0.50)	(0.08)	(2.79)	(0.51)
Interest Income	9.75	1.63	30.81	5.68
Miscellaneous income (Refer note below)	29.15	4.86	23.19	4.27
<b>TOTAL</b>	<b>38.40</b>	<b>6.41</b>	51.21	9.44

**Note:**

Miscellaneous income includes liabilities no more payable of ₹ 2.23 crore (Previous Year – ₹ 6.44 crore).

	For the year ended March 31, 2014 ₹ in crore	For the year ended March 31, 2014 USD in million	For the year ended March 31, 2013 ₹ in crore	For the year ended March 31, 2013 USD in million
<b>23. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE (INCREASE)/DECREASE IN INVENTORIES</b>				
<b>Opening Inventories</b>				
Finished goods	503.33	84.00	317.84	58.56*
Stock-in-trade	79.51	13.20	110.22	20.31
Work-in-progress	121.03	20.20	94.38	17.39
Less: Excise duty on opening stock	(2.08)	(0.30)	(0.92)	(0.17)
	<b>701.79</b>	<b>117.10</b>	521.52	96.09
Less: Inventory written off (Refer note 31)	(93.71)	(15.60)	–	–
<b>Closing Inventories</b>				
Finished goods	(331.29)	(55.30)	(503.33)	(92.74)
Stock-in-trade	(132.98)	(22.10)	(79.51)	(14.65)
Work-in-progress	(72.62)	(12.10)	(121.03)	(22.30)
Less: Excise duty on closing stock	1.51	0.30	2.08	0.38
	<b>(535.38)</b>	<b>(89.20)</b>	(701.79)	(129.31)
<b>TOTAL</b>	<b>72.70</b>	<b>12.30</b>	(180.27)	(33.22)
<b>* Note: Inventory of Finished goods pertaining to Discontinued operations and excluded from above:</b>				
Opening Inventories (Gross of excise)	–	–	25.37	4.67
Less: Excise duty on opening stock	–	–	(0.17)	(0.03)
	–	–	25.20	4.64
Closing Inventories (Gross of excise)	–	–	–	–
Less: Excise duty on closing stock	–	–	–	–
	–	–	–	–
<b>24. EMPLOYEE BENEFIT EXPENSES</b>				
Salaries and wages (Refer note 34)	624.43	104.15	511.02	94.15
Contribution to provident and other funds (Refer note 34)	56.95	9.50	53.88	9.93
Expense on Employee Stock Option Scheme (ESOS) (Refer note 36)	20.23	3.37	25.82	4.76
Staff welfare expenses	67.02	11.18	65.18	12.01
<b>TOTAL</b>	<b>768.63</b>	<b>128.20</b>	655.90	120.85





	For the year ended March 31, 2014 in crore	For the year ended March 31, 2014 USD in million	For the year ended March 31, 2013 in crore	For the year ended March 31, 2013 USD in million
<b>25. FINANCE COSTS</b>				
Interest expense				
on term loans	30.77	5.13	117.90	21.72
on debentures	–	–	17.43	3.21
others	52.08	8.69	48.97	9.02
	<b>82.85</b>	<b>13.82</b>	184.30	33.95
Other borrowing costs	0.50	0.08	31.07	5.72
<b>TOTAL</b>	<b>83.35</b>	<b>13.90</b>	215.37	39.67
<b>26. OTHER EXPENSES</b>				
Travelling expenses	81.21	13.55	71.91	13.25
Freight and forwarding	116.36	19.41	96.39	17.76
Sales promotion and other selling cost	143.42	23.92	159.45	29.38
Commission on sales	33.20	5.54	35.90	6.61
Power and fuel	92.17	15.37	97.08	17.89
Rent (Refer note 28)	66.36	11.07	60.05	11.06
Rates and taxes	22.87	3.81	13.14	2.42
Repairs and maintenance				
Buildings	10.26	1.71	6.05	1.11
Plant and machinery	30.76	5.13	21.52	3.96
Others	22.76	3.80	12.16	2.24
Stores and spare parts consumed	90.76	15.14	69.58	12.82
Insurance	29.94	4.99	25.88	4.77
Manufacturing expenses	37.60	6.27	32.03	5.90
Consultancy charges	49.63	8.28	76.16	14.03
Directors' sitting fees	0.11	0.02	0.11	0.02
Product development expense	18.12	3.02	16.79	3.09
Chemicals	30.59	5.10	21.93	4.04
Miscellaneous expenses	399.53	66.64	299.48	55.18
<b>TOTAL</b>	<b>1,275.65</b>	<b>212.77</b>	1,115.61	205.53
<b>27. EXPENDITURE ON RESEARCH AND DEVELOPMENT</b>				
<b>Capital</b>	47.35	7.90	21.84	4.02
<b>Revenue</b>	403.04	67.22	353.97	65.22
	<b>450.39</b>	<b>75.12</b>	375.81	69.24
<b>28. (a) Annual commitments for lease payments under non-cancellable operating leases for certain office premises and plant and machinery:</b>				
Less than 1 year	50.15	8.36	51.92	9.57
More than 1 year but less than 5 years	38.93	6.49	64.38	11.86
More than 5 years	2.96	0.49	1.73	0.32
	<b>92.04</b>	<b>15.34</b>	118.03	21.75



	For the year ended March 31, 2014 ₹ in crore	For the year ended March 31, 2014 USD in million	For the year ended March 31, 2013 ₹ in crore	For the year ended March 31, 2013 USD in million
<b>(b) Annual commitments for property given under non-cancellable operating leases are:</b>				
Less than 1 year	2.74	0.46	–	–
More than 1 year but less than 5 years	2.08	0.35	–	–
More than 5 years	–	–	–	–
	<b>4.82</b>	<b>0.81</b>	–	–
<b>29. EARNINGS PER SHARE</b>				
The calculations of earnings per share (EPS) (basic and diluted) are based on the earnings and number of shares as computed below:				
<b>Reconciliation of earnings</b>				
Profit after tax	840.71	140.22	1,594.12	293.73
Less: Dividend (including tax on dividend) payable on preference shares	(0.04)	(0.01)	(0.04)	(0.01)
<b>Net Profit for calculation of basic/diluted EPS</b>	<b>840.67</b>	<b>140.21</b>	1,594.08	293.72
<b>Reconciliation of number of shares</b>	<b>No. of Shares</b>		No. of Shares	
Weighted average number of shares in calculating Basic EPS	109,691,866		109,475,239	
Add:				
Weighted average number of shares under ESOS	1,346,904		1,737,512	
Weighted average number of equity shares in calculating diluted EPS	111,038,770		111,212,751	
<b>Earnings per share (face value ₹ 5/- each)</b>				
Earnings per share – Basic ₹/USD	76.64	1.28	145.61	2.68
Earnings per share – Diluted ₹/USD	75.71	1.26	143.34	2.64

Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) are not considered for calculating diluted earnings per share since conversion of shares is contingent in nature and number of shares cannot be currently ascertained, being dependent on price of equity shares as per SEBI formula prevailing on the date on which the holders of OCCRPS are entitled to convert.

30. During previous year, the management has reassessed the recognition criteria for capitalization of development cost based on its most recent experience of regulatory approvals, clinical trials, economic uncertainties, industry experience and business plans. This review indicated that the recognition criteria may not be met till the time regulatory approvals are received. Hence, the Company has revised its recognition criteria for developments costs and auditors have relied on the management judgment being technical in nature. Accordingly, the Company:
- has expensed off the carried forward cost of products under development as at June 30, 2012, amounting to ₹ 436.88 crore, to the Statement of Profit and Loss under the head 'Exceptional Item' in the previous year.
  - has charged to the Statement of Profit and Loss, product development expenditure incurred during the period July 2012 to March 2013 amounting to ₹ 216.17 crore under respective expense heads in the previous year.
31. Exceptional items for the year ended March 31, 2014 mainly comprises of inventory write off and recall cost relating its regulatory alerts from USFDA & UKMHRA of ₹ 110.25 crore, gain on litigation compensation in France ₹ 169.86 crore and other exceptional expenses ₹ 9.78 crore.

During the year, the Company has received regulatory alerts from USFDA on two of its manufacturing units located in Aurangabad. The said action did not affect the sale of inventories which were already lying in USA, thereby assuring no quality concerns on the products. Further, USFDA has also excluded 6 products and the supply of the same continues to the US market.

The Company has also received restricted GMP certificate from the UKMHRA for its manufacturing facilities at Aurangabad & Daman. The UKMHRA has however, allowed the Company to manufacture and supply 21 products. The UKMHRA had also initiated drug recalls for the products manufactured at two Aurangabad facilities, but has categorically mentioned that the recalls were only precautionary and there was no risk to patient safety.

The above has resulted in a decline in the sales and profitability during the year and the Company has also made a provision of ₹ 110.25 crore towards inventory write-off and recall which is included under exceptional items.



During the year, the Company has reviewed its technical operations and as a result of the same has directed its energies into strengthening and upgrading its Quality & Manufacturing operations. The Company has initiated a number of improvement measures to ensure creation of a robust, sustainable and compliant operating framework on a consistent basis. Some of these measures include restructuring and strengthening Quality & Manufacturing functions, initiating extensive training programs for upgrading competencies and improving information system security and integrity.

Exceptional items for previous year other than as specified in Note 30 mainly comprises of Profit on divestment of nutrition business amounting to ` 1,195.27 crore, impairment of Goodwill on consolidation of ` 621.21 crore, impairment of intangible assets of ` 34.73 crore, impairment of investment in associate Swiss Biosciences AG of ` 17.16 crore and other investment of ` 1.61 crore and other expenses including redundancy in France amounting to ` 22.16 crore.

### 32. SEGMENT INFORMATION

#### (i) Information about Primary Segments

The Group is primarily engaged in pharmaceutical business which is considered as the only reportable business segment as per Accounting Standard – AS 17 'Segment Reporting' notified by Companies (Accounting Standards) Rules, 2006.

#### (ii) Information about Secondary Segments

Sales by market – The following is the distribution of the Group's sale (including discontinued operations) by geographical market regardless of where the goods were produced:

Geographical segment	For the year ended March 31, 2014		For the year ended March 31, 2013	
	in crore	USD in million	in crore	USD in million
India	999.06	166.63	1,101.61	202.97
USA	2,150.78	358.73	2,897.87	533.92
Europe	1,379.18	230.04	1,370.74	252.55
Rest of the World and CIS	301.34	50.26	350.45	64.57
<b>TOTAL</b>	<b>4,830.36</b>	<b>805.66</b>	<b>5,720.67</b>	<b>1,054.01</b>

The following table shows the carrying amount of segment assets and addition to fixed assets by geographical area in which the assets are located:

	For the year ended March 31, 2014		For the year ended March 31, 2013	
	in crore	USD in million	in crore	USD in million
Carrying amount of segment assets				
India	2,622.57	437.41	2,382.36	438.93
USA	950.19	158.48	1,254.50	231.14
Europe	2,919.15	486.90	2,286.68	421.32
Rest of the World and CIS	130.11	21.70	99.12	18.26
<b>TOTAL</b>	<b>6,622.02</b>	<b>1,104.49</b>	<b>6,022.66</b>	<b>1,109.65</b>
Additions to tangible and intangible assets				
India	196.82	32.83	172.53	31.79
USA	57.93	9.66	22.22	4.09
Europe	12.19	2.03	13.27	2.44
Rest of the World and CIS	0.01	-	-	-
<b>TOTAL</b>	<b>266.95</b>	<b>44.52</b>	<b>208.02</b>	<b>38.32</b>

#### (iii) Notes:

##### Geographical segments:

Secondary segmental reporting is performed on the basis of the geographical location of customers. The management views the Indian market and export markets as distinct geographical segments.

##### Segment assets:

Segment assets include all operating assets used by a segment and consist principally of debtors, inventories, advances and fixed assets, net of allowances.



### 33. RELATED PARTY DISCLOSURES

(a) **Parties where control exists**

**Holding Company**

Khorakiwala Holdings and Investments Private Limited

(b) **Other related party relationships where transactions have taken place during the year  
Enterprises over which Key Managerial Personnel exercise significant influence**

Palanpur Holdings and Investments Private Limited

Wockhardt Hospitals Limited

Merind Limited

Wockhardt Foundation

Dartmour Holdings Private Limited

**Fellow Subsidiary**

Carol Info Services Limited

**Associate Company**

Swiss Biosciences AG

**Key managerial personnel**

Dr. Habil Khorakiwala, Chairman

Dr. Huzaifa Khorakiwala, Executive Director

Dr. Murtaza Khorakiwala, Managing Director

**Relatives & key managerial personnel**

N. H. Khorakiwala

(c) **Transactions with related parties during the year**

	31.03.2014 ` in crore	31.03.2014 USD in million	31.03.2013 ` in crore	31.03.2013 USD in million
<b>Holding Company</b>				
Dividend	105.54	17.60	0.01	-
<b>Fellow Subsidiary</b>				
Loan Licensee charges paid	-	-	7.64	1.41
Rent paid	56.38	9.40	51.13	9.42
Loan Given	1.68	0.28	1.58	0.29
Loan Repaid	0.52	0.09	0.57	0.11
Interest Received	1.87	0.31	1.75	0.32
<b>Key managerial personnel</b>				
Remuneration paid	6.33	1.06	1.77	0.33
[Remuneration paid to Chairman ` 1.5 crore (Previous Year - ` 0.57 crore), Remuneration paid to Managing Director ` 2.38 crore (Previous Year - 0.60 crore), Remuneration paid to Executive Director ` 2.45 crore (Previous Year - ` 0.60 crore)]				
Dividend Paid	1.32	0.22	-	-
[Dividend paid to Chairman ` 0.66 crore (Previous Year - ` Nil), Dividend paid to Managing Director ` 0.34 crore (Previous Year - ` Nil), Dividend paid to Executive Director ` 0.32 crore (Previous Year - ` Nil)]				
<b>Relative of Key managerial personnel</b>				
Dividend paid ` 39,600	0.004	-	-	-
<b>Enterprise over which Key Managerial Personnel exercise significant influence</b>				
Rent paid [Palanpur Holdings and Investments Private Limited ` 0.08 crore (Previous Year - ` 0.08 crore), Merind Limited ` 0.002 crore (Previous Year - ` 0.01 crore), Wockhardt Hospitals ` 0.84 crore (Previous Year - ` Nil)]	0.92	0.15	0.09	0.02
Dividend Paid to Palanpur Holdings and Investment Private Limited	4.73	0.79	-	-
Dividend Paid to Dartmour Holdings Private Limited	10.24	1.71	-	-
Reimbursement of Expenses to Merind Limited	1.63	0.27	1.76	0.32
Donation given to Wockhardt Foundation	1.96	0.33	0.64	0.12
Reimbursement of Expenses to Wockhardt Foundation	0.20	0.03	-	-
Sales made to Wockhardt Hospitals	0.15	0.02	-	-
Reimbursement of Expense to Wockhardt Hospitals	0.32	0.05	-	-
Professional charges to Wockhardt Hospitals	0.22	0.04	-	-

	31.03.2014 ₹ in crore	31.03.2014 USD in million	31.03.2013 ₹ in crore	31.03.2013 USD in million
(d) <b>Related party balances</b>				
Payable to fellow subsidiary	(29.31)	(4.89)	(39.10)	(7.20)
Receivable from fellow subsidiary	68.71	11.46	67.55	12.45
<b>Payable to enterprise over which key managerial personnel exercise significant influence</b>				
Merind Limited	(0.10)	(0.02)	(1.85)	(0.34)
Wockhardt Hospitals Ltd	(0.94)	(0.16)	–	–
<b>Enterprises over which Key Managerial Personnel exercise significant influence</b>				
Security Deposit given to Palanpur Holdings and Investments Private Limited	2.75	0.46	2.75	0.51
<b>Receivable from/(Payable) to Key managerial personnel</b>				
[Chairman ₹ 4.1 crore (Previous Year – ₹ 3.39 crore), Payable to Managing Director ₹ (0.67) crore (Previous Year Receivable – ₹ 0.48 crore), Payable to Executive Director ₹ (0.77) crore (Previous Year Receivable – 0.48 crore)]	2.66	0.44	4.35	0.80

### 34. EMPLOYEE BENEFITS

#### (A) Disclosure in respect of Wockhardt Limited

	For the year ended 2014 ₹ in crore Gratuity (Non-funded)	For the year ended 2013 ₹ in crore Gratuity (Non-funded)
<b>Defined Benefit Plans:</b>		
<b>I. Expenses recognized during the year:</b>		
1. Current Service Cost	1.62	2.78
2. Interest cost	1.30	1.36
3. Actuarial Losses/(Gains)	0.81	(0.77)
<b>Total Expenses</b>	<b>3.73</b>	<b>3.37</b>
<b>II. Net Asset/(Liability) recognized as at balance sheet date:</b>		
1. Present value of defined benefit obligation	19.07	16.75
2. Net Asset/(Liability)	(19.07)	(16.75)
<b>III. Reconciliation of Net Asset/(Liability) recognized as at balance sheet date:</b>		
1. Net Asset/(Liability) at the beginning of year	(16.75)	(15.57)
2. Expense as per I above	3.73	3.37
3. Net transfer out due to discontinuance of Nutrition business	–	(0.94)
4. Employer contributions	(1.41)	(1.25)
5. Net asset/(liability) at the end of the year	(19.07)	(16.75)
<b>IV. Actuarial Assumptions:</b>		
1. Discount rate	8.62%	7.75%
2. Expected rate of salary increase	8.00%	8.00%
3. Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

#### Notes:

- (a) Amounts recognized as an expense in the Statement of Profit and Loss and included in note 24 under "Salaries and Wages" and note 40 under "Total expenses" of Discontinued Operations:  
"Salaries and Wages" includes gratuity ₹ 3.82 crore (Previous Year – ₹ 3.37 crore), Leave Encashment ₹ 8.66 crore (Previous Year – ₹ 9.80 crore).
- (b) The estimates of future salary increases considered in the actuarial valuation take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.





	` in crore				
	April 2013- March 2014	April 2012- March 2013	April 2011- March 2012	April 2010- March 2011	January 2009- March 2010
(c) <b>Details of gratuity for the current and previous four years are as follows:</b>					
Defined benefit obligation	19.07	16.75	15.57	14.04	11.00
Surplus/(deficit)	(19.07)	(16.75)	(15.57)	(14.04)	(11.00)
Experience adjustment on plan liabilities (gain)/loss	1.46	(0.30)	0.54	0.74	(0.69)

(d) **Defined contribution plan:**

Amount recognized as an expense in the Statement of Profit and Loss and included in the note 24 – “Contribution to provident and other funds” and note 40 under “Total expenses” of Discontinued Operations of ` 14.55 crore (Previous Year – ` 12.86 crore).

**(B) Defined Benefit Pension Scheme (In respect of Consolidated Wockhardt UK Holdings Limited)**

The group operates a funded defined benefit pension scheme. The assets of the scheme are held separately from those of the group. Members contributed at a rate of 7% of pensionable salaries.

An actuarial valuation of the pension scheme was carried out as at balance sheet date. The amount recognized as (loss) by the Company is ` 8.54 crore (Previous Year – gain ` 4.60 crore). Amount recognized as liability ` 20.42 crore (Previous Year – ` 21.04 crore).

**(C) Defined Contribution Pension Scheme (In respect of Consolidated Wockhardt UK Holdings Limited, Wockhardt UK Limited and Consolidated Wockpharma Ireland Limited)**

During the year, the group operated a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to ` 6.10 crore (Previous Year – ` 4.49 crore) and the outstanding pension liability as at March 31, 2014 was ` Nil (Previous Year – ` 0.57 crore).

**35. DISCLOSURE REGARDING UNHEDGED CURRENCY EXPOSURE**

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

Particulars	Currency	As at March 31, 2014		As at March 31, 2013	
		Amt. in Foreign Currency (in million)	` in crore	Amt. in Foreign Currency (in million)	` in crore
Loans Aailed	EUR	1.32	11.21	–	–
Interest Payable	EUR	0.001	0.01	–	–
Trade Receivables	ACU	0.02	0.09	0.17	0.92
	AUD	0.01	0.06	0.01	0.08
	EUR	2.00	16.57	3.34	23.20
	GBP	5.16	51.53	7.16	58.87
	USD	14.85	89.03	17.02	92.38
	RUB	127.04	21.55	–	–
Loans and Advances & Other receivables	EUR	2.56	21.15	5.59	38.80
	USD	2.19	13.13	6.08	32.98
	CHF	0.02	0.14	5.09	29.00
	GBP	2.87	28.59	2.69	22.10
	JPY	4.97	0.29	12.23	0.70
	AED	0.10	1.68	0.23	3.40
	MXN	7.29	33.31	–	–
Trade Payables and Other Liabilities	CAD	0.01	0.04	–	–
	CHF	1.30	8.81	12.50	71.22
	EUR	4.61	38.14	6.66	46.23
	GBP	8.42	84.01	6.24	51.26
	JPY	4.11	0.24	3.07	0.18
	MXN	7.19	3.28	–	–
	USD	10.19	61.11	16.60	90.09
	AED	0.01	0.02	–	–
	RUB	4.52	0.77	–	–

### 36. EMPLOYEES STOCK OPTION SCHEME (ESOS)

The Compensation Committee of the Board of directors of Wockhardt Limited has, under Wockhardt Stock Option Scheme-2011 ('the Scheme') granted 60,000 options @ ₹ 397/- per option (Grant 1), another 60,000 options @ ₹ 365/- per option (Grant 2), 1,420,000 options @ ₹ 5/- per option (Grant 3), 350,000 options @ ₹ 5/- per option (Grant 4) and 8,500 options @ ₹ 5/- per option (Grant 5) in accordance with the provisions of Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, to the selected employees (including Independent Directors) of the Company and its subsidiaries. The method of settlement is by issue of equity shares to the selected employees (including Independent Directors) who have accepted the options. The scheme shall be administered by the compensation committee of Board of directors. The options issued vests in periods ranging 1 year and 7 years 3 months from the date of grant, and can be exercised during such period not exceeding 7 years.

Employee stock option activity under Scheme 2011 is as follows:

	For the year ended March 31, 2014	For the year ended March 31, 2013
Outstanding at beginning of the year	1,593,000	1,540,000
Granted during the year	–	358,500
Lapsed during the year (re-issuable)	60,000	158,000
Exercised during the year	167,750	147,500
Outstanding at the end of the year	1,365,250	1,593,000
Vested and exercisable at the end of the year	54,500	29,000
Range of weighted average fair value of options on the date of grant	₹ 106.47 – ₹ 1,949.76	₹ 106.47 – ₹ 1,949.76
No option have been forfeited during the year or in the previous year		

The Company follows the intrinsic value method to account compensation expense arising from issuance of stock options to the employees. Had compensation cost been determined under the fair value approach described in the Guidance Note using the Black Scholes Pricing Model, the Company's net income and basic and diluted earnings per share (as restated) would have been increased/decreased to the proforma amounts as set out below:

	For the year ended March 31, 2014	For the year ended March 31, 2013
Net profit as reported in Statement of Profit and Loss	840.71	1,594.12
Add: Stock-based employee compensation expense (intrinsic value method)	20.23	19.48
Less: Stock-based employee compensation expense (fair value method)	(22.46)	(20.23)
Proforma net profit	838.48	1,593.37
Basic earnings per share as reported (₹)	76.64	145.61
Proforma basic earnings per share (₹)	76.44	145.54
Diluted earnings per share as reported (₹)	75.71	143.34
Proforma diluted earnings per share (₹)	75.51	143.27
<b>The key assumptions used to estimate the fair value of options are:</b>		
Range of stock price at the time of option grant (₹ Per share)	₹ 414 – ₹ 1,954.20	₹ 414 – ₹ 1,954.20
Range of expected life:	1.50 years – 7.75 years	1.50 years – 7.75 years
Range of risk free interest rate	7.86% – 8.35%	7.86% – 8.35%
Range of Volatility	36% – 51%	36% – 51%
Range of weighted average exercise price (₹ Per share)	₹ 5 – ₹ 37.65	₹ 5 – ₹ 37.65
Dividend yield has not been separately built in, as the stock prices for one year has been considered which factors for the price movement on account of the dividend		

### 37. CAPITAL COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 180.56 crore (Previous Year – ₹ 150.12 crore) after deducting advance on capital account of ₹ 20.99 crore (Previous Year – ₹ 40.93 crore).

### 38. INVESTMENT IN ASSOCIATE COMPANIES

Swiss Biosciences AG continues to be an associate Company with holding interest of Wockhardt Bio AG @ 45%.



### 39. CONTINGENT LIABILITIES NOT PROVIDED FOR

- 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 ` 9.22 crore (Previous Year - ` 9.62 crore). Further, demand from State Excise Authorities for excise duty on certain inputs disputed by the Company, ` Nil (Previous Year - ` 12.55 crore).
- Demand by Income tax authorities ` 76.03 crore (Previous Year - ` 47.32 crore) disputed by the Company.
- Demand in respect of Sales tax matters ` 0.57 crore (Previous Year - ` 0.08 crore) which has been disputed.
- Claims against Company not acknowledged as debt in respect of local body tax ` 10.28 crore (Previous Year - ` 10.28 crore).
- The Group is involved in other disputes, lawsuits, claims, inquires and proceedings, including commercial matters that arise from time to time in the ordinary course of business. The group believes that there are no such pending matters that are expected to have any material adverse effect on its financial statements in any given accounting period.

### 40. DISCONTINUED OPERATIONS

Pursuant to Business Transfer Agreement(BTA) dated August 2, 2011, the divestment of Nutrition business on a slump sale basis to Danone was completed on July 26, 2012. During the previous year, the Company along with its wholly owned subsidiary has received the entire consideration of ` 1,288.31 crore (including purchase price adjustment) towards this divestment. The profit on account of the aforesaid transaction amounting ` 1,195.27 crore has been shown as 'exceptional item'.

Details of profit/(loss) from continuing and discontinued operations:

	Continuing operations		Discontinued operations		Total	
	For the year ended March 31, 2014	For the year ended March 31, 2013	For the year ended March 31, 2014	For the* year ended March 31, 2013	For the year ended March 31, 2014	For the* year ended March 31, 2013
Revenue from Operations	4,830.36	5,609.42	-	111.25	4,830.36	5,720.67
Other Income	38.40	51.21	-	0.09	38.40	51.30
<b>Total Revenue</b>	<b>4,868.76</b>	<b>5,660.63</b>	<b>-</b>	<b>111.34</b>	<b>4,868.76</b>	<b>5,771.97</b>
Total expenses other than finance costs	3,944.57	3,669.09	-	88.87	3,944.57	3,757.96
Finance costs	83.35	215.37	-	(0.04)	83.35	215.33
<b>Total expenses</b>	<b>4,027.92</b>	<b>3,884.46</b>	<b>-</b>	<b>88.83</b>	<b>4,027.92</b>	<b>3,973.29</b>
Profit before exceptional items and tax	840.84	1,776.17	-	22.51	840.84	1,798.68
Less: Exceptional items	(49.83)	(61.52)	-	-	(49.83)	(61.52)
<b>Profit before tax</b>	<b>890.67</b>	<b>1,837.69</b>	<b>-</b>	<b>22.51</b>	<b>890.67</b>	<b>1,860.20</b>
Tax expense:	47.88	258.21	-	7.30	47.88	265.51
<b>PROFIT AFTER TAX BEFORE SHARE OF PROFIT/(LOSS) OF ASSOCIATES AND MINORITY INTEREST</b>	<b>842.79</b>	<b>1,579.48</b>	<b>-</b>	<b>15.21</b>	<b>842.79</b>	<b>1,594.69</b>
Add: Share in Profit/(Loss) of Associate Companies	(0.01)	(0.57)	-	-	(0.01)	(0.57)
Minority Interest - Profit	2.07	-	-	-	2.07	-
<b>NET PROFIT FOR THE YEAR</b>	<b>840.71</b>	<b>1,578.91</b>	<b>-</b>	<b>15.21</b>	<b>840.71</b>	<b>1,594.12</b>

\* Turnover, Expenses and profit upto July 25, 2012.

The carrying amount of assets and liabilities pertaining to the discontinued business were as follows:

	For the year ended March 31, 2014	As at July 25, 2012
Total Assets	Nil	111.86
Total Liabilities	Nil	18.82

41. Premium on redemption of preference shares will be provided for before redemption of the preference shares.

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

For and on behalf of the Board of Directors

**H. F. Khorakiwala**  
Chairman

**Huzaiifa Khorakiwala**  
Executive Director

**Murtaza Khorakiwala**  
Managing Director

**R. A. Shah**

**Shekhar Datta**

**Aman Mehta**

**D. S. Brar**

**Sanjaya Baru**

Directors

Place : Mumbai  
Date : May 26, 2014

**V. R. Khetan**  
Company Secretary



## INDEPENDENT AUDITORS' REPORT

### To the Members of Wockhardt Limited

#### Report on the Financial Statements

1. We have audited the accompanying financial statements of Wockhardt Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). 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

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 Company'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

4. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
  - (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
  - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### Emphasis of Matter

5. We draw attention to Note 47 to the financial statements with regard to regulatory alert received by the Company on certain manufacturing units from the USFDA and UKMHRA due to which there has been a decline in sales and profitability for the year and inventory write off amounting to ₹ 69.33 crore has been charged to Wockhardt Bio AG. Our opinion is not qualified in respect of this matter.

#### Report on Other Legal and Regulatory Requirements

6. As required by the Companies (Auditors' Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the Order.
7. As required by Section 227(3) of the Act, we report that:
  - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
  - e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

For **Haribhakti & Co.**  
Chartered Accountants  
Firm Registration No. 103523W

**Shailesh Haribhakti**  
Partner  
Membership No. 30823  
Place : Mumbai  
Date : May 26, 2014



## ANNEXURE TO INDEPENDENT AUDITORS' REPORT

[Referred to in paragraph 6 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the members of **Wockhardt Limited** on the financial statements for the year ended March 31, 2014]

- (i)
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
  - (b) The Company has a program for phased physical verification of all its fixed assets over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. Accordingly, certain fixed assets have been physically verified by the management during the year and discrepancies noticed on such verification, which were not material, have been properly dealt with in the books of account.
  - (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
- (ii)
  - (a) The inventory (excluding stocks with third parties) has been physically verified by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
  - (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on such physical verification carried out.
- (iii)
  - (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions stated in paragraph 4 (iii)(b), (c) and (d) of the Order are not applicable.
  - (b) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions stated in paragraph 4 (iii)(f) and (g) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct any major weakness in the aforesaid internal control system of the Company.
- (v)
  - (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
  - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of ₹ five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (ix)
  - (a) According to the information and explanation given to us and on the basis of records of the Company examined by us, in our opinion, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
  - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
  - (c) According to the records of the Company and as informed to us, there are no dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess that have not been deposited on account of any dispute, except as follows:

Name of the statute	Nature of dues	Amount (₹ in crore)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Penalty for Classification	0.37	February 2001 to February 2003	CESTAT
	Differential Duty	2.19	November 1996 to April 1998	Commissioner, Aurangabad
	Education Cess	0.02	July 2004 to August 2004	Joint Commissioner, Ankleshwar.
	Demand and Penalty for Classification	2.20	September 1991 to July 1993	CESTAT
	Demand and Penalty for Classification	4.44	April 2005 to March 2009	CESTAT





Name of the statute	Nature of dues	Amount (₹ in crore)	Period to which the amount relates	Forum where the dispute is pending
Aurangabad Municipal Corporation	Demand Under Local Body Tax	10.28	July 2011 to August 2011	Bombay High Court
UP VAT Act	Demand under Section 28 & Section 9(2)	0.27	April 2009 to March 2011	Add. Commissioner Grade 2 (Appeals) First
Central Sales Tax	Demand under Section 9(2)	0.30	April 2005 to March 2006	Deputy Commissioner of Sales Tax Appeals – 3, Mumbai
Income Tax Act, 1961	Demand under Section 143(3)	4.05	FY 2003-04	High Court
	Demand under Section 143(3)	12.80	FY 2006-07	Income Tax Appellate Tribunal
	Demand under Section 143(3)	0.46	FY 2007-08	Income Tax Appellate Tribunal
	TDS Assessment order u/s 201/201(A)	1.00	January 2007 to December 2010	Commissioner of Income Tax (Appeals) / TDS Officers
	Penalty under Section 271(1)(c)	3.08	FY 2003-04	Commissioner of Income Tax (Appeals)
	Penalty under Section 271(1)(c)	2.59	FY 2004-05	Commissioner of Income Tax (Appeals)

Note: Out of the above, amount paid under protest by the Company for Local Body Tax, Delhi VAT and Income-tax is ₹ 2.00 Crore, 0.13 Crore and 16.13 Crore respectively.

- (x) In our opinion, the accumulated losses of the Company are not more than fifty percent of its net worth. Further, the Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Order are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause (xiv) of paragraph 4 of the Order are not applicable to the Company.
- (xv) In our opinion and as explained in Note 46 to the financial statements, the terms and conditions of the guarantees given by the Company, for loans taken by its subsidiaries from banks or financial institutions are not prejudicial to the interest of the Company.
- (xvi) In our opinion and according to the information and explanation given to us, the term loans have been applied for the purpose for which they were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanation given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised money by way of public issue during the year.
- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For **Haribhakti & Co.**  
Chartered Accountants  
Firm Registration No. 103523W

**Shailesh Haribhakti**  
Partner  
Membership No. 30823  
Place : Mumbai  
Date : May 26, 2014

**BALANCE SHEET**

As at March 31, 2014

(All amounts in crore of Indian `)

	Notes	As at March 31, 2014	As at March 31, 2013
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share capital	2	353.43	353.34
Reserves and surplus	3	882.13	763.38
		<b>1,235.56</b>	1,116.72
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings	4	7.00	9.52
Deferred tax liabilities (net)	5	136.70	120.55
Other long-term liabilities	6	628.63	-
Long-term provisions	7	28.05	26.08
		<b>800.38</b>	156.15
<b>CURRENT LIABILITIES</b>			
Short-term borrowings	8	174.44	163.17
Trade payables	9	330.69	469.30
Other current liabilities	10	823.18	1,174.65
Short-term provisions	11	27.11	87.33
		<b>1,355.42</b>	1,894.45
<b>TOTAL</b>		<b>3,391.36</b>	3,167.32
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets	12		
Tangible assets		994.36	876.86
Intangible assets		38.52	59.76
Capital work-in-progress		581.83	481.79
Non-current investments	13	307.95	307.95
Long-term loans and advances	14	372.32	342.92
Other non-current assets	15	106.19	4.92
		<b>2,401.17</b>	2,074.20
<b>CURRENT ASSETS</b>			
Inventories	16	484.46	527.59
Trade receivables	17	246.36	206.63
Cash and bank balances	18	85.79	183.93
Short-term loans and advances	19	173.58	174.97
		<b>990.19</b>	1,093.12
<b>TOTAL</b>		<b>3,391.36</b>	3,167.32
Significant accounting policies	1		
The notes from 1 to 49 form an integral part of the Financial statements.			

As per our attached report of even date

**For Haribhakti & Co.**  
Chartered Accountants  
Firm Registration No. 103523W

**Shailesh Haribhakti**  
Partner  
Membership No. 30823

**V. R. Khetan**  
Company Secretary

For and on behalf of the Board of Directors

**H. F. Khorakiwala**  
Chairman  
**Huzaiifa Khorakiwala**  
Executive Director  
**Murtaza Khorakiwala**  
Managing Director

**R. A. Shah**  
**Shekhar Datta**  
**Aman Mehta**  
**D. S. Brar**  
**Sanjaya Baru**

} Directors



## STATEMENT OF PROFIT AND LOSS

For the Year Ended March 31, 2014

(All amounts in crore of Indian `)

	Notes	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>REVENUE</b>			
Revenue from operations (gross)	20	<b>1,810.78</b>	2,476.95
Less: Excise duty		<b>(5.51)</b>	(5.77)
Revenue from operations (net)		<b>1,805.27</b>	2,471.18
Other income	21	<b>319.38</b>	45.50
<b>TOTAL</b>		<b>2,124.65</b>	2,516.68
<b>EXPENSES</b>			
Cost of materials consumed		<b>513.31</b>	859.30
Purchases of stock-in-trade	33	<b>280.96</b>	261.43
Changes in inventories of finished goods, work-in-progress and stock-in-trade	22	<b>4.71</b>	(82.95)
Employee benefits expense	23	<b>354.53</b>	301.07
Finance costs	24	<b>33.67</b>	154.37
Depreciation and amortization expense	12	<b>96.32</b>	80.77
Exchange fluctuation loss/(gain), net		<b>40.64</b>	(19.84)
Other expenses	25	<b>585.75</b>	560.97
<b>TOTAL</b>		<b>1,909.89</b>	2,115.12
<b>PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX</b>			
		<b>214.76</b>	401.56
Less: Exceptional items – (Gain)/Loss (including profit on sale of Nutrition business of ` 607.23 crore in previous year)	37	–	(288.18)
<b>PROFIT BEFORE TAX</b>			
		<b>214.76</b>	689.74
Tax expense:			
Current tax (MAT payable in current year)		<b>(45.23)</b>	(167.57)
Less: Minimum Alternative Tax credit		<b>45.23</b>	–
		–	(167.57)
Deferred tax credit/(charge)		<b>(16.15)</b>	84.59
<b>PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS</b>			
		<b>198.61</b>	606.76
<b>PROFIT FROM DISCONTINUED OPERATIONS (BEFORE TAX)</b>			
	42	–	23.60
Tax expense of discontinued operations	42	–	(7.66)
<b>PROFIT FROM DISCONTINUED OPERATIONS (AFTER TAX)</b>			
	42	–	15.94
<b>PROFIT AFTER TAX</b>			
		<b>198.61</b>	622.70
Earnings per equity share of face value of ` 5/- each			
Basic `	36	<b>18.10</b>	56.88
Diluted `	36	<b>17.88</b>	55.99
Significant accounting policies			
	1		
The notes from 1 to 49 form an integral part of the Financial statements.			

As per our attached report of even date

**For Haribhakti & Co.**  
Chartered Accountants  
Firm Registration No. 103523W

**Shailesh Haribhakti**  
Partner  
Membership No. 30823

Place : Mumbai  
Date : May 26, 2014

**V. R. Khetan**  
Company Secretary

For and on behalf of the Board of Directors

**H. F. Khorakiwala**  
Chairman  
**Huzaifa Khorakiwala**  
Executive Director  
**Murtaza Khorakiwala**  
Managing Director

**R. A. Shah**  
**Shekhar Datta**  
**Aman Mehta**  
**D. S. Brar**  
**Sanjaya Baru**

Directors



**CASH FLOW STATEMENT**

For the Year Ended March 31, 2014  
(All amounts in crore of Indian `)

	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES:</b>		
Net profit before taxation (including profit before tax from discontinued operations during previous year)	<b>214.76</b>	713.34
Adjustments for:		
Depreciation and amortization expense	<b>96.32</b>	80.79
Liabilities no more payable	<b>(2.23)</b>	(5.78)
Provision for doubtful debts	<b>0.37</b>	1.55
Provision for doubtful advances	-	(15.06)
Bad Debts written off	<b>2.03</b>	-
Exchange fluctuation, net	<b>40.64</b>	(19.84)
Loss on assets sold/write off of fixed assets (net)	<b>6.22</b>	-
Finance costs	<b>33.67</b>	154.33
Interest Income	<b>(10.50)</b>	(34.25)
Dividend Income (Refer note 21)	<b>(195.71)</b>	-
Guarantee commission	<b>(93.76)</b>	-
Exceptional items – Write off of Development costs	-	319.05
Exceptional items – Sale of Nutrition business	-	(607.23)
Product development expenses written off	-	1.49
Expense on Employee Stock Option Scheme (ESOS)	<b>20.23</b>	25.82
<b>Operating profit before Working Capital changes</b>	<b>112.04</b>	614.21
Movement in working capital:		
(Increase)/Decrease in Inventories	<b>43.13</b>	(109.11)
(Increase)/Decrease in Trade receivables	<b>(71.82)</b>	66.17
(Increase)/Decrease in Loans and Advances and other assets	<b>(49.79)</b>	(73.71)
Increase/(Decrease) in Liabilities and provisions	<b>278.40</b>	1,022.82
Increase/(Decrease) in Trade payables	<b>(145.71)</b>	115.86
<b>Cash Generated from Operations</b>	<b>166.25</b>	1,636.24
Income taxes paid	<b>(35.03)</b>	(207.31)
<b>Net cash from Operating Activities</b>	<b>(A) 131.22</b>	1,428.93
<b>CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets and Additions to Capital work-in-progress	<b>(282.00)</b>	(180.70)
Proceeds relating to fixed assets	<b>2.64</b>	(0.01)
Proceeds from sale of nutrition business	-	648.31
Repayment by/(Loans to) companies/subsidiaries	<b>42.81</b>	23.55
Margin money under lien and Fixed deposits with original maturity of more than 3 months	<b>5.70</b>	(43.05)
Interest Received	<b>10.50</b>	34.25
Dividend Received (Refer note 21)	<b>195.71</b>	-
<b>Net cash from/(used in) Investing Activities</b>	<b>(B) (24.64)</b>	482.35



	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES:</b>		
Proceeds from issuance of share capital	<b>0.09</b>	0.07
Premium on issue of shares	<b>0.39</b>	1.57
Preference shares redeemed	–	(317.15)
Premium on redemption of preference shares	–	(33.72)
Proceeds from long-term borrowings	–	1.18
Repayment of long-term borrowings	<b>(1.87)</b>	(1,114.59)
Short-term borrowings (net)	<b>10.94</b>	(59.11)
Finance costs	<b>(33.31)</b>	(318.62)
Dividend paid (including dividend distribution tax)	<b>(163.78)</b>	(0.47)
<b>Net cash used in Financing Activities</b>	<b>(C)</b>	(1,840.84)
<b>NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(A+B+C)</b>	70.44
<b>CASH AND CASH EQUIVALENTS, at beginning of year</b>	<b>142.71</b>	72.85
Unrealised gain/(loss) on Foreign Currency Cash and Cash equivalents	<b>(0.12)</b>	(0.58)
<b>CASH AND CASH EQUIVALENTS, at end of year</b>	<b>61.63</b>	142.71
<b>Component of cash and cash equivalents, as at March 31, 2014</b>		
Cash	<b>0.16</b>	0.10
Balance with banks:		
– on current account (excluding unclaimed dividend accounts)	<b>59.84</b>	91.35
– on unclaimed dividend account (Refer note 4 below)	<b>1.63</b>	0.83
Deposits with original maturity of less than 3 months	–	50.43
	<b>61.63</b>	142.71

- All figures in bracket are outflow.
- Income taxes paid are treated as arising from operating activities and are not bifurcated between investing and financing activities.
- Cash flow in respect of ordinary activities attributable to discontinued operations:  
Cash generated from Operating activities – ` Nil (Previous Year – ` 17.42 crore)  
Cash flow provided by Investing activities – ` Nil (Previous Year – ` Nil)  
Cash flow from Financing activities – ` Nil (Previous Year – ` 0.04 crore)
- These balances are not available for use by the Company as they represent corresponding unpaid dividend liabilities.

As per our attached report of even date

**For Haribhakti & Co.**  
Chartered Accountants  
Firm Registration No. 103523W

**Shailesh Haribhakti**  
Partner  
Membership No. 30823

Place : Mumbai  
Date : May 26, 2014

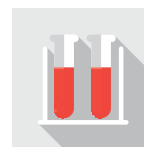
**V. R. Khetan**  
Company Secretary

For and on behalf of the Board of Directors

**H. F. Khorakiwala**  
Chairman  
**Huzaifa Khorakiwala**  
Executive Director  
**Murtaza Khorakiwala**  
Managing Director

**R. A. Shah**  
**Shekhar Datta**  
**Aman Mehta**  
**D. S. Brar**  
**Sanjaya Baru**

Directors



## NOTES TO ACCOUNTS

For the Year Ended March 31, 2014

(All amounts in crore of Indian ` , unless otherwise stated)

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### (i) 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.

#### (ii) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

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

##### Tangible assets:

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.

##### Depreciation/amortization:

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 and Machinery	4.75 – 6.67%
Furniture and Fixtures	6.33%
Office Equipments	25%
Information Technology Equipments	20 – 33.33%
Vehicles	20 – 33.33%

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

##### Intangible assets:

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 on a straight line basis 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 foreign exchange 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.

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 realisable 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 market value determined on category 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 price 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 finished goods.

Inventories of 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) Employee benefits**

Employee benefits in the form of Provident Fund, Family Pension Fund and Superannuation Schemes, which are defined contribution schemes, are charged to the Statement of Profit and Loss of the period when the contributions to the respective funds accrue. There are no other obligations other than the contribution payable to the respective trusts.

Gratuity liability, which is a defined benefit scheme is provided for on the basis of an actuarial valuation made using Projected Unit Credit Method at the end of each financial year.

Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation made using Projected Unit Credit Method at the end of each financial year.

Actuarial gains and losses are immediately taken to Statement of Profit and Loss 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 sales tax, returns and trade discounts.

*Sale of Services*

Revenues from services are recognised on completion of rendering of services.

*Outlicensing fees and Assignment of New Chemical Entity*

Outlicensing fees and Assignment of New Chemical Entity is recognized in accordance with the terms of the relevant agreement(s) as generally accepted and agreed with the customers.

*Duty Drawback*

Duty drawback is recognized at the time of exports and the benefits in respect of advance license received by the Company against export made by it are recognized as and when goods are imported against them.

*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.

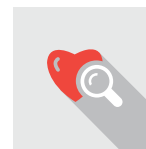
*Dividend and Interest*

Dividend income is recognized when the right to receive the payment is established. Interest income 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 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) Impairment of Assets**

The carrying values of assets/cash generating units at each Balance Sheet date, are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

**(i) Taxation**

Tax expense comprises of current and deferred tax.

Current income 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 charge 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 it has timing differences the reversal of which will result in sufficient income. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

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 Statement of Profit and Loss 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.

**(j) 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 Statement of Profit and Loss on a straight-line basis over the lease term.

**(k) 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 Statement of Profit and Loss. 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.

**(l) Employees Stock Option Cost**

The Company measures compensation cost relating to employee stock options using the intrinsic value method. In accordance with the Securities and Exchange Board of India guidelines, the excess of the market price of shares, at the date of grant of options under the Employee stock option schemes, over the exercise price is treated as employee compensation and amortised over the vesting period.

**(m) Provisions, Contingent Liabilities and Contingent Assets**

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 each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent liabilities are disclosed for (1) possible obligations which will be confirmed only by future events not wholly within the control of the Company or (2) present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognised in the financial statements as this may result in the recognition of income that may never be realised.

**(n) 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 is 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 year 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.

**(o) Derivative Financial Instruments**

As per the Institute of Chartered Accountants of India (ICAI) Announcement, accounting for derivative contracts, if any, other than those covered under AS-11, are marked to market on a portfolio basis, and the net loss is charged to the income statement. Net gains are ignored.

**(p) Operating Cycle**

All assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Act.

	As at March 31, 2014		As at March 31, 2013	
	Number of shares	Amount	Number of shares	Amount
<b>2. SHARE CAPITAL</b>				
<b>AUTHORISED</b>				
Equity shares of ` 5/- each	<b>250,000,000</b>	<b>125.00</b>	250,000,000	125.00
Preference shares of ` 5/- each	<b>2,000,000,000</b>	<b>1,000.00</b>	2,000,000,000	1,000.00
		<b>1,125.00</b>		1,125.00
<b>ISSUED, SUBSCRIBED AND PAID UP</b>				
Equity shares of ` 5/- each fully paid up:				
Shares outstanding as at the beginning of the Year	<b>109,583,403</b>	<b>54.79</b>	109,435,903	54.72
Add: Shares Issued during the Year pursuant to ESOS	<b>167,750</b>	<b>0.09</b>	147,500	0.07
Shares outstanding as at the end of the Year	<b>109,751,153</b>	<b>54.88</b>	109,583,403	54.79
Optionally Convertible Cumulative Redeemable Preference shares of ` 5/- each fully paid up:				
Shares outstanding as at the beginning of the Year	<b>121,454,927</b>	<b>60.72</b>	446,549,949	223.27
Less: Shares redeemed during the Year	-	-	325,095,022	162.55
Shares outstanding as at the end of the Year	<b>121,454,927</b>	<b>60.72</b>	121,454,927	60.72
Non-Convertible Cumulative Redeemable Preference shares of ` 5/- each fully paid up:				
Shares outstanding as at the beginning of the Year	<b>475,659,941</b>	<b>237.83</b>	1,076,198,988	538.10
Less: Shares redeemed during the Year	-	-	600,539,047	300.27
Shares outstanding as at the end of the Year	<b>475,659,941</b>	<b>237.83</b>	475,659,941	237.83
<b>TOTAL</b>	<b>706,866,021</b>	<b>353.43</b>	706,698,271	353.34

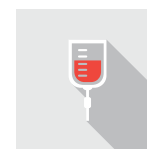
**Notes:**

(a) The Company has only one class of equity shares having a par value of ` 5/- per share. Each holder of equity shares is entitled to one vote per share held and is entitled to dividend, if declared at the Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Subject to the approval of shareholders at the annual general meeting, board has recommended dividend of 0.01% (at the rate of ` 0.0005 per share of ` 5/- each) on 475,659,941 Non-Convertible Cumulative Redeemable Preference shares of ` 5/- each and 121,454,927 Optionally Convertible Cumulative Redeemable Preference Shares of ` 5/- each. During the year the Board of Directors of the Company have declared two interim dividends of 100% each totalling to 200% on equity shares of ` 5/- each, absorbing ` 109.75 crore. The Board recommends the said interim dividends of 200% as final dividend for the financial year 2013-14.

**(b) Shares reserved for issue under options:**

Equity shares of 1,365,250 (Previous Year – 1,593,000) of face value ` 5 each have been reserved for issue under Wockhardt Stock Option Scheme – 2011.



(c) **Issue of Preference Shares as per Corporate Debt Restructuring (CDR) Scheme:**

Pursuant to approved CDR package against various liabilities of the Company, the Company has issued preference shares of ₹ 5/- each to Banks/Financial Institutions on the following terms and conditions:

- (i) 121,454,927 (Previous Year – 121,454,927) 0.01% Optionally Convertible Cumulative Redeemable Preference shares (OCCRPS Series 2) issued bilaterally to various Banks, on the following terms and conditions:

The Preference Share holders shall have the right to convert OCCRPS Series 2 along with accumulated dividend, into fully paid equity shares of the Company, in one or more tranches, commencing July 4, 2016 till December 31, 2018, at conversion price as per the then applicable SEBI formula on the date of conversion. The said shares, in case not converted, shall get redeemed along with accumulated dividend on December 31, 2018 without any redemption premium.

- (ii) 32,265,110 (Previous Year – 32,265,110) 0.01% Non-Convertible Cumulative Redeemable Preference shares (NCRPS Series 2), redeemable at a premium of 20% of the face value along with cumulative dividend on December 31, 2018.
- (iii) 283,394,831 (Previous Year – 283,394,831) 0.01% Non-Convertible Cumulative Redeemable Preference shares (NCRPS Series 3) issued bilaterally to various Banks, redeemable at a redemption premium calculated at 4% p.a. on simple basis along with cumulative dividend on December 31, 2018.
- (iv) 160,000,000 (Previous Year – 160,000,000) 0.01% Non-Convertible Cumulative Redeemable Preference shares (NCRPS Series 5), redeemable at a premium of 20% of the face value along with cumulative dividend on March 31, 2019.
- (v) Pursuant to modification in the terms in line with the CDR scheme, the Company had redeemed the following Preference shares during the previous year:
- 208,555,274 0.01% Optionally Convertible Cumulative Redeemable Preference shares (OCCRPS Series 1) at premium amounting to ₹ 16.86 crore.
- 116,539,748 0.01% Optionally Convertible Cumulative Redeemable Preference shares (OCCRPS Series 2) shares at 25% of its face value.
- 208,555,274 0.01% Non-Convertible Cumulative Redeemable Preference shares (NCRPS Series 1) at premium amounting to ₹ 16.86 crore.
- 271,926,078 0.01% Non-Convertible Cumulative Redeemable Preference shares (NCRPS Series 3) at 25% of its face value.
- 120,057,695 0.01% Non-Convertible Cumulative Redeemable Preference shares (NCRPS Series 4) at its face value.

(d) **Shares held by holding company:**

71,116,132 (Previous Year – 69,716,132) Equity Shares are held by Khorakiwala Holdings and Investments Private Limited, the holding company.

160,000,000 (Previous Year – 160,000,000) Non-Convertible Cumulative Redeemable Preference shares - Series 5 are held by Khorakiwala Holdings and Investments Private Limited, the holding company.

(e) **Details of equity shares held by each shareholders holding more than 5% of total equity shares:**

	As at March 31, 2014		As at March 31, 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Khorakiwala Holdings and Investments Private Limited	71,116,132	64.80	69,716,132	63.62
Dartmour Holdings Private Limited	6,828,325	6.22	6,828,325	6.23

(f) **Details of Non-Convertible Cumulative Redeemable Preference Shares (NCRPS) held by each shareholders holding more than 5% of total NCRPS:**

	As at March 31, 2014		As at March 31, 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Khorakiwala Holdings and Investments Private Limited	160,000,000	33.64	160,000,000	33.64
Indian Overseas Bank	104,563,437	21.98	104,563,437	21.98
Union Bank of India	74,397,151	15.64	74,397,151	15.64
Corporation Bank	50,929,498	10.71	50,929,498	10.71
HDFC Bank Limited	43,233,260	9.09	43,233,260	9.09
Punjab National Bank	29,778,521	6.26	29,778,521	6.26



(g) **Details of Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) held by each shareholders holding more than 5% of total OCCRPS:**

	As at March 31, 2014		As at March 31, 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Indian Overseas Bank	39,888,348	32.84	39,888,348	32.84
Union Bank of India	31,884,492	26.25	31,884,492	26.25
Corporation Bank	21,826,928	17.97	21,826,928	17.97
HDFC Bank Limited	18,528,540	15.26	18,528,540	15.26
Punjab National Bank	9,326,619	7.68	9,326,619	7.68

	As at March 31, 2014	As at March 31, 2013
<b>3. RESERVES AND SURPLUS</b>		
<b>Capital Reserves</b>		
Opening Balance	145.67	–
Add: Addition during the year (Refer note (a) below)	–	145.67
Closing Balance	145.67	145.67
<b>Capital Redemption Reserve</b>		
Opening Balance	489.35	26.53
Add: Addition during the year (Refer note (b) below)	–	462.82
Closing Balance	489.35	489.35
<b>Securities Premium Account</b>		
Opening Balance	6.04	13.41
Add: Securities premium credited on Share issue pursuant to ESOS	6.85	6.04
Less: Utilised for premium on redemption of Preference shares (Refer note 2(c)(v))	–	(13.41)
Closing Balance	12.89	6.04
<b>Debenture Redemption Reserve</b>		
Opening Balance	–	12.50
Less: Transferred to General Reserve upon redemption	–	(12.50)
Closing Balance	–	–
<b>Share Options Outstanding Account (Refer note 41)</b>		
Opening Balance	81.50	58.47
Add: Addition/(Reduction) during the year (net)	(8.93)	23.03
Closing Balance	72.57	81.50
Less: Deferred Employee Compensation expense	(27.26)	(49.96)
	45.31	31.54



	As at March 31, 2014	As at March 31, 2013
<b>General Reserve</b>		
Opening Balance	<b>250.05</b>	175.28
<i>Add:</i> Transfer from Debenture Redemption Reserve	-	12.50
<i>Add:</i> Transfer from Surplus	<b>19.86</b>	62.27
Closing Balance	<b>269.91</b>	250.05
<b>Surplus</b>		
Opening balance	<b>(159.27)</b>	(172.43)
<i>Add:</i> Net Profit for the current year	<b>198.61</b>	622.70
<i>Less:</i> Premium on redemption of Preference shares (Refer note 2(c)(v))	-	(20.31)
<i>Less:</i> Transfer to Capital Redemption Reserve	-	(462.82)
<i>Less:</i> Transfer to General Reserve	<b>(19.86)</b>	(62.27)
<i>Less:</i> Proposed Dividend on Preference shares	<b>(0.03)</b>	(0.03)
<i>Less:</i> Tax charge on Proposed Preference shares dividend	<b>(0.01)</b>	(0.01)
<i>Less:</i> Proposed Dividend on Equity shares during previous year (amount proposed per share ` 5)	-	(54.79)
<i>Less:</i> Interim Dividend on Equity shares (amount paid per share ` 10 (Previous Year - ` Nil))	<b>(109.75)</b>	-
<i>Less:</i> Tax (charge)/credit on Proposed Equity shares dividend	<b>9.31</b>	(9.31)
Closing Balance	<b>(81.00)</b>	(159.27)
<b>TOTAL</b>	<b>882.13</b>	763.38

**Notes:**

- (a) The Company had issued 116,539,748 Optionally Convertible Cumulative Redeemable Preference shares (OCCRPS Series 2) and 271,926,078 Non-Convertible Cumulative Redeemable Preference shares (NCRPS Series 3) to one of the CDR lenders amounting to ` 194.22 crore.

As per the original terms, the Preference Share holders had the right to convert OCCRPS Series 2 along with accumulated dividend, into fully paid equity shares of the Company, in one or more tranches, commencing July 4, 2016 till December 31, 2018, at conversion price as per the then applicable SEBI formula on the date of conversion. The said shares, in case not converted, were to be redeemed along with accumulated dividend on December 31, 2018 without any redemption premium. NCRPS Series 3 was redeemable at redemption premium calculated at 4% p.a. on simple basis along with cumulative dividend on December 31, 2018.

During the previous year, pursuant to modification in the terms, the Company has redeemed the aforesaid shares at 25% of its face value. The difference between the face value and redemption value of ` 145.67 crore has been credited to capital reserve.

Capital redemption reserve equivalent to face value of shares redeemed has been created amounting to ` 194.22 crore.

- (b) During the previous year, the Company had created capital redemption reserve of ` 462.82 crore against redemption of following preference shares of ` 5 each:
- (1) 208,555,274 Optionally Convertible Cumulative Redeemable Preference shares (OCCRPS Series 1)
  - (2) 116,539,748 Optionally Convertible Cumulative Redeemable Preference shares (OCCRPS Series 2)
  - (3) 208,555,274 Non-Convertible Cumulative Redeemable Preference shares (NCRPS Series 1)
  - (4) 271,926,078 Non-Convertible Cumulative Redeemable Preference shares (NCRPS Series 3)
  - (5) 120,057,695 Non-Convertible Cumulative Redeemable Preference shares (NCRPS Series 4)





	As at March 31, 2014	As at March 31, 2013
<b>4. LONG-TERM BORROWINGS</b>		
<b>SECURED</b>		
Rupee Denominated Term Loans (Refer note (1) below)		
From others	<b>0.97</b>	1.88
	<b>0.97</b>	1.88
<b>UNSECURED</b>		
<b>Deferred payment liabilities</b>		
Sales tax deferral loan (Refer note (2) below)	<b>2.12</b>	3.10
Loans from Others (Refer note (3) below)	<b>3.91</b>	4.54
	<b>6.03</b>	7.64
<b>TOTAL</b>	<b>7.00</b>	9.52

**Notes:**

- (1) The rupee denominated term loan from others is secured by first charge on pari passu basis by hypothecation of movable properties of the company (except book debts) at all locations. This term loan from others with interest rate of 2% p.a. is repayable in 10 equal half yearly installments beginning 1 year after completion of the project.
- (2) Interest free sales tax deferral loan is repayable in the month of May every year. This loan is repayable by May 2019.
- (3) Loans from others with interest rate of 3% p.a. is repayable in 10 annual installment. Loans amounting ` 1.13 crore (Previous Year - ` 1.32 crore) is repayable by June 2019 and the balance ` 3.39 crore (Previous Year - ` 3.82 crore) by October 2021.
- (4) Except as mentioned above, the Company has repaid all its term loans and the release of securities is in process.

	As at March 31, 2014	As at March 31, 2013
<b>5. DEFERRED TAX LIABILITIES (net)</b>		
<b>Deferred tax liabilities</b>		
Difference between depreciation on block of assets	<b>168.27</b>	148.64
Gross deferred tax liabilities	<b>168.27</b>	148.64
<b>Deferred tax assets</b>		
Provision for Gratuity	<b>6.48</b>	5.44
Provision for Leave Encashment	<b>8.81</b>	7.29
Provision for Bonus	<b>0.34</b>	0.30
Lease rent equalisation	<b>1.05</b>	0.98
Provision for Doubtful Debts	<b>14.89</b>	14.08
Gross deferred tax assets	<b>31.57</b>	28.09
<b>TOTAL</b>	<b>136.70</b>	120.55
<b>6. OTHER LONG-TERM LIABILITIES</b>		
<b>Advance from Customers (Refer note 43)</b>	<b>628.63</b>	-
<b>TOTAL</b>	<b>628.63</b>	-



	As at March 31, 2014	As at March 31, 2013
<b>7. LONG-TERM PROVISIONS</b>		
<b>Provision for employee benefits (Refer note 40)</b>		
Gratuity (unfunded)	12.48	11.69
Leave Encashment (unfunded)	15.57	14.39
<b>TOTAL</b>	<b>28.05</b>	26.08
<b>8. SHORT-TERM BORROWINGS</b>		
<b>SECURED</b>		
<b>Loans repayable on demand</b>		
Working capital facilities from banks (Refer note (1) below)	163.23	163.17
	<b>163.23</b>	163.17
<b>Other Loans</b>		
Buyers' credit (Refer note (2) below)	11.21	–
	<b>11.21</b>	–
<b>TOTAL</b>	<b>174.44</b>	163.17

**Notes:**

- (1) Working capital facilities from Banks are secured by way of:
- (i) First charge on pari passu basis on present and future stock of raw materials, consumables, spares, semi-finished goods, finished goods, book debts and other current assets.
  - (ii) Second charge on pari passu basis by way of mortgage of immovable properties and hypothecation of movable assets, both present and future, at Plot No. L-1, D - 4, Chikhalthana in Aurangabad, Plot No. 138, Ankleshwar in Gujarat, Plot No. 87A, Bhimpore in Daman and Biotech Park H-14/2, B-15/2, both at MIDC Waluj, and E- 1/1 at MIDC, Shendra, in Aurangabad, and Jagraon in Punjab.
- (2) Buyers' credit are secured by way of first charge on the specific assets and by way of second charge on the entire current assets and all fixed assets, present and future, located at all locations other than Units at Baddi in Himachal Pradesh and Kadaiya in Daman. The security on the above assets is yet to be created.

	As at March 31, 2014	As at March 31, 2013
<b>9. TRADE PAYABLES</b>		
<b>Trade Payables (Refer note 35)</b>		
Trade payables	330.69	469.30
<b>TOTAL</b>	<b>330.69</b>	469.30
<b>10. OTHER CURRENT LIABILITIES</b>		
Current maturities of long-term debt (Refer note 4)	2.08	1.43
Interest accrued but not due on borrowings	0.16	0.43
Unpaid dividends	1.63	0.83
Other payables		
Security deposits	15.32	18.23
Employee liabilities	35.44	34.00
Creditors for Statutory dues	13.65	11.30
Creditors for capital goods	22.71	23.16
Advance received from Customers (Refer note 43)	700.49	1,051.96
Other liabilities	31.70	33.31
<b>TOTAL</b>	<b>823.18</b>	1,174.65



	As at March 31, 2014	As at March 31, 2013
<b>11. SHORT-TERM PROVISIONS</b>		
<b>Provision for employee benefits (Refer note 40)</b>		
Gratuity (unfunded)	<b>6.59</b>	5.06
Leave Encashment (unfunded)	<b>10.33</b>	8.08
	<b>16.92</b>	13.14
<b>Other provisions:</b>		
Provision for sales return on date expiry (Refer note below)	<b>10.15</b>	10.05
Proposed dividend on preference shares	<b>0.03</b>	0.03
Tax on proposed preference shares dividend	<b>0.01</b>	0.01
Proposed dividend on equity shares	-	54.79
Tax on proposed equity shares dividend	-	9.31
	<b>10.19</b>	74.19
<b>TOTAL</b>	<b>27.11</b>	87.33

**Note:**

Provision for Sales Return on Date Expiry - opening balance ` 10.05 crore (Previous Year - ` 16.15 crore), additions during the year ` 10.35 crore (Previous Year - ` 3.81 crore), utilised during the year ` 10.25 crore (Previous Year - ` 9.91 crore), closing balance ` 10.15 crore (Previous Year - ` 10.05 crore).

Provision has been recognised for expected sales return on date expiry of products sold during last two years.

**12. FIXED ASSETS (At cost)**

PARTICULARS	GROSS BLOCK				ACCUMULATED DEPRECIATION/AMORTISATION				NET BLOCK	
	As at 1.4.2013	Additions	Deduction/ Other Adjustments	As at 31.3.2014	As at 1.4.2013	For the Year*	Deduction/ Other Adjustments	As at 31.3.2014	As at 31.3.2014	As at 31.3.2013
<b>Tangible Assets</b>										
Freehold land	63.06	-	-	<b>63.06</b>	-	-	-	-	<b>63.06</b>	63.06
Leasehold land	8.34	-	-	<b>8.34</b>	1.13	0.10	-	<b>1.23</b>	<b>7.11</b>	7.21
Buildings	163.16	24.58	0.16	<b>187.58</b>	33.50	5.81	0.09	<b>39.22</b>	<b>148.36</b>	129.66
Plant and Equipment	999.54	150.08	5.97	<b>1,143.65</b>	344.15	50.92	4.88	<b>390.19</b>	<b>753.46</b>	655.39
Furniture and Fixtures	24.23	1.83	5.71	<b>20.35</b>	12.59	1.15	3.07	<b>10.67</b>	<b>9.68</b>	11.64
Vehicles	5.89	0.67	0.56	<b>6.00</b>	3.25	0.72	0.56	<b>3.41</b>	<b>2.59</b>	2.64
Office equipment	7.04	1.31	0.01	<b>8.34</b>	5.78	0.66	0.01	<b>6.43</b>	<b>1.91</b>	1.26
Information Technology Equipments	28.67	6.51	0.02	<b>35.16</b>	22.67	4.32	0.02	<b>26.97</b>	<b>8.19</b>	6.00
<b>TOTAL</b>	<b>1,299.93</b>	<b>184.98</b>	<b>12.43</b>	<b>1,472.48</b>	<b>423.07</b>	<b>63.68</b>	<b>8.63</b>	<b>478.12</b>	<b>994.36</b>	<b>876.86</b>
Previous Year	1,195.59	122.01	17.67	1,299.93	374.34	55.32	6.59	<b>423.07</b>	<b>876.86</b>	
<b>Intangible Assets</b>										
Trademarks/Technical know-how	121.58	-	-	<b>121.58</b>	69.52	30.78	-	<b>100.30</b>	<b>21.28</b>	52.06
Computer software	14.11	11.40	-	<b>25.51</b>	6.41	1.86	-	<b>8.27</b>	<b>17.24</b>	7.70
<b>TOTAL</b>	<b>135.69</b>	<b>11.40</b>	-	<b>147.09</b>	<b>75.93</b>	<b>32.64</b>	-	<b>108.57</b>	<b>38.52</b>	<b>59.76</b>
Previous Year	85.17	50.52	-	135.69	50.46	25.47	-	75.93	59.76	
<b>TOTAL</b>	<b>1,435.62</b>	<b>196.38</b>	<b>12.43</b>	<b>1,619.57</b>	<b>499.00</b>	<b>96.32</b>	<b>8.63</b>	<b>586.69</b>	<b>1,032.88</b>	<b>936.62</b>
Previous Year	1,280.76	172.53	17.67	1,435.62	424.80	80.79	6.59	499.00	936.62	
Capital work-in-progress (Refer note below)	-	-	-	-	-	-	-	-	<b>581.83</b>	481.79
<b>TOTAL</b>									<b>1,614.71</b>	<b>1,418.41</b>

\* includes amount ` Nil (Previous Year - ` 0.02 crore) attributed to discontinued operations.

**Note:**

Addition to Capital Work-In-Progress includes expenditure incurred during construction period pending allocation aggregating ` 1.94 crore (Previous Year - ` 0.11 crore). These expenses include Employee Cost ` 0.35 crore (Previous Year - ` Nil), interest expense ` Nil (Previous Year - ` 0.11 crore), and Other operating cost ` 1.59 crore (Previous Year - ` Nil) [Rent ` 1.47 crore, Rates and taxes ` 0.01 crore, Repairs and maintenance ` 0.01 crore and Other general expenses ` 0.10 crore].



	As at March 31, 2014	As at March 31, 2013
<b>13. NON-CURRENT INVESTMENTS – at cost</b>		
<b>A. In Wholly owned subsidiary companies (unquoted)</b>		
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)	8.38	8.38
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.	75.27	75.27
18,000,000 (Previous Year – 18,000,000) Equity shares of Wockhardt Biopharm Limited of ` 10 each fully paid-up (including six fully paid-up shares of par value held in the name of the nominees of the Company)	9.00	9.00
Nil (Previous Year – 44,600,000) shares of Wockhardt Bio AG (formerly Wockhardt EU Operations (Swiss) AG) of CHF 1 each fully paid-up. (Refer note below)	–	209.62
2,000,000 (Previous Year – 2,000,000) Equity Shares of ` 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 nominees of the Company)	3.50	3.50
982,819 (Previous Year – 982,819) 7% Non-Cumulative Redeemable Preference Shares of ` 100 each fully paid-up of Vinton Healthcare Limited	0.64	0.64
10,000,000 (Previous Year – 10,000,000) Equity Shares of ` 10 each fully paid-up of Vinton Healthcare Limited (including eighty fully paid-up shares of par value held in the name of nominees of the Company)	1.09	1.09
	<b>97.88</b>	307.50
<b>B. In Subsidiary Companies (unquoted)</b>		
44,600,000 (Previous Year – Nil) shares of Wockhardt-Bio AG (formerly Wockhardt EU Operations (Swiss) AG) of CHF1 each fully paid-up (Refer note below)	209.62	–
<b>C. Other than trade (unquoted)</b>		
443,482 (Previous Year – 443,482) Equity Shares of Bharuch Eco-Aqua Infrastructure Limited of ` 10 each fully paid-up	0.44	0.44
6,300 (Previous Year – 6,300) Equity Shares of Bharuch Enviro Infrastructure Limited of ` 10 each fully paid-up	0.01	0.01
	<b>0.45</b>	0.45
<b>TOTAL</b>	<b>307.95</b>	307.95

**Note:**

During the year, Wockhardt Bio AG, Switzerland has allocated 2,348,000 Ordinary shares of CHF 1 each representing 5% of its post diluted capital for its initial public offering on the Berne Stock Exchange, Switzerland.

	As at March 31, 2014	As at March 31, 2013
<b>14. LONG-TERM LOANS AND ADVANCES</b>		
<b>Capital Advances</b>		
Unsecured, considered good	20.94	40.87
	<b>20.94</b>	40.87
<b>Security Deposits</b>		
Unsecured, considered good (includes deposits with Related parties ` 66.10 crore (Previous Year – ` 49.72 crore) – (Refer note 43))	81.69	62.04
	<b>81.69</b>	62.04
<b>Loans and advances to related parties (Refer note 31 and note 43)</b>		
Loans to Subsidiaries – Unsecured, considered good	69.20	103.23
	<b>69.20</b>	103.23
<b>Advance tax</b> (net of provision for tax ` 409.06 crore (Previous Year – ` 331.89 crore))	67.81	78.64
<b>Minimum Alternative Tax (MAT) credit entitlement</b>	65.20	19.97
<b>Other advances</b> (includes advance rent with related party ` 20.37 crore (Previous Year – ` Nil) – (Refer note 43))	67.48	38.17
<b>TOTAL</b>	<b>372.32</b>	342.92



	As at March 31, 2014	As at March 31, 2013
<b>15. OTHER NON-CURRENT ASSETS</b>		
Margin money*	<b>16.28</b>	4.92
Guarantee commission receivable (Refer note 43)	<b>89.91</b>	-
	<b>106.19</b>	4.92

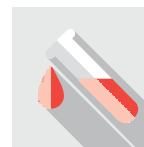
\* margin on Guarantees under lien ` 16.28 crore (Previous Year - ` 4.92 crore).

	As at March 31, 2014	As at March 31, 2013
<b>16. INVENTORIES</b>		
Raw Materials and components	<b>204.99</b>	188.19
Goods-in-transit	<b>12.96</b>	11.76
	<b>217.95</b>	199.95
Work-in-progress	<b>62.78</b>	106.89
Finished goods	<b>123.57</b>	160.31
Stock-in-trade	<b>45.93</b>	39.69
Stores and spares	<b>34.23</b>	20.75
<b>TOTAL</b>	<b>484.46</b>	527.59

**Note:**

Inventories are valued at cost or net realizable value, whichever is lower.

	As at March 31, 2014	As at March 31, 2013
<b>17. TRADE RECEIVABLES</b>		
Trade receivables outstanding for a period less than six months		
Unsecured, considered good	<b>217.01</b>	167.41
Unsecured, considered doubtful	-	1.61
	<b>217.01</b>	169.02
Less: Provision for doubtful debts	-	(1.61)
	<b>217.01</b>	167.41
Trade receivables outstanding for a period exceeding six months		
Unsecured, considered good	<b>29.35</b>	39.22
Unsecured, considered doubtful	<b>43.79</b>	41.81
	<b>73.14</b>	81.03
Less: Provision for doubtful debts	<b>(43.79)</b>	(41.81)
	<b>29.35</b>	39.22
<b>TOTAL</b>	<b>246.36</b>	206.63



	As at March 31, 2014	As at March 31, 2013
<b>18. CASH AND BANK BALANCES</b>		
<b>Cash and cash equivalents</b>		
<b>Balances with banks</b>		
On current account	59.84	91.35
Deposit with original maturity of less than 3 months	–	50.43
Unpaid dividend accounts	1.63	0.83
Cash on hand	0.16	0.10
	<b>61.63</b>	142.71
<b>Other bank balances</b>		
Deposits with original maturity more than 3 months but less than 12 months	0.22	0.22
Deposits with original maturity equal to 12 months	20.00	–
Margin money*	3.94	41.00
	<b>24.16</b>	41.22
<b>TOTAL</b>	<b>85.79</b>	183.93

\* margin on Letter of Credits (LCs), Guarantees and delivery orders under lien ` 3.94 crore (Previous Year – ` 41.00 crore).

	As at March 31, 2014	As at March 31, 2013
<b>19. SHORT-TERM LOANS AND ADVANCES</b>		
<b>Loans and advances to related parties (Refer note (a) and (b) below)</b>		
Unsecured, considered good	13.98	16.43
	<b>13.98</b>	16.43
<b>Other short-term loans and advances</b>		
Advances recoverable in cash or in kind or for value to be received		
Unsecured, considered good	44.72	45.57
Unsecured, considered doubtful	14.30	14.30
Less: Provision for doubtful advances	(14.30)	(14.30)
	<b>44.72</b>	45.57
<b>Advances to suppliers</b>	19.22	34.08
<b>Balances with statutory/government authorities</b>	88.97	65.97
<b>Other short-term advances (Refer note (c) and (d) below)</b>	6.69	12.92
	<b>159.60</b>	158.54
<b>TOTAL</b>	<b>173.58</b>	174.97

**Notes:**

- Loans and advances to related parties include loan amounting ` 9.88 crore (Previous Year – ` 12.08 crore) given to Subsidiaries (Refer note 31 and 43).
- Remuneration paid to the Chairman in excess of the approval received from Ministry of Corporate Affairs (MCA)/limits specified in Schedule XIII amounting ` 4.10 crore has been fully recovered in FY 2014-2015.
- Under the directions of the Hon'ble Bombay High Court, the Company had deposited USD 2.29 million (` 12.12 crore) in the UK Court towards the disputed portion of the claim by the FCCB holders that primarily pertained to the Withholding Tax deducted by the Company on the default interest paid to the FCCB holders u/s 196 C of Income Tax Act, 1961. Pursuant to the settlement agreement with the Trustees to the FCCB holders, an amount of USD 2.1 million (` 11.10 crore) has been paid out of the amount deposited with the Court (together with interest) during the year to FCCB holders and the balance amount has been refunded to the Company.
- Other short-term advances includes advance rent with related party ` 5.46 crore (Previous Year – ` Nil) – Refer note 43.





	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>20. REVENUE FROM OPERATIONS</b>		
<b>Revenue from operations (Refer note 32)</b>		
Sale of products	<b>1,629.67</b>	2,196.81
Less: Excise duty	<b>(5.51)</b>	(5.77)
	<b>1,624.16</b>	2,191.04
Sale of services	<b>15.81</b>	12.37
Assignment of NCE/Outlicensing fees	<b>165.30</b>	267.77
<b>TOTAL</b>	<b>1,805.27</b>	2,471.18
<b>21. OTHER INCOME</b>		
Interest Income	<b>10.50</b>	34.25
Dividend Income from subsidiaries (Refer note 43)	<b>195.71</b>	-
Other dividend*	-	-
* Previous Year - ₹ 9,450		
Miscellaneous income (Refer note below)	<b>113.17</b>	11.25
<b>TOTAL</b>	<b>319.38</b>	45.50

**Note:**

Miscellaneous income includes liabilities no more payable of ₹ 2.23 crore (Previous Year - ₹ 5.78 crore) and guarantee commission ₹ 93.76 crore (Previous Year - Nil).

	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>22. CHANGE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE (Refer note 34)</b>		
<b>Opening Inventories</b>		
Finished goods	<b>160.31</b>	99.91
Work-in-progress	<b>106.89</b>	86.17
Stock-in-trade	<b>39.69</b>	36.70
Less: Excise duty on opening stock	<b>(2.08)</b>	(0.92)
	<b>304.81</b>	221.86
Less: Inventory write off (Refer note 43 & 47)	<b>(69.33)</b>	-
<b>Closing Inventories</b>		
Finished goods	<b>(123.57)</b>	(160.31)
Work-in-progress	<b>(62.78)</b>	(106.89)
Stock-in-trade	<b>(45.93)</b>	(39.69)
Less: Excise duty on closing stock	<b>1.51</b>	2.08
	<b>(230.77)</b>	(304.81)
<b>(Increase)/Decrease in inventories</b>	<b>4.71</b>	(82.95)
<b>Note:</b>		
Inventory of Finished goods pertaining to Discontinued operations and excluded from above:		
Opening Inventories (Gross of excise)	-	25.37
Closing Inventories (Gross of excise)	-	-
Opening Inventories (Net of excise)	-	25.20
Closing Inventories (Net of excise)	-	-



	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>23. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and wages (Refer note 40)	<b>263.58</b>	206.84
Contribution to provident and other funds (Refer note 40)	<b>14.55</b>	12.62
Expense on Employee Stock Option Scheme (ESOS) – (Refer note 41)	<b>20.23</b>	25.82
Staff welfare expenses	<b>56.17</b>	55.79
<b>TOTAL</b>	<b>354.53</b>	301.07
<b>24. FINANCE COSTS</b>		
Interest expense		
on term loans	–	71.76
on debentures	–	17.43
others	<b>33.17</b>	34.74
	<b>33.17</b>	123.93
Other borrowing costs	<b>0.50</b>	30.44
<b>TOTAL</b>	<b>33.67</b>	154.37

	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>25. OTHER EXPENSES</b>		
Travelling and conveyance	<b>64.47</b>	56.38
Freight and forwarding charges	<b>49.57</b>	53.95
Sales promotion and other selling cost	<b>20.45</b>	33.66
Commission on sales	<b>25.78</b>	21.29
Power and fuel	<b>66.54</b>	78.68
Rent (Refer note 44)	<b>64.96</b>	55.63
Rates and taxes	<b>4.33</b>	3.03
Repairs and maintenance		
– to Building	<b>6.57</b>	2.99
– to Plant and machinery	<b>20.02</b>	14.85
– to Others	<b>11.83</b>	8.60
Stores and spare parts consumed	<b>36.76</b>	28.32
Insurance	<b>6.16</b>	5.35
Legal and Professional Charges	<b>15.35</b>	16.16
Directors' sitting fees	<b>0.11</b>	0.11
Chemicals	<b>30.59</b>	21.93
Product development expenses	<b>18.12</b>	16.79
Miscellaneous expenses	<b>144.14</b>	143.25
<b>TOTAL</b>	<b>585.75</b>	560.97



	For the year ended March 31, 2014		For the year ended March 31, 2013	
	Value	%	Value	%
<b>26. BREAK-UP OF RAW MATERIAL, PACKING MATERIAL AND STORES AND SPARE PARTS CONSUMED</b>				
<b>(i) Materials</b>				
Imported	<b>99.76</b>	<b>19.43</b>	247.12	27.43
Indigenously Procured (Includes ` Nil (Previous Year – ` 41.55 crore) pertaining to Discontinued operations)	<b>413.55</b>	<b>80.57</b>	653.73	72.57
	<b>513.31</b>	<b>100.00</b>	900.85	100.00
<b>(ii) Stores and Spare Parts</b>				
Imported	<b>5.77</b>	<b>15.70</b>	3.28	11.58
Indigenously Procured (Includes ` Nil (Previous Year – ` 0.01 crore) pertaining to Discontinued operations)	<b>30.99</b>	<b>84.30</b>	25.05	88.42
	<b>36.76</b>	<b>100.00</b>	28.33	100.00

	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>27. AUDITOR'S REMUNERATION (INCLUDING SERVICE TAX)</b>		
Audit Fees	<b>0.39</b>	0.40
Tax Audit Fees	<b>0.18</b>	0.19
Other services	<b>0.45</b>	0.43
Out of pocket expenses	<b>0.05</b>	0.01
	<b>1.07</b>	1.03

	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>28. VALUE OF IMPORTS ON C.I.F. BASIS</b>		
Raw Materials and Packing Materials	<b>189.13</b>	253.82
Components and spares	<b>2.32</b>	4.49
Capital Goods	<b>184.56</b>	26.02
	<b>376.01</b>	284.33

	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>29. EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)</b>		
Travelling	<b>0.04</b>	0.63
Professional fees	<b>0.42</b>	15.03
Royalty	–	1.59
Interest	<b>11.10</b>	3.77
Others	<b>48.51</b>	57.01
	<b>60.07</b>	78.03



	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>30. EARNING IN FOREIGN EXCHANGE (ACCRUAL BASIS)</b>		
Exports of goods on F.O.B. basis	<b>618.00</b>	1,174.04
Management and Technical fees	<b>5.24</b>	5.78
Assignment of NCE/Outlicensing fees	<b>165.30</b>	267.77
Dividend Income	<b>195.71</b>	–
Guarantee Commission Income	<b>93.76</b>	–
Royalty	<b>0.03</b>	3.11
Interest	<b>2.91</b>	3.48
Research and development Services	<b>8.35</b>	4.06
Patent settlement fees	<b>13.26</b>	–
	<b>1,102.56</b>	1,458.24

### 31. INFORMATION PURSUANT TO CLAUSE 32 OF LISTING AGREEMENTS WITH STOCK EXCHANGES:

Loans and advances to subsidiaries in the nature of loans comprises of amounts recoverable from Wockhardt Infrastructure Development Limited ` 9.88 crore (Previous Year – ` 52.68 crore) [maximum amount outstanding during the year ` 54.20 crore (Previous Year – ` 56.19 crore)], Wockhardt Bio AG ` 0.25 crore (Previous Year – ` 0.21 crore) [maximum amount outstanding during the year ` 0.26 crore (Previous Year – ` 30.63 crore)], Wockhardt Holding Corp ` 68.95 crore (Previous Year – ` 62.42 crore) [maximum amount outstanding during the year ` 76.26 crore (Previous Year – ` 64.49 crore)].

Out of the above loans, interest on loan given to Wockhardt Holding Corp and Wockhardt Bio AG are based on spread plus LIBOR, as applicable. Hence, it is lower than the interest rate specified u/s 372A of the Companies Act,1956.

	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>32. REVENUE FROM OPERATIONS CONSISTS OF:</b>		
Sale of products		
Injections	<b>268.83</b>	293.96
Liquids and Solutions	<b>174.99</b>	174.60
Tablets and Capsules	<b>920.96</b>	1,425.28
Ointments	<b>43.13</b>	42.59
Powder	<b>3.90</b>	4.05
Bulk Drugs	<b>149.33</b>	175.36
Other goods	<b>56.53</b>	67.25
Export Incentive	<b>12.00</b>	13.72
	<b>1,629.67</b>	2,196.81
Sale of services		
Research and Management services	<b>9.28</b>	6.01
Distribution Income	<b>1.29</b>	0.59
Management Fees	<b>5.24</b>	5.77
	<b>15.81</b>	12.37
Assignment of NCE/Outlicensing fees	<b>165.30</b>	267.77
<b>TOTAL</b>	<b>1,810.78</b>	2,476.95
<b>33. PURCHASE OF STOCK-IN-TRADE CONSISTS OF:</b>		
Injections	<b>90.68</b>	74.71
Liquids and Solutions	<b>42.60</b>	46.13
Tablets and Capsules	<b>132.02</b>	124.58
Ointments	<b>4.86</b>	5.40
Powder	<b>1.17</b>	1.18
Other goods	<b>9.63</b>	9.43
<b>TOTAL</b>	<b>280.96</b>	261.43



	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>34. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE CONSISTS OF:</b>		
<b>Opening inventories:</b>		
<b>Finished goods</b>		
Injections	19.57	6.47
Liquids and Solutions	4.65	3.97
Tablets and Capsules	44.60	29.10
Ointments	2.94	1.18
Powder	0.03	-
Bulk Drugs	88.28	59.19
Other goods	0.24	-
<b>Work-in-progress</b>	<b>106.89</b>	86.17
<b>Stock-in-trade</b>		
Injections	8.09	11.72
Liquids and Solutions	8.44	8.69
Tablets and Capsules	18.20	14.36
Ointments	1.29	0.57
Powder	0.21	0.16
Bulk Drugs	0.06	0.03
Other goods	3.40	1.17
Less: Excise Duty on opening stock	(2.08)	(0.92)
	<b>304.81</b>	221.86
Less: Inventory write off (Refer note 43 and 47)	(69.33)	-
<b>Closing inventories:</b>		
<b>Finished goods</b>		
Injections	(7.80)	(19.57)
Liquids and Solutions	(5.43)	(4.65)
Tablets and Capsules	(22.22)	(44.60)
Ointments	(2.31)	(2.94)
Powder	(0.07)	(0.03)
Bulk Drugs	(85.66)	(88.28)
Other goods	(0.08)	(0.24)
<b>Work-in-progress</b>	<b>(62.78)</b>	(106.89)
<b>Stock-in-trade</b>		
Injections	(15.84)	(8.09)
Liquids and Solutions	(6.71)	(8.44)
Tablets and Capsules	(18.26)	(18.20)
Ointments	(1.50)	(1.29)
Powder	(0.20)	(0.21)
Bulk Drugs	(0.06)	(0.06)
Other goods	(3.36)	(3.40)
Less: Excise Duty on closing stock	1.51	2.08
	<b>(230.77)</b>	(304.81)
<b>TOTAL</b>	<b>4.71</b>	(82.95)



	As at March 31, 2014	As at March 31, 2013
<b>35. DETAILS OF DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES AS PER MSMED ACT, 2006:</b>		
(a) Principal amount due to suppliers under MSMED Act, 2006	<b>15.95</b>	13.46
(b) Interest accrued, due to suppliers under MSMED Act on the above amount, and unpaid	<b>0.21</b>	0.24
(c) Payment made to suppliers (other than interest) beyond the appointed day during the year	<b>139.07</b>	80.52
(d) Interest paid to suppliers under MSMED Act (Section 16)	-	-
(e) Interest due and payable towards suppliers under MSMED Act for payments already made	<b>1.63</b>	-
(f) Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act (including interest mentioned in (e) above)	<b>1.84</b>	0.24
The above information is given to the extent available with the Company and relied upon by the auditor.		

	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>36. EARNINGS PER SHARE</b>		
The calculations of Earnings per share (EPS) (basic and diluted) are based on the earnings and number of shares as computed below:		
<b>Reconciliation of earnings</b>		
Profit after tax	<b>198.61</b>	622.70
Less: Dividend (including tax on dividend) payable on preference shares	<b>(0.04)</b>	(0.04)
Net profit for calculation of basic/diluted EPS	<b>198.57</b>	622.66
<b>Reconciliation of number of shares</b>	<b>No. of Shares</b>	No. of Shares
Weighted average number of shares in calculating Basic EPS	<b>109,691,866</b>	109,475,239
Add: Weighted average number of shares under ESOS	<b>1,346,904</b>	1,737,512
Weighted average number of equity shares in calculating Diluted EPS	<b>111,038,770</b>	111,212,751
<b>Earnings per share (face value ` 5/- each)</b>		
Earnings per share – Basic in `	<b>18.10</b>	56.88
Earnings per share – Diluted in `	<b>17.88</b>	55.99

Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) are not considered for calculating diluted earnings per share since conversion of shares is contingent in nature and number of shares cannot be currently ascertained, being dependant on price of equity shares as per SEBI formula prevailing on the date on which the holders of OCCRPS are entitled to convert.

### 37. EXCEPTIONAL ITEMS

- (i) During previous year, the management had reassessed the recognition criteria for capitalization of development cost based on its most recent experience of regulatory approvals, clinical trials, economic uncertainties, industry experience and business plans. This review indicated that the recognition criteria may not be met till the time regulatory approvals are received. Hence, the Company had revised its recognition criteria for developments costs and auditors had relied on the management judgment being technical in nature. Accordingly, the Company:
  - (a) had expensed off the carried forward cost of products under development as at June 30, 2012, amounting to ` 319.05 crore, to the Statement of Profit and Loss under the head 'Exceptional Item' during the previous year.
  - (b) had charged to the Statement of Profit and Loss, product development expenditure incurred during the period July 2012 to March 2013 amounting to ` 121.05 crore under respective expense heads.
- (ii) Exceptional items for the year ended March 31, 2013 also includes profit on sale of Nutrition business ` 607.23 crore (also Refer note 42)

### 38. SEGMENTAL REPORTING

As the Company's annual report contains both Consolidated and Standalone Financial Statements, segmental information is presented only on the basis of Consolidated Financial Statement. (Refer note 32 of Consolidated Financial Statements).





	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>39(a).</b> Capital expenditure on Research and Development	<b>43.11</b>	18.50

**39(b).** The aggregate amount of revenue expenditure incurred on Research and Development and charged to Statement of Profit and Loss is as under:

	For the year ended March 31, 2014	For the year ended March 31, 2013
Chemicals and consumables	44.57	34.33
Employee cost	73.69	57.66
Travelling expenses	7.03	4.97
Power and fuel	10.25	7.75
Repair and maintenance	4.91	3.91
Printing and stationery	0.88	0.78
Communication expenses	0.99	0.65
Clinical trial expenses	6.31	4.05
Analysis expenses	3.99	4.03
Legal and professional expenses	1.77	15.33
Other Research and Development expenses	44.08	67.51
<b>TOTAL</b>	<b>198.47</b>	200.97

	For the year ended March 31, 2014 Gratuity (Non-funded)	For the year ended March 31, 2013 Gratuity (Non-funded)
<b>40. EMPLOYEE BENEFITS</b>		
<b>(A) Defined benefit plans:</b>		
<b>I. Expenses recognised during the year</b>		
1. Current Service Cost	1.62	2.78
2. Interest cost	1.30	1.36
3. Actuarial Losses/(Gains)	0.81	(0.77)
<b>Total Expenses</b>	<b>3.73</b>	3.37
<b>II. Net Asset/(Liability) recognised as at balance sheet date</b>		
1. Present value of defined benefit obligation	19.07	16.75
2. Net Asset/(Liability)	(19.07)	(16.75)
<b>III. Reconciliation of Net Asset/(Liability) recognised as at balance sheet date</b>		
1. Net Asset/(Liability) at the beginning of year	(16.75)	(15.57)
2. Expense as per (I) above	3.73	3.37
3. Net transfer out due to discontinuance of Nutrition business	-	(0.94)
4. Employer contributions	(1.41)	(1.25)
5. Net Asset/(Liability) at the end of the year	(19.07)	(16.75)
<b>IV. Actuarial Assumptions</b>		
1. Discount rate	8.62%	7.75%
2. Expected rate of salary increase	8.00%	8.00%
3. Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

**Notes:**

- (a) Amount recognised as an expense in the Statement of Profit and Loss and included in Note 23 under "Salaries and wages" and Note 42 under "Total expenses" of Discontinued operations:  
Gratuity ` 3.82 Crore (Previous Year - ` 3.37 crore) and Leave encashment ` 8.66 crore (Previous Year - ` 9.80 crore)
- (b) The estimates of future salary increases considered in the actuarial valuation take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.



	April 2013- March 2014	April 2012- March 2013	April 2011- March 2012	April 2010- March 2011	January 2009- March 2010
<b>(B) Details of gratuity for the current and previous four years are as follows:</b>					
Defined benefit obligation	19.07	16.75	15.57	14.04	11.00
Surplus/(deficit)	(19.07)	(16.75)	(15.57)	(14.04)	(11.00)
Experience adjustment on plan liabilities (gain)/loss	1.46	(0.30)	0.54	0.74	(0.69)

**(C) Defined contribution plan:**

Amount recognised as an expense in the Statement of Profit and Loss - included in Note 23 - "Contribution to provident and other funds" and Note 42 under "Total expenses" of Discontinued operations ` 14.55 crore (Previous Year - ` 12.86 crore).

**41. EMPLOYEES STOCK OPTION SCHEME [ESOS]**

The Compensation Committee of the Board of directors has, under Wockhardt Stock Option Scheme – 2011 ('the Scheme') granted 60,000 options @ ` 397/- per option (Grant 1), another 60,000 options @ ` 365/- per option (Grant 2), 1,420,000 options @ ` 5/- per option (Grant 3), 350,000 options @ ` 5/- per option (Grant 4) and 8,500 options @ ` 5/- per option (Grant 5) in accordance with the provisions of Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, to the selected employees (including Independent Directors) of the Company and its subsidiaries. The method of settlement is by issue of equity shares to the selected employees (including Independent Directors) who have accepted the options. The scheme shall be administered by the compensation committee of Board of directors.

The options issued vests in periods ranging 1 year and 7 years 3 months from the date of grant, and can be exercised during such period not exceeding 7 years.

Employee stock option activity under Scheme 2011 is as follows:

	For the year ended March 31, 2014	For the year ended March 31, 2013
(a) Outstanding at beginning of the year	1,593,000	1,540,000
(b) Granted during the year	-	358,500
(c) Lapsed during the year (re-issueable)	60,000	158,000
(d) Exercised during the year	167,750	147,500
(e) Outstanding at the end of the year:	1,365,250	1,593,000
of which Options vested and exercisable at the end of the year	54,500	29,000
Range of weighted average fair value of options on the date of grant	` 106.47 – ` 1,949.76	
No option have been forfeited during the year or in the previous year.		

The Company follows the intrinsic value method to account compensation expense arising from issuance of stock options to the employees. Had compensation cost been determined under the fair value approach described in the Guidance Note using the Black Scholes Pricing Model, the Company's net income and basic and diluted earnings per share (as restated) would have been increased/decreased to the proforma amounts as set out below:

	For the year ended March 31, 2014	For the year ended March 31, 2013
Net profit as reported in Statement of Profit and Loss	198.61	622.70
Add: Stock-based employee compensation expense (intrinsic value method), net of tax	20.23	19.48
Less: Stock-based employee compensation expense (fair value method), net of tax	(22.46)	(20.23)
Proforma net profit	196.38	621.95
Basic earnings per share as reported ( ` )	18.10	56.88
Proforma basic earnings per share ( ` )	17.90	56.81
Diluted earnings per share as reported ( ` )	17.88	55.99
Proforma diluted earnings per share ( ` )	17.69	55.92
<b>The key assumptions used to estimate the fair value of options are:</b>		
Range of stock price at the time of option grant ( ` Per share)	` 414 - ` 1,954.20	` 414 - ` 1,954.20
Range of expected life	1.50 years - 7.75 years	1.50 years - 7.75 years
Range of risk free interest rate	7.86% - 8.35%	7.86% - 8.35%
Range of Volatility	36% - 51%	36% - 51%
Range of weighted average exercise price ( ` Per share)	` 5 - ` 37.65	` 5 - ` 37.65

Dividend yield has not been separately built in, as the stock prices for one year has been considered which factors for the price movement on account of the dividend.



#### 42. DISCONTINUED OPERATIONS

Pursuant to Business Transfer Agreement (BTA) dated August 2, 2011, the divestment of Nutrition business on a slump sale basis to Danone was completed on July 26, 2012. During the previous year, the Company has received the entire consideration of ₹ 648.31 crore (including purchase price adjustment) on the aforesaid divestment. The profit on account of the aforesaid transaction amounting to ₹ 607.23 crore has been shown as 'exceptional item'.

Details of profit/(loss) from continuing and discontinued operations:

	Continuing operations		Discontinued operations		Total	
	For the year ended March 31, 2014	For the year ended March 31, 2013	For the year ended March 31, 2014	For the year ended March 31, 2013 *	For the year ended March 31, 2014	For the year ended March 31, 2013*
Revenue from Operations	1,805.27	2,471.18	-	111.25	1,805.27	2,582.43
Other Income	319.38	45.50	-	0.09	319.38	45.59
<b>Total Revenue</b>	<b>2,124.65</b>	<b>2,516.68</b>	<b>-</b>	<b>111.34</b>	<b>2,124.65</b>	<b>2,628.02</b>
Total expenses other than Finance costs	1,876.22	1,960.75	-	87.78	1,876.22	2,048.53
Finance costs	33.67	154.37	-	(0.04)	33.67	154.33
<b>Total expenses</b>	<b>1,909.89</b>	<b>2,115.12</b>	<b>-</b>	<b>87.74</b>	<b>1,909.89</b>	<b>2,202.86</b>
Profit before exceptional items and tax	214.76	401.56	-	23.60	214.76	425.16
Less: Exceptional items (Gain)/Loss	-	(288.18)	-	-	-	(288.18)
<b>Profit before tax</b>	<b>214.76</b>	<b>689.74</b>	<b>-</b>	<b>23.60</b>	<b>214.76</b>	<b>713.34</b>
Tax expense	16.15	82.98	-	7.66	16.15	90.64
<b>Profit after tax</b>	<b>198.61</b>	<b>606.76</b>	<b>-</b>	<b>15.94</b>	<b>198.61</b>	<b>622.70</b>

\* Turnover, Expenses and Profit upto July 25, 2012

The carrying amount of assets and liabilities pertaining to the discontinued business were as follows:

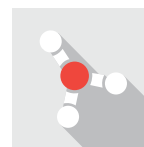
	As at July 25, 2012
Total Assets	60.23
Total Liabilities	19.15

#### 43. RELATED PARTY DISCLOSURES

##### (a) Parties where control exists

##### Subsidiary Companies (including step down subsidiaries)

- |  |   |
|--|---|
| 1 Wockhardt UK Holdings Limited (formerly, Wockhardt UK Limited)           | 18 Pinewood Laboratories Limited                                  |
| 2 CP Pharmaceuticals Limited   | 19 Pinewood Healthcare Limited (w.e.f. November 23, 2012)         |
| 3 CP Pharma (Schweiz) AG   | 20 Nonash Limited   |
| 4 Wallis Group Limited   | 21 Laboratoires Negma S.A.S. (formerly, Negma Lerads S.A.S.)      |
| 5 The Wallis Laboratory Limited  | 22 Wockhardt France (Holdings) S.A.S.                             |
| 6 Wockhardt Farmaceutica Do Brasil Ltda                                    | 23 Esparma AG. (Sold on September 30, 2013)                       |
| 7 Wallis Licensing Limited   | 24 Wockhardt Holding Corp.  |
| 8 Wockhardt Biopharm Limited   | 25 Morton Grove Pharmaceuticals, Inc.                             |
| 9 Vinton Healthcare Limited  | 26 MGP Inc.   |
| 10 Wockhardt Infrastructure Development Limited                            | 27 Laboratoires Pharma 2000 S.A.S. (formerly, Pharma 2000 S.A.S.) |
| 11 Z&Z Services GmbH (formerly, esparma GmbH)                              | 28 Niverpharma S.A.S.   |
| 12 Wockhardt Europe Limited  | 29 Negma Beneulex S.A.  |
| 13 Wockhardt Nigeria Limited   | 30 Phytex S.A.S.  |
| 14 Wockhardt USA LLC w.e.f. October 3, 2008 (formerly, Wockhardt USA Inc.) | 31 Wockhardt Farmaceutica SA DE CV. (w.e.f. November 9, 2012)     |
| 15 Wockhardt UK Limited  | 32 Wockhardt Services SA DE CV. (w.e.f. June 21, 2012)            |
| 16 Wockhardt Cyprus Limited (Sold on September 30, 2013)                   | 33 Wockhardt Bio AG (formerly Wockhardt EU Operations (Swiss) AG) |
| 17 Wockpharma Ireland Limited  |   |



**Holding Company**

Khorakiwala Holdings and Investments Private Limited

**Associate Company**

Swiss Biosciences AG

**(b) Other related party relationships where transactions have taken place during the year  
Enterprises over which Key Managerial Personnel exercise significant influence**

Palanpur Holdings and Investments Private Limited

Dartmour Holdings Private Limited

Wockhardt Hospitals Limited

Merind Limited

Wockhardt Foundation

**Fellow Subsidiary**

Carol Info Services Limited

**Key managerial personnel**

Dr. H. F. Khorakiwala, Chairman

Dr. Huzaifa Khorakiwala, Executive Director

Dr. Murtaza Khorakiwala, Managing Director

**Relatives of Key managerial personnel**

N. H. Khorakiwala

	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>(c) Transactions with related parties during the year</b>		
<b>Holding Company</b>		
Dividend paid	<b>105.54</b>	0.01
<b>Subsidiary Companies</b>		
Purchase of Raw material [Wockhardt Bio AG ` Nil (Previous Year - ` 0.24 crore), Pinewood Laboratories Limited ` Nil (Previous Year - ` 0.76 crore)]	-	1.00
Return of fixed assets purchased from CP Pharmaceuticals Limited	-	0.54
Management and Technical fees [CP Pharmaceuticals Limited ` 0.50 crore (Previous Year - ` 0.20 crore), Wockhardt USA LLC ` 0.41 crore (Previous Year - ` 0.57 crore), Wockhardt Bio AG ` 2.83 crore (Previous Year - ` 2.85 crore), Pinewood Laboratories Limited ` 1.08 crore (Previous Year - ` 0.80 crore), Wockhardt Farmaceutica SA DE CV. ` 0.03 crore (Previous Year - ` 0.05 crore), Morton Grove Pharmaceuticals, Inc. ` 0.39 crore (Previous Year - ` 1.31 crore)]	<b>5.24</b>	5.78
Royalty expense [Wockhardt Biopharm Limited ` Nil (Previous Year - ` 2.33 crore), Wockhardt Bio AG ` Nil (Previous Year - ` 1.59 crore)]	-	3.92
Sales [Wockhardt USA LLC ` Nil (Previous Year - ` 6.32 crore), CP Pharmaceuticals Limited ` 2.17 crore (Previous Year - ` 1.31 crore), Wockhardt Bio AG ` 404.89 crore (Previous Year - ` 951.70 crore), Pinewood Laboratories Limited ` 20.97 crore (Previous Year - ` 11.67 crore), Laboratoires Negma S.A.S. ` 3.46 crore (Previous Year - ` 3.40 crore), Morton Grove Pharmaceuticals, Inc. ` 0.55 crore (Previous Year - ` Nil)]	<b>432.04</b>	974.40
Interest Income [Wockhardt Holding Corp. ` 2.91 crore (Previous Year - ` 2.77 crore), Wockhardt Bio AG ` Nil (Previous Year - ` 0.71 crore), Wockhardt Infrastructure Development Limited ` 2.59 crore (Previous Year - ` 3.26 crore)]	<b>5.50</b>	6.74
Rent and utility fees to Wockhardt Infrastructure Development Limited	<b>18.60</b>	13.42
Assignment/Outlicensing fees income from Wockhardt Bio AG	<b>165.30</b>	267.77
Guarantee fees income from Wockhardt Bio AG	<b>93.76</b>	-
Dividend income from Wockhardt Bio AG	<b>195.71</b>	-
Research and Development Services received from Pinewood Laboratories Limited	-	0.76
Land Premium to Wockhardt Infrastructure Development Limited	<b>0.14</b>	0.13
Purchase of fixed assets from Wockhardt Biopharm Limited	<b>0.52</b>	-
Sale of Raw materials to Pinewood Laboratories Limited	-	0.05



	For the year ended March 31, 2014	For the year ended March 31, 2013
Capital expenditure recovered [Morton Grove Pharmaceuticals, Inc. ` Nil (Previous Year - ` 0.93 crore), Wockhardt Farmaceutica SA DE CV. ` Nil (Previous Year - ` 0.25 crore)]	-	1.18
Expenses recovered [Morton Grove Pharmaceuticals, Inc. ` 0.05 crore (Previous Year - ` 0.74 crore), Pinewood Laboratories Limited ` 0.09 crore (Previous Year - ` 0.01 crore), Wockhardt USA LLC ` 0.05 crore (Previous Year - ` 0.01 crore), Wockhardt Bio AG ` 24.66 crore (Previous Year - ` 0.08 crore), Wockhardt Farmaceutica SA DE CV. ` 0.40 crore (Previous Year - ` 0.68 crore), CP Pharmaceuticals Limited ` 0.31 crore (Previous Year - ` 0.04 crore), Wockhardt UK Limited ` 0.13 crore (Previous Year - ` 0.05 crore)]	<b>25.69</b>	1.61
Reimbursement of expenses [Morton Grove Pharmaceuticals, Inc. ` Nil (Previous Year - ` 0.17 crore), Wockhardt Bio AG ` 0.57 crore (Previous Year - ` 0.74 crore), CP Pharmaceuticals Limited ` 1.22 crore (Previous Year - ` 1.61 crore), Wockhardt UK Limited ` 1.32 crore (Previous Year - ` 1.00 crore)]	<b>3.11</b>	3.52
Inventory write off cost recovered from Wockhardt Bio AG	<b>69.33</b>	-
Cost of Inventory return recovered from Wockhardt Bio AG	<b>1.05</b>	-
Loans/Advances given to Wockhardt Infrastructure Development Limited	<b>13.84</b>	13.43
Loans/Advances recovered [Wockhardt Infrastructure Development Limited ` 56.65 crore (Previous Year - ` 13.37 crore), Wockhardt Bio AG ` Nil (Previous Year - ` 29.74 crore)]	<b>56.65</b>	43.11
Advances Received against Export of Goods and Services from Wockhardt Bio AG	<b>743.54</b>	2,002.60
Advances adjusted against export of Goods and Services [Wockhardt Bio AG ` 494.22 crore (Previous Year - ` 980.62 crore), Wockhardt USA LLC ` 1.43 crore (Previous Year - ` Nil)]	<b>495.65</b>	980.62
Security deposit given to Wockhardt Infrastructure Development Limited	<b>16.38</b>	-
Advance rent given to Wockhardt Infrastructure Development Limited	<b>27.31</b>	-
Land premium paid to Wockhardt Infrastructure Development Limited	<b>0.31</b>	-
<b>Fellow Subsidiary</b>		
Loan Licensee charges paid	-	7.64
Rent paid	<b>56.38</b>	51.13
<b>Key managerial personnel</b>		
Remuneration paid [Chairman ` 1.50 crore (Previous Year - ` 0.57 crore), Managing Director ` 2.38 crore (Previous Year - ` 0.60 crore), Executive Director ` 2.45 crore (Previous Year - ` 0.60 crore)]	<b>6.33</b>	1.77
Dividend paid [Chairman ` 0.66 crore (Previous Year - ` Nil), Managing Director ` 0.34 crore (Previous Year - ` Nil), Executive Director ` 0.32 crore (Previous Year - ` Nil)]	<b>1.32</b>	-
<b>Relatives of Key managerial personnel</b>		
Dividend paid *	<b>0.00</b>	-
* ` 39,600.		
<b>Enterprise over which Key Managerial Personnel exercise significant influence</b>		
Rent paid [Palanpur Holdings and Investments Private Limited ` 0.08 crore (Previous Year - ` 0.08 crore), Merind Limited ` 0.002 crore (Previous Year - ` 0.01 crore), Wockhardt Hospitals Limited ` 0.84 crore (Previous Year - ` Nil)]	<b>0.92</b>	0.09
Donation given to Wockhardt Foundation	<b>1.96</b>	0.64
Reimbursement of Expenses [Merind Limited ` 1.63 crore (Previous Year - ` 1.76 crore), Wockhardt Hospitals Limited ` 0.32 crore (Previous Year - ` Nil), Wockhardt Foundation ` 0.20 crore (Previous Year - ` Nil)]	<b>2.15</b>	1.76
Sales to Wockhardt Hospitals Limited	<b>0.15</b>	-
Professional charges to Wockhardt Hospitals Limited	<b>0.22</b>	-
Dividend paid [Palanpur Holdings and Investments Private Limited ` 4.73 crore (Previous Year - ` Nil), Dartmour Holdings Private Limited ` 10.24 crore (Previous Year - ` Nil)]	<b>14.97</b>	-



	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>(d) Related party balances</b>		
Receivable from subsidiary companies [Z&Z Services GmbH ` 0.09 crore (Previous Year - ` 0.07 crore), Wockhardt USA LLC ` Nil (Previous Year - ` 0.56 crore), Vinton Healthcare Limited ` Nil (Previous Year - ` 0.66 crore), Wockhardt Infrastructure Development Limited ` 35.71 crore (Previous Year - ` 52.68 crore), Pinewood Laboratories Limited ` 25.26 crore (Previous Year - ` 11.06 crore), Morton Grove Pharmaceuticals, Inc. ` Nil (Previous Year - ` 7.01 crore ), Wockhardt Holding Corp. ` 70.15 crore (Previous Year - ` 63.58 crore), Laboratoires Negma S.A.S. ` 4.13 crore (Previous Year - ` 2.52 crore), Wockhardt Farmaceutica SA DE CV. ` 1.54 crore (Previous Year - ` 1.01 crore)]	<b>136.88</b>	139.15
Payable to subsidiary companies [Wockhardt Biopharm Limited ` 9.40 crore (Previous Year - ` 10.42 crore), CP Pharmaceuticals Limited ` 17.95 crore (Previous Year - ` 13.69 crore), Wockhardt Bio AG ` 1,196.83 crore (Previous Year - ` 1,019.99 crore), Wockhardt UK Limited ` 6.19 crore (Previous Year - ` 4.01 crore), Wockhardt France (Holdings) S.A.S. ` 1.48 crore (Previous Year - ` 1.25 crore ), Wockhardt USA LLC ` 5.09 crore (Previous Year - ` Nil), Morton Grove Pharmaceuticals, Inc. ` 1.97 crore (Previous Year - ` Nil)]	<b>1,238.91</b>	1,049.36
Security deposit given to Wockhardt Infrastructure Development Limited	<b>16.85</b>	0.47
Payable to fellow subsidiary	<b>29.31</b>	39.10
Security deposit given to fellow subsidiary	<b>46.50</b>	46.50
Payable to Enterprise over which Key Managerial Personnel exercise significant influence [Merind Limited ` 0.10 crore (Previous Year - ` 1.85 crore), Wockhardt Hospitals Limited ` 0.94 crore (Previous Year - ` Nil)]	<b>1.04</b>	1.85
Security deposit given to Palanpur Holdings and Investments Private Limited	<b>2.75</b>	2.75
Receivable from/(Payable to) Key managerial personnel [Chairman ` 4.10 crore (Previous Year - ` 3.39 crore), Managing Director ` (0.67 crore) (Previous Year - ` 0.48 crore ), Executive Director ` (0.77 crore) (Previous Year - ` 0.48 crore)]	<b>2.66</b>	4.35

44. The Company has taken office premises on operating lease. These lease and license agreements are generally 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.

	For the year ended March 31, 2014	For the year ended March 31, 2013
Annual commitments for lease payments under non-cancellable operating leases are as follows:		
Less than one year	<b>48.19</b>	46.91
More than 1 year but less than five years	-	51.53
More than five years	-	0.04

**45. DISCLOSURE REGARDING UNHEDGED CURRENCY EXPOSURE**

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

Particulars	Currency	As at March 31, 2014		As at March 31, 2013	
		Amount in Foreign Currency (in million)	in crore	Amount in Foreign Currency (in million)	in crore
Loan Aailed	EUR	1.32	11.21	-	-
Interest Payable	EUR	0.001	0.01	-	-
Trade Receivables	ACU	0.02	0.10	0.17	0.76
	AUD	0.01	0.08	0.01	0.08
	CHF	2.09	14.20	1.67	9.53
	EUR	4.35	35.97	2.84	19.75
	GBP	0.002	0.02	0.26	2.12
	USD	20.40	122.33	38.04	206.48
	RUB	127.04	21.55	-	-



Particulars	Currency	As at March 31, 2014		As at March 31, 2013	
		Amount in Foreign Currency (in million)	in crore	Amount in Foreign Currency (in million)	in crore
Loans and Advances and Other Receivables	EUR	2.00	16.56	5.53	38.42
	USD	28.52	171.00	17.14	93.03
	CHF	0.06	0.41	0.04	0.24
	GBP	0.20	2.03	0.17	1.42
	JPY	4.97	0.01	12.23	0.70
Trade payables and Other Liabilities	CAD	0.01	0.04	-	-
	CHF	2.70	18.32	2.68	15.30
	EUR	5.18	42.85	5.50	38.16
	GBP	14.43	143.95	19.53	160.54
	JPY	4.11	0.01	3.07	0.18
	USD	219.06	1,313.35	209.59	1,137.55
	RUB	4.52	0.77	-	-

**46. CONTINGENT LIABILITIES AND COMMITMENTS (to the extent 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 ` 9.22 crore (Previous Year - ` 9.62 crore). Further, demand from State excise authorities for excise duty on certain inputs disputed by the Company ` Nil (Previous Year - ` 12.55 crore).
- (b) Demand by Income tax authorities ` 76.01 crore (Previous Year - ` 47.30 crore) disputed by the Company.
- (c) Demand by Sales Tax authorities ` 0.57 crore (Previous Year - ` Nil) disputed by the Company.
- (d) Corporate Guarantee given on behalf of various subsidiaries in respect of credit facilities amounts to ` 805.64 crore (Previous Year - ` 1,068.54 crore).

This comprises corporate guarantee given by the Company and Wockhardt UK Holdings Limited against loan of USD 134.38 million (Previous Year - USD 196.88 million) amounting to ` 805.64 crore (Previous Year - ` 1,068.54 crore) taken by Wockhardt Bio AG in earlier years. The said loan has been fully rescheduled and lenders aggregating 100% (Previous Year - 97.95%) of the loan value have acceded to the reschedulement.

This loan availed by the subsidiary is secured by:

- (i) first ranking pari passu charge on immovable properties of Wockhardt Limited situated at Kadaiya in Daman and Baddi in Himachal Pradesh.
- (ii) second ranking pari passu charge by way of hypothecation on all the current assets, movables, inventories and book debts of Wockhardt Limited

Further, out of loan of ` 805.64 crore (Previous Year - ` 1,068.54 crore), term loan of USD 54.30 million (Previous Year - 79.54 million) amounting to ` 325.48 crore (Previous Year - ` 431.69 crore), in addition to aforesaid security, is also secured by:

- (i) subservient charge on movable properties of Wockhardt Limited situated at Bhipore in Daman, Ankleshwar, L-1, D-4, Chikhalthana and Biotech Park, Waluj in Aurangabad (except book debts and current assets).
- (ii) subservient charge on movable properties of Wockhardt Infrastructure Development Limited situated at Shendra in Aurangabad.

Also, the Company has made an application to Reserve Bank of India for obtaining its approval to create a subservient charge on fixed assets of the Company situated at all locations except Baddi in Himachal Pradesh and Kadaiya in Daman.

- (e) Comfort to extend financial support, subject to certain approvals, to one of its subsidiaries towards credit facilities availed by the subsidiary, the impact of which is currently not ascertainable.
- (f) Claims against Company not acknowledged as debt in respect of local body tax ` 10.28 crore (Previous Year - ` 10.28 crore).
- (g) The Group is involved in other disputes, lawsuits, claims, inquires and proceedings, including commercial matters that arise from time to time in the ordinary course of business. The group believes that there are no such pending matters that are expected to have any material adverse effect on its financial statements in any given accounting period.
- (h) Estimated amount of contracts remaining to be executed on capital account and not provided for ` 146.35 crore (Previous Year - ` 116.82 crore) after deducting advance on capital account of ` 20.94 crore (Previous Year - ` 40.87 crore).





47. During the year, the Company has received regulatory alerts from USFDA on two of its manufacturing units located in Aurangabad. The said action did not affect the sale of inventories which were already lying in USA, thereby assuring no quality concerns on the products. Further, USFDA has also excluded 6 products and the supply of the same continues to the US market.

The Company has also received restricted GMP certificate from the UKMHRA for its manufacturing facilities at Aurangabad & Daman. The UKMHRA has however, allowed the Company to manufacture and supply 21 products. The UKMHRA had also initiated drug recalls for the products manufactured at two Aurangabad facilities, but has categorically mentioned that the recalls were only precautionary and there was no risk to patient safety.

The above has resulted in a decline in the sales and profitability during the year and inventory write off amounting to ₹ 69.33 crore has been charged to Wockhardt Bio AG.

During the year, the Company has reviewed its technical operations and as a result of the same has directed its energies into strengthening and upgrading its Quality & Manufacturing operations. The Company has initiated a number of improvement measures to ensure creation of a robust, sustainable and compliant operating framework on a consistent basis. Some of these measures include restructuring and strengthening Quality & Manufacturing functions, initiating extensive training programs for upgrading competencies and improving information system security and integrity.

48. Premium on redemption of preference shares will be provided for before redemption of the preference shares.
49. Previous year figures have been regrouped where necessary to conform to current year's classification.

For and on behalf of the Board of Directors

**H. F. Khorakiwala**  
*Chairman*

**Huzaiifa Khorakiwala**  
*Executive Director*

**Murtaza Khorakiwala**  
*Managing Director*

**R. A. Shah**

**Shekhar Datta**

**Aman Mehta**

**D. S. Brar**

**Sanjaya Baru**

} *Directors*

Place : Mumbai  
Date : May 26, 2014

**V. R. Khetan**  
*Company Secretary*



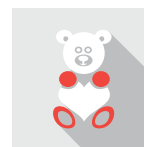
CONSOLIDATED FINANCIAL HIGHLIGHTS

(` in crore)

YEAR-END FINANCIAL POSITION	2013-14	2012-13	2011-12	2010-11	2009-10	2008	2007	2006	2005	2004
Net Fixed Assets (incl. CWIP)	3024	2,523	3,506	3,468	3,237	3,630	3,071	1,707	788	660
Deferred Tax Assets/(Liabilities)	(7)	24	(101)	73	47	41	(92)	(92)	(61)	(60)
Investments	3	3	91	90	95	93	71	-	-	-
<b>TOTAL</b>	<b>3,020</b>	<b>2,550</b>	<b>3,496</b>	<b>3,631</b>	<b>3,379</b>	<b>3,764</b>	<b>3,050</b>	<b>1,615</b>	<b>727</b>	<b>600</b>
Current Assets	3597	3,490	2,656	2,073	2,172	2,964	2,011	2,002	1,361	1,254
Current Liabilities	994	1,265	1,189	912	862	1,475	887	581	365	346
Net Current Assets	2,603	2,225	1,467	1,161	1,310	1,489	1,124	1,421	996	908
<b>Sub-Total</b>	<b>5,623</b>	<b>4,775</b>	<b>4,963</b>	<b>4,792</b>	<b>4,689</b>	<b>5,253</b>	<b>4,174</b>	<b>3,036</b>	<b>1,723</b>	<b>1,508</b>
Foreign Currency Translation Reserve	(197)	(2)	24	183	158	144	26	(7)	(8)	(12)
Profit & Loss Account	-	-	-	-	6	-	-	-	-	-
<b>TOTAL CAPITAL EMPLOYED</b>	<b>5,426</b>	<b>4,773</b>	<b>4,987</b>	<b>4,975</b>	<b>4,853</b>	<b>5,397</b>	<b>4,200</b>	<b>3,029</b>	<b>1,715</b>	<b>1,496</b>
<b>Capital</b>										
- Equity	55	55	55	55	55	55	55	55	55	55
- Preference	298	298	761	745	668	-	-	-	-	-
<b>TOTAL</b>	<b>353</b>	<b>353</b>	<b>816</b>	<b>800</b>	<b>723</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>55</b>
Reserves	3031	2,349	679	326	112	1,107	1,245	1,004	753	550
<b>NET WORTH</b>	<b>3,384</b>	<b>2,702</b>	<b>1,495</b>	<b>1,126</b>	<b>835</b>	<b>1,162</b>	<b>1,300</b>	<b>1,059</b>	<b>808</b>	<b>605</b>
Minority Interest	136	-	-	-	-	-	-	-	-	-
<b>Borrowings</b>										
- Secured	1900	2,054	3,271	3,379	3,552	3,161	2,344	1,475	412	408
- Unsecured	6	17	221	470	466	1,074	556	495	495	483
<b>TOTAL</b>	<b>1,906</b>	<b>2,071</b>	<b>3,492</b>	<b>3,849</b>	<b>4,018</b>	<b>4,235</b>	<b>2,900</b>	<b>1,970</b>	<b>907</b>	<b>891</b>
<b>TOTAL SOURCES</b>	<b>5,426</b>	<b>4,773</b>	<b>4,987</b>	<b>4,975</b>	<b>4,853</b>	<b>5,397</b>	<b>4,200</b>	<b>3,029</b>	<b>1,715</b>	<b>1,496</b>
<b>Summary of Operations (including discontinued operations)</b>										
Sales (Excluding Excise)	4830	5,721	4,614	3,751	4,501	3,590	2,491	1,729	1,413	1,252
Other Income	39	51	23	16	30	35	208	19	18	15
<b>TOTAL INCOME</b>	<b>4,869</b>	<b>5,772</b>	<b>4,637</b>	<b>3,767</b>	<b>4,531</b>	<b>3,625</b>	<b>2,699</b>	<b>1,748</b>	<b>1,431</b>	<b>1,267</b>
Material Consumed	1806	1,814	1,682	1,516	1,973	1,360	993	668	577	522
Personnel Cost	769	663	589	550	735	632	458	269	210	189
Other expenses	1276	1,128	903	776	970	812	563	392	297	270
<b>EBIDTA</b>	<b>1,018</b>	<b>2,167</b>	<b>1,463</b>	<b>925</b>	<b>853</b>	<b>821</b>	<b>685</b>	<b>419</b>	<b>347</b>	<b>286</b>
Interest Expense/(Income)	37	243	290	130	395	378	132	3	10	(2)
Depreciation	140	125	122	117	149	113	79	61	42	37
Profit Before Tax & Exceptional Items	841	1,799	1,051	678	309	330	474	355	295	251
Exceptional Items - loss/(gain)	(50)	(62)	474	574	1,295	581	-	61	-	-
<b>PBT</b>	<b>891</b>	<b>1,861</b>	<b>577</b>	<b>104</b>	<b>(986)</b>	<b>(251)</b>	<b>474</b>	<b>294</b>	<b>295</b>	<b>251</b>
Tax (Expense)/Credit	(48)	(266)	(235)	(8)	(16)	92	(91)	(53)	(38)	(38)
<b>PROFIT AFTER TAX BEFORE SHARE OF PROFIT/(LOSS) OF ASSOCIATES AND MINORITY INTEREST</b>	<b>843</b>	<b>1,595</b>	<b>342</b>	<b>96</b>	<b>(1,002)</b>	<b>(159)</b>	<b>383</b>	<b>241</b>	<b>257</b>	<b>213</b>
Share in Profit/(Loss) of Associate Companies	-	(1)	1	(5)	2	21	3	-	-	-
Minority Interest - Profit/(Loss)	2	-	-	-	-	-	-	-	-	-
<b>PROFIT AFTER TAX AFTER SHARE OF PROFIT/(LOSS) OF ASSOCIATES AND MINORITY INTEREST</b>	<b>841</b>	<b>1,594</b>	<b>343</b>	<b>91</b>	<b>(1,000)</b>	<b>(138)</b>	<b>386</b>	<b>241</b>	<b>257</b>	<b>213</b>
<b>IMPORTANT RATIOS</b>										
Current Assets : Liabilities	3.62	2.76	2.23	2.27	2.50	2.01	2.27	3.45	3.73	3.62
Debt : Equity	0.56	0.77	2.34	3.42	4.81	3.65	2.23	1.86	1.12	1.47
PBT/Turnover %	18.4%	32.5%	12.5%	2.8%	(21.9%)	(7.0%)	19.0%	17.0%	20.8%	20.0%
Return (PBIT) on Capital Employed %	16.5%	44.1%	17.5%	4.9%	(12.6%)	2.4%	14.5%	9.8%	17.6%	16.5%
No. of Equity Shares (in crore)	10.97	10.96	10.94	10.94	10.94	10.94	10.94	10.94	10.94	10.90
Dividend (per share)	10	5.00	-	-	-	-	11.25	5.00	5.00	5.00
Basic Earnings (per share)	76.6	145.6	31.3	8.3	(91.4)	(12.7)	35.3	22.0	23.5	19.6
Net Worth (per share)	308.5	246.6	136.6	102.9	76.3	106.1	118.8	96.8	73.8	55.3

Notes: (1) In the year 2004 each equity share of ` 10/- each was sub-divided into 2 equity shares of ` 5/- each and bonus shares in the ratio of 1 share for every two shares held were issued.

(2) The Figures for 2009-10 are for 15 month period ended March 31, 2010.



**FINANCIAL DETAILS OF THE SUBSIDIARY COMPANIES**

For the Year Ended March 31, 2014

Sr. No.	Name of the Subsidiary	Currency	Closing Exchange rate against Indian Rupees as on March 31, 2014	In Crore								
				Paid Up Capital	Reserves	Total Assets including investments	Total Liabilities	Turnover	Profit/(Loss) before taxation	Provision for taxation	Profit/(Loss) after taxation	Proposed dividend @@
1.	Wockhardt Biopharm Limited	₹	–	18.00	(7.86)	10.21	0.07	–	(1.85)	0.85	(2.70)	–
2.	Vinton Healthcare Limited	₹	–	19.83	2.69	23.04	0.52	–	1.80	0.62	1.18	–
3.	Wockhardt Infrastructure Development Limited	₹	–	2.00	2.53	60.84	56.31	18.74	2.25	0.55	1.70	–
4.	Z&Z Services GmbH @	Euro (€)	82.66	0.21	(1.46)	0.82	2.07	–	(0.17)	–	(0.17)	–
5.	Wockhardt Europe Limited	STG (£)	99.78	13.04	(2.86)	10.19	0.01	–	(0.06)	–	(0.06)	–
6.	Wockhardt Nigeria Limited @	USD	59.96	0.48	0.03	0.51	–	–	0.13	–	0.13	–
7.	Wockhardt UK Holdings Limited	STG (£)	99.78	2.74	158.31	187.74	26.69	–	–	–	–	–
8.	CP Pharmaceuticals Limited.@	STG (£)	99.78	24.28	133.53	316.48	158.68	306.81	16.28	0.97	15.32	–
9.	CP Pharmaceuticals (Schweiz) AG.@	CHF	67.88	1.70	(0.24)	2.12	0.66	1.66	0.12	0.01	0.11	–
10.	Wallis Group Limited @	STG (£)	99.78	14.06	16.45	30.52	0.01	–	(0.05)	–	(0.05)	–
11.	The Wallis Laboratory Limited @	STG (£)	99.78	0.04	(0.04)	1.97	1.97	–	–	–	–	–
12.	Pinewood Healthcare Limited @	STG (£)	99.78	1.00	(0.68)	0.58	0.26	–	(0.68)	–	(0.68)	–
13.	Wockhardt Farmaceutica do Brazil Ltda @	USD	59.96	2.01	(2.00)	0.02	–	–	(0.05)	–	(0.05)	–
14.	Wallis Licensing Limited @	STG (£)	99.78	–	(9.31)	30.84	40.15	–	–	–	–	–
15.	Wockhardt USA LLC @	USD	59.96	11.99	7.42	688.28	668.87	2,051.51	35.41	–	35.41	–
16.	Wockhardt Bio AG #	USD	59.96	305.94	2,793.59	4,433.13	1,333.60	1,695.24	(428.01)	0.39	(428.40)	123.83
17.	Wockhardt UK Limited @	STG (£)	99.78	0.50	76.11	463.61	387.01	766.58	11.58	2.66	8.92	–
18.	Wockhardt Cyprus Limited ★ @	USD	59.96	0.01	(0.32)	–	0.31	–	–	–	–	–
19.	Wockpharma Ireland Limited @	Euro (€)	82.66	82.67	55.48	903.04	764.89	–	14.11	–	14.11	–
20.	Nonash Limited @	Euro (€)	82.66	0.38	–	0.38	–	–	–	–	–	23.09
21.	Pinewood Laboratories Limited @	Euro (€)	82.66	3.09	155.93	364.21	205.19	461.84	33.71	(3.98)	37.69	52.69
22.	Esparma AG ★ @	CHF	67.88	0.68	(0.41)	0.29	0.02	–	(0.05)	–	(0.05)	–
23.	Wockhardt Holding Corp @	USD	59.96	0.01	155.60	248.63	93.02	–	(0.01)	–	(0.01)	–
24.	Morton Grove Pharmaceuticals Inc @	USD	59.96	204.80	196.55	664.36	263.01	382.13	33.06	28.45	4.60	–
25.	MGP Inc @	USD	59.96	–	4.34	6.04	1.71	28.60	2.12	–	2.12	–
26.	Wockhardt Farmaceutica SA DE CV @	USD	59.96	17.30	0.31	53.98	36.37	22.71	(0.25)	(1.10)	0.85	–
27.	Wockhardt Services SA DE CV @	USD	59.96	0.02	0.32	9.28	8.94	4.92	0.24	0.02	0.22	–
28.	Wockhardt France (Holdings) S.A.S @	Euro (€)	82.66	496.79	(845.13)	499.00	847.34	–	(82.97)	(0.82)	(82.14)	–
29.	Laboratoires Pharma 2000 S.A.S @	Euro (€)	82.66	1.51	(41.72)	20.28	60.50	31.23	(3.21)	–	(3.21)	–
30.	Laboratoires Negma S.A.S @	Euro (€)	82.66	348.31	(94.04)	312.08	57.81	127.77	(85.75)	1.56	(87.31)	–
31.	Niverpharma S.A.S @	Euro (€)	82.66	1.32	(29.61)	(0.55)	27.74	1.51	0.77	–	0.77	–
32.	Negma Beneulex S.A.S @	Euro (€)	82.66	0.61	0.74	1.36	0.01	–	(0.01)	–	(0.01)	–
33.	Phytex S.A.S @	Euro (€)	82.66	8.85	(7.99)	0.93	0.07	–	(0.29)	–	(0.29)	–

★ During the year, Esparma AG & Wockhardt Cyprus Limited (subsidiaries of Wockhardt Bio AG) were sold on September 30, 2013

# The investments made by Wockhardt Bio AG is ₹ 2.17 crore – 755,000 equity shares of Swiss Biosciences AG.

The investments made by all other 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.

@@ Includes dividend declared during the year 2013-14.



**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES**

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 ended March 31, 2014 (in crore)	For the previous financial year/ period since it became a subsidiary (in crore)	For the subsidiary's financial year ended March 31, 2014 (in crore)	For the previous financial years till it became the subsidiary (in crore)
Vinton Healthcare Limited	31-Mar-14	10,000,000 Equity Shares of ₹ 10/- each fully paid up 982,819 7% Non-Cumulative Redeemable Preference Shares of ₹ 100/- each fully paid up	100%	₹	1.18	1.04	0.00	0.00
Wockhardt Infrastructure Development Limited	31-Mar-14	2,000,000 Equity Shares of ₹ 10/- each fully paid up	100%	₹	1.70	1.56	0.00	0.00
Z & Z Service GmbH @	31-Mar-14	Euro 3,625,000*	100%	Euro (€)	(0.17)	(0.06)	0.00	0.00
Wockhardt Europe Limited	31-Mar-14	1,307,368 Ordinary Shares of £ 1 each	100%	STG (£)	(0.06)	(0.03)	0.00	0.00
Wockhardt Nigeria Limited @	31-Mar-14	1,500,000 Ordinary Shares of Naira 10/- each fully paid up	100%	USD	0.13	0.31	0.00	0.00
Wockhardt UK Holdings Limited	31-Mar-14	27,504,823 Ordinary Shares of 1p each fully paid up	100%	STG (£)	0.00	0.00	0.00	0.00
CP Pharmaceuticals Limited @	31-Mar-14	570,000 Ordinary Shares of £ 1 each 1,862,549 'A' Ordinary Shares of £ 1 each	100%	STG (£)	15.32	11.29	0.00	0.00
CP Pharmaceuticals (Schweiz) AG @	31-Mar-14	250 Shares of CHF 1000 each	100%	GBP	0.11	0.00	0.00	0.00
Wallis Group Limited @	31-Mar-14	1,408,667 Ordinary Shares of £ 1 each	100%	STG (£)	(0.05)	(0.04)	0.00	0.00
The Wallis Laboratory Limited @	31-Mar-14	4,040 Ordinary Shares of £ 1 each	100%	STG (£)	0.00	0.00	0.00	0.00
Pinewood Healthcare Limited	31-Mar-14	1,00,000 Ordinary Shares of £ 1 each	100%	STG (£)	(0.68)	0.00	0.00	0.00
Wockhardt Farmaceutica do Brasil Ltda @	31-Mar-14	798,583.38 quotas of Brazilian Ria 1 each	100%	USD	(0.05)	(0.06)	0.00	0.00
Wallis Licensing Limited @	31-Mar-14	1 Ordinary Shares of £ 1 each	100%	STG (£)	0.00	0.00	0.00	0.00
Wockhardt USA LLC @	31-Mar-14	2,000,000 Equity Shares of \$ 1 each	100%	USD	35.41	51.03	0.00	0.00
Wockhardt Bio AG # (Formerly known as Wockhardt EU Operations (Swiss) AG)	31-Mar-14	44,600,000 Shares of CHF 1 each	100%	CHF	(428.40)	1,617.83	0.00	0.00
Wockhardt UK Limited @	31-Mar-14	50,000 Ordinary Shares of £ 1 each	100%	STG (£)	8.92	7.77	0.00	0.00
Wockhardt Cyprus Limited @	31-Mar-14	1000 Ordinary Shares of CY £ 1 each	100%	USD	0.00	(0.04)	0.00	0.00
Wockpharma Ireland Limited @	31-Mar-14	10,001,000 Ordinary Shares of € 1 each	100%	Euro (€)	14.11	19.00	0.00	0.00
Nonash Limited @	31-Mar-14	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 0.63 each 6) 250 E Ordinary Shares of Euro 2.54 each 7) 100 F Ordinary Shares of Euro 6.35 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 (€)	(0.00)	(1.05)	0.00	0.00



**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES**

(Contd.)

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 ended March 31, 2014 (in crore)	For the previous financial year/ period since it became a subsidiary (in crore)	For the subsidiary's financial year ended March 31, 2014 (in crore)	For the previous financial years till it became the subsidiary (in crore)
Pinewood Laboratories Limited @	31-Mar-14	2,985,128 Ordinary Shares of € 0.125 each 120 "A" Ordinary Shares of € 1.25 each	100%	Euro (€)	37.69	55.98	0.00	0.00
Esparma AG @	31-Mar-14	100,000 Shares of CHF 1 each	100%	CHF	(0.05)	(0.05)	0.00	0.00
Wockhardt Holding Corp. @	31-Mar-14	1,100 Ordinary Shares of US\$ 1 each	100%	USD	(0.01)	(0.01)	0.00	0.00
Morton Grove Pharmaceuticals Inc. @	31-Mar-14	100 Ordinary Shares of US\$ 0.01 each	100%	USD	4.60	0.36	0.00	0.00
MGP Inc. @	31-Mar-14	100 Ordinary Shares of US\$ 0.01 each	100%	USD	2.12	1.47	0.00	0.00
Wockhardt Farmaceutica SA DE CV	31-Mar-14	24,838,863 Shares of MXP 1 each	100%	USD	0.85	(0.55)	0.00	0.00
Wockhardt Services SA DE CV	31-Mar-14	50,000 Shares of MXP 1 each	100%	USD	0.22	0.82	0.00	0.00
Wockhardt France (Holdings) S.A.S. @	31-Mar-14	601,000 Shares of € 100 each	100%	Euro (€)	(82.14)	(126.63)	0.00	0.00
Laboratoires Pharma 2000 S.A.S. @	31-Mar-14	11,400 Shares of € 16 each	100%	Euro (€)	(3.21)	(4.34)	0.00	0.00
Laboratoires Negma S.A.S. @	31-Mar-14	275,409 Shares of € 153 each	100%	Euro (€)	(87.31)	(31.90)	0.00	0.00
Niverpharma S.A.S. @	31-Mar-14	10,000 Shares of € 16 each	100%	Euro (€)	0.77	(14.36)	0.00	0.00
Negma Benulex S.A S. @	31-Mar-14	2,976 Shares of € 25 each	100%	Euro (€)	(0.01)	(0.01)	0.00	0.00
Phytex S.A.S. @	31-Mar-14	7,000 Shares of € 153 each	100%	Euro (€)	(0.29)	(0.04)	0.00	0.00

\* During the year, Esparma AG & Wockhardt Cyprus Limited (subsidiaries of Wockhardt Bio AG) were sold on September 30, 2013.

\* As per German law, there are no shares issued. Only capital is subscribed to, which is 25,000 euros and subscription to capital reserve is 3,600,000 euros.

@ Inclusive of shares held through wholly owned subsidiaries.

For and on behalf of the Board of Directors

**H. F. Khorakiwala**  
Chairman

**Huzaifa Khorakiwala**  
Executive Director

**Murtaza Khorakiwala**  
Managing Director

**R. A. Shah**  
**Shekhar Datta**  
**Aman Mehta**  
**D. S. Brar**  
**Sanjaya Baru**

Directors

Place : Mumbai  
Date : May 26, 2014

**V. R. Khetan**  
Company Secretary

**ANNEXURE I TO THE DIRECTORS' REPORT**

Information under section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended March 31, 2014.

**I. CONSERVATION OF ENERGY:****(1) Energy conservation measures taken:**

The Company has for many years now been laying great emphasis on the Conservation of energy and has taken several measures including regular monitoring of consumption, reduction of transmission losses and improved maintenance of systems. Some of the more significant projects implemented on a continuous basis are:

- Formation of Energy Task force under the leadership of Managing Director to assess and implement various measures for conservation of energy as well as non-polluting energy resources.
- Installed high efficient electronic commutation drives (Ziehl Abegg – Germany) for air handling units at formulation plants.
- Use of Briquette Boiler in place of Furnace Oil Boiler.
- Replacing Reciprocating Chiller with new Turbo Core Technology chillers.
- Installation of Condensing Economiser for 8 TPH (tonnes Per Hour) Boiler.
- Electronic Lighting Savers installed for all the plants.
- Electronic cooling tower manager installed at Shendra.
- Sodium Lamp replacement with LED (Light Emitting Diode) light in the service floors.
- Installation of lighting transformer for API plant.
- Temperature Controller/PLC (Programmable Logic Controller) for optimizing the performance of Cooling Tower fans.
- Replacement of Electrical operated pump to steam operated pump.
- Provision of Auto blow down system for Boiler.
- Effective control of Boiler operating pressure to improve operation efficiency.
- Monitoring & Measuring all key power & fuel intensive equipments to analyze the consumption pattern & to initiate corrective action.
- Integrated all the energy meters of all plants and successfully installed online energy monitoring system for better monitoring and diagnosis of high energy intensive equipment.

**(2) Additional Investments and proposals being implemented for reduction of energy consumption:**

- Additional APFC (Automatic Power Factor Control) panel installed to maintain consistent unity power.
- Condensate recovery pump installed and replacement of electrical operated pump to steam operated pump.
- Reduction of Airflow from 2VVM (Volumes of air per Volumes of liquid per minute) to 1VVM in Fermenter.
- Auto Blow system of Boiler implemented.

**(3) Impact of measures taken at (1) and (2) above:**

The adoption of Energy Conservation measures of the type indicated above have resulted in significant savings, which have been reflected in the cost of production over the years.



## (4) Total energy consumption and Energy Consumption per unit of production:

	Year Ended 31-03-2014	Year Ended 31-03-2013
<b>A. Power &amp; Fuel Consumption</b>		
<b>1. Electricity</b>		
a. Purchased		
Units (in Crore)	<b>6.76</b>	7.14
Total Amount (₹ in Crore)	<b>46.97</b>	48.70
Rate/Unit (₹)	<b>6.94</b>	6.82
b. Own Generation		
(i) Through Diesel Generator		
Units (in Crore)	<b>0.18</b>	0.10
Units per litre of Diesel oil	<b>3.48</b>	3.10
Cost/unit (₹)	<b>16.19</b>	13.90
(ii) Through Gas Generator		
Units (in Crore)	<b>0.01</b>	0.09
Units per M <sup>3</sup> of Gas	<b>2.63</b>	2.94
Cost/unit (₹)	<b>39.39</b>	17.75
<b>2. Furnace Oil, LSHS, LDO &amp; HSD</b>		
Quantity (Kilo-litres)	<b>1,737.40</b>	2,893.74
Total Amount (₹ in Crore)	<b>9.16</b>	13.54
Average Rate (in litres)	<b>52.71</b>	46.80
<b>3. Natural Gas</b>		
Quantity (unit NM <sup>3</sup> )(in Crore)	<b>0.25</b>	0.46
Total Amount (₹ in Crore)	<b>9.33</b>	14.72
Average Rate (₹ /100NM <sup>3</sup> )	<b>3,729.00</b>	3,192.00
<b>4. Others (Briquette)</b>		
Quantity (MT)	<b>4,954.00</b>	1,428.00
Total Amount (₹ in Crore)	<b>2.64</b>	0.67
Average Rate in ₹ /MT	<b>5,329.61</b>	4,688.79

**B. Consumption per unit of production:**

The consumption per unit depends on the product mix since it consists of different types of products. Hence, there is no specific standard.

**II. TECHNOLOGY ABSORPTION:****Research & Development (R & D):****1. Specific areas in which R & D is carried out by the Company:****Spearheading Research & Development**

R&D has been the strategic core of company's success and growth in the regulated and non-regulated markets across the globe. The multidisciplinary areas of research into Complex Technology driven generic products including New Drug Delivery System (NDDS) products, New Drug Discovery Program and Biosimilar research program make Wockhardt a true hybrid organization. The Company has dedicated a lot of focus, investments and initiatives to ensure that the R&D organization stays at the threshold of latest technological advancements in the areas it operates.





**Research Efforts in Novel Drug Delivery Systems and ANDAs Pipeline**

The Company has been focused in its endeavor to identify and develop products differentiated by complexity in formulation, technology or device based. Over the last few years, the Company successfully developed an array of niche and NDDS products like Metoprolol ER, Divalproex ER, Tamsulocin ER, etc. which enjoyed significant and sustained competitive advantage. Continuing in the same vein last year too, the organization undertook long strides in enhancing the product pipeline, a number of which will be filed in both short and long term.

During the financial year ended March 31, 2014, the Company has filed for 17 new products in US and 12 in UK. Currently for the US business, Company's pipeline includes 62 products pending to be approved by US FDA.

**Biotechnology & Genomics Research**

The Company is focused in its biotech research program towards development of Diabetes related treatment. It has undertaken research programs in development of Insulin and also analogs during the course of last few years. The Company has been marketing insulin and glargine, an analog of insulin in India and RoW markets. Insulin product, branded as Wosulin, is approved in 31 countries and is also available in form of reusable and disposable pen, a patented Wockhardt device. Glargine, branded as Glaritus, has been launched in India and also is exported to few RoW countries. This has enabled the Company to become one of the selected few global organizations to launch biosimilar products.

**New Drug Discovery Programme**

Company's focus on New Drug Discovery Program targeting Anti-Infectives has gathered a strong pace and the R&D is working on a number of probable drugs. These drugs are targeting the current unmet needs in both gram positive and gram negative terrain where the dearth of medicine is substantial across the world.

Globally most of the innovator companies have put their focus on cardiovascular, diabetes and other such lifestyle diseases or oncology which has left a big void in Anti-Infective space. With the rise in the number of new organisms and new strains of old organisms, where the existing medicines are having little impact, the overall scenario is highly concerning. The Company with its array of underdevelopment drugs in this space aims to counter these diseases in both regulated and unregulated markets. Company's underdevelopment drugs WCK 771 and WCK 2349 are currently gearing up towards the final clinical research stage, Phase 3 Clinical studies, during the current year.

**Patents**

The Company has a strong focus in developing Intellectual property and has filed for a large number of patents. Last year, the Company filed 271 patents and was granted 50 patents. The combined pool of Company's patents has reached 2001 filings and 259 grants. The Company's IP filing has been on a surge and the Company has been regularly honoured for the same by Pharmaceutical Export Promotion Council (PHARMXEL) over the years.

**Technology Improvement in Chemical and Pharmaceuticals**

Major technology improvement on a continuous basis is undertaken, which has resulted in cost saving.

**2. Benefits derived as a result of above R & D:**

Manufacturing process developed in in-house R&D have commercialised at various manufacturing factories of the Company. R&D efforts have resulted in import substitution of various high value bulk drugs as well as formulations.

**3. Expenditure on R & D:**

(` in crore)

	Consolidated		Standalone	
	Year Ended 31-03-2014	Year Ended 31-03-2013	Year Ended 31-03-2014	Year Ended 31-03-2013
(a) Capital	<b>47.35</b>	21.84	<b>43.11</b>	18.50
(b) Revenue	<b>403.04</b>	353.97	<b>198.47</b>	200.97
(c) Total	<b>450.39</b>	375.81	<b>241.58</b>	219.47
(d) Total R & D expenditure as a percentage of turnover	<b>9.31%</b>	6.69%	<b>13.38%</b>	8.88%



### III. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

#### 1. Efforts in brief, made towards technology absorption, adaptation and innovation:

The Company sets target for technology improvement based on global competition criteria. Wockhardt scientists undertake specific time-bound programmes to improve technology, which has upscaled gradually until desired results are achieved at the manufacturing level. The Research Scientists work in close relation with the manufacturing team to ensure smooth transfer of technology. Appropriate documents are created for quality control and this is monitored both by Wockhardt Quality control department and the Corporate Quality Assurance team.

#### 2. Benefits derived as a result of above efforts:

- Cost reduction in an inflationary environment.
- The development of several new products and line developments.
- Substitution of imported raw materials.
- Product quality improvement and better stability.
- Export of APIs and finished formulations.

#### 3. Imported Technology (imported during the last 5 years reckoned from the beginning of the financial year):

The Company has not imported any technology.

### IV. FOREIGN EXCHANGE EARNINGS & OUTGO:

The export income on FOB basis for the current year amounted to ₹ 618 crore (Previous year – ₹ 1,174 crore). The major export markets in which the Company is represented is USA and Western European countries.

(₹ in Crore)

	Year Ended 31-03-2014	Year Ended 31-03-2013
Total Foreign Exchange Earned	1,102.56	1,458.24
Foreign Exchange used		
(i) On import of raw materials, spare parts & capital goods	376.01	284.33
(ii) Expenditure in foreign currency for professional fees, business travels, interest, royalty and others	60.07	78.03
Net Foreign Exchange Earned	666.48	1,095.88

For and on behalf of the Board

**DR. H. F. KHORAKIWALA**  
Chairman

Mumbai, May 26, 2014



## ANNEXURE II TO THE DIRECTORS' REPORT

### DISCLOSURE REGARDING STOCK OPTIONS

In terms of Clause 12.1 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, disclosures regarding stock options granted under the Employee Stock Option Scheme – 2011 are given below:

	Description	Details
1.	Total number of options granted	FY 2011-12 (ESOP Grant 2011) – 1,540,000 FY 2012-13 (ESOP Grant – 2012) – 358,500 FY 2013-14 – NIL
2.	The pricing formula	The pricing of the options is based upon the closing market price of the shares prior to the date of grant and the performance rating of the employees.  In view of this, the options had been granted at ` 5/-, ` 365/- and ` 397/- per option during FY 2011-12 (ESOP Grant 2011).  During FY 2012-13 (ESOP Grant 2012), options have been granted at ` 5/- per option.
3.	Options Vested upto FY March 31, 2014	Relating to ESOP Grant 2011 – 379,000 options Relating to ESOP Grant 2012 – 8,500 options <b>Total : 387,500</b>
4.	Options exercised upto March 31, 2014	Relating to ESOP Grant 2011 – 315,250 Relating to ESOP Grant 2012 – NIL <b>Total : 315,250</b>
5.	Total number of shares arising as a result of exercise of option	Same as options exercised since each option entitles the holder thereof to 1 equity share of ` 5/- each.
6.	Options lapsed upto March 31, 2014	Relating to ESOP Grant 2011 – 218,000 Relating to ESOP Grant 2012 – NIL <b>Total : 218,000</b>
7.	Variations of terms of options	There has been no variation in the terms of options granted under the scheme.
8.	Money realised by exercise of options during the year	Relating to ESOP Grant 2011 – ` 4,758,750/- Relating to ESOP Grant 2012 – NIL <b>Total : ` 4,758,750/-</b>
9.	Total number of options in force as at March 31, 2014	Relating to ESOP Grant 2011 – 1,006,750 Relating to ESOP Grant 2012 – 358,500 <b>Total : 1,365,250</b>
10.	Details of options granted to Senior Management	No options have been granted to Senior Management during the year.
11.	Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year.	ESOP Grant 2011 – Dr. Yatendra Kumar, Mr. Sirjiwan Singh, Mr. Sunil Khera and Mr. Sanjeev Mehta have each been granted 1,25,000 options @ ` 5/-, 15,000 options @ ` 365/- and 15,000 options @ ` 397/- per option. ESOP Grant 2012 – NIL



	Description	Details
12.	Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	ESOP Grant 2011 & 2012 – NIL
13.	Diluted Earning Per Share (EPS) pursuant to issue of shares on exercise of options during the year calculated in accordance with Accounting Standard (AS-20)	₹ 17.88
14.	Where the Company has calculated employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the Company	The Company has calculated employee compensation cost using the intrinsic value of the stock options. In case, the employee compensation cost would had been calculated using the fair value of the options based on Black-Scholes model, it would had been higher by ₹ 2.23 crore during the year 2013-2014 and accordingly the profit after tax would had been lower by ₹ 2.23 crore and Earning per share lower by ₹ 0.20.
15.	Weighted Average Exercise Price and weighted average fair values of options disclosed separately for options whose exercise price either equals or exceeds or is less than market price of the stock	<p>Weighted Average Exercise Price:</p> <p>Relating to ESOP Grant 2011 – ₹ 37.65/-</p> <p>Relating to ESOP Grant 2012 – ₹ 5/-</p> <p>Weighted Average Fair value of options:</p> <p>Relating to ESOP Grant 2011</p> <ul style="list-style-type: none"> <li>• For 60,000 options having exercise price of ₹ 397/- per option is ₹ 106.47/-</li> <li>• For 60,000 options having exercise price of ₹ 365/- per option is ₹ 142.60/-</li> <li>• For 1,420,000 options having exercise price of ₹ 5/- per option – ₹ 410.14/-</li> </ul> <p>Relating to ESOP Grant 2012</p> <ul style="list-style-type: none"> <li>• For 350,000 options having exercise price of ₹ 5/- per option is ₹ 894.56/-</li> <li>• For 8,500 options having exercise price of ₹ 5/- per option is ₹ 1949.76/-</li> </ul>

A description of the method and significant assumptions used during the year to estimate the fair value of options is given below:

- Fair value calculated by using Black-Scholes option pricing formula.
- Stock Price: The closing price on NSE as on the date prior to the date of grant has been considered for valuing the options granted.
- Volatility amount – This is the amount by which stock price is fluctuated or is expected to fluctuate. The method used in the model is the annualized Standard Deviation of the continuously compounded rates of return on the stock over a period of 12 months.
- Risk free interest rate – The yield on government securities at the time of grant of options, is the basis of this rate and has been taken as 7.86% – 8.35%.
- Expected Life: The exercise period given for the option granted is one year from date of vesting. For the fair value determination, it has been assumed that on an average the exercise of options will take place at the end of six months from the date of vesting.
- Expected Dividend: As the stock prices for one year have been considered, the price movement on account of the dividend, is already factored in and hence not separately built in.



**REPORT ON CORPORATE GOVERNANCE**

**1. COMPANY’S PHILOSOPHY ON CORPORATE GOVERNANCE**

The Company believes that good Corporate Governance strengthens the investors trust and ensures long term relationship with other stakeholders which helps the Company to achieve its objectives. The core values of Company’s governance process include independence, integrity, accountability, transparency, responsibility and fairness. The Company is committed to learn and adopt the best practices of corporate governance. The Company aims to attain the highest standards of corporate governance practices to enhance its value and value of its stakeholders.

**2. BOARD OF DIRECTORS**

**(a) Composition and other related matters**

The Board consists of an optimal combination of Executive and Non-Executive Independent Directors, representing a judicious mix of in-depth knowledge and experience.

The present strength of the Board is 8 (eight) Directors comprising 3 (three) Executive Directors and 5 (five) Non-Executive Independent Directors.

The composition of the Board, details of other directorships, committee positions as on March 31, 2014 and attendance of directors at the Board meetings and at the Annual General Meeting held during the year under review are given in the table below:

Name of the Director	Category of Directorship	Number of Directorships held in other companies <sup>(1)</sup>	Number of committee positions held in other companies <sup>(2)</sup>		Attendance at	
			Chairman	Member	Board Meetings <sup>(3)</sup>	Last Annual General Meeting (September 2, 2013)
Dr. H. F. Khorakiwala <b>Chairman</b>	Executive	1	None	None	6	Yes
Mr. R. A. Shah	Non-Executive Independent	14	4	4	6	Yes
Mr. Shekhar Datta	Non-Executive Independent	2	None	1	5	Yes
Mr. Aman Mehta	Non-Executive Independent	5	3	1	5	Yes
Mr. Davinder Singh Brar	Non-Executive Independent	2	None	4	4	Yes
Dr. Sanjaya Baru	Non-Executive Independent	1	None	None	4	Yes
Dr. Huzaiifa Khorakiwala <b>Executive Director</b>	Executive	2	None	1	4	Yes
Dr. Murtaza Khorakiwala <b>Managing Director</b>	Executive	4	3	None	5	Yes

(1) The number of directorships excludes Private Limited Companies, Foreign Companies, Companies under Section 25 of the Companies Act, 1956 and Alternate Directorships.

(2) This includes the Chairmanships/Memberships only in the Audit Committee and Investors Grievance Committee of all listed and unlisted public limited companies.

(3) These are physical attendance by Directors at the Board Meetings. In addition to physical attendance mentioned above, Mr. Aman Mehta, Mr. D. S. Brar, Dr. Sanjaya Baru and Dr. Murtaza Khorakiwala participated through teleconference at the Board Meeting held on November 11, 2013.



As will be seen from the above table, none of the Directors hold directorships in more than 15 public limited companies nor any of them is a member of more than ten committees of the prescribed nature or holds Chairmanship of more than five such committees across all public limited companies in which they are directors.

- **Selection and appointment of new Directors**

The Board takes decisions on selection and induction of any new member on the Board. The process of selection of new Directors on the Board is dependent on the various factors viz. expertise, skills, attributes, personal and professional backgrounds and their ability to attend meetings in India.

- **Inter-se relationships among directors**

Dr. Huzaifa Khorakiwala and Dr. Murtaza Khorakiwala are sons of Dr. H. F. Khorakiwala. Except for this, there are no inter-se relationships among the directors.

### (b) Board Meetings and Procedures

Board meetings are held at least once in every quarter and the time gap between two meetings is not more than four months, thereby complying with applicable statutory requirements. During the financial year ended March 31, 2014, Six (6) Board Meetings were held on May 27, 2013, August 14, 2013, September 2, 2013, October 25, 2013, November 11, 2013 and February 9, 2014.

The Board is regularly apprised and informed of important business-related information. The agenda papers are circulated in advance to all the Board members. The information furnished to the Board inter alia includes following:

- Annual operating plans, budgets and capital budgets.
- Quarterly, half yearly and annual results of the Company, its operating divisions or business segments.
- Minutes of the meetings of Audit Committee and other committees of the Board.
- Progress on Research and Developments and new drug discoveries.
- Information on recruitment of key managerial personnel and senior executives below the Board level.
- Show cause, demand, prosecution notices and penalty notices which are materially important.
- Any material default in financial obligations to and by the Company or substantial non-payment for goods sold by the Company.
- Issues which involve public or product liability claims of substantial nature.
- Details of joint venture or collaboration agreements entered by the Company.
- Transactions which involve substantial payment or impairment of goodwill, brand equity or intellectual property.
- Significant sale of investments, subsidiaries which are not in normal course of business.

#### Post meeting follow up mechanism

The important decisions taken at Board and Committee meetings are communicated to the respective departments after the meetings for the implementations of the decisions taken at the board.

### (c) Details of Directors seeking appointment/re-appointment

The details of the Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting as required under Clause 49 (IV) (G) of the Listing Agreement are provided in the Notice of Annual General Meeting and forms part of this Annual Report.

## 3. AUDIT COMMITTEE

### (a) Composition and Meetings

The composition of Audit Committee is in compliance with the requirements of Section 292A of the Companies Act, 1956, Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

As on March 31, 2014, the Audit Committee comprises of Five Non-Executive Independent Directors. During the year 2013-2014, the Audit Committee met four (4) times on May 27, 2013, August 14, 2013, October 25, 2013 and February 9, 2014.



The constitution of the Committee and the particulars of attendance at the committee meetings are given below:

<b>Name of the Director/ Member</b>	<b>Designation</b>	<b>Category</b>	<b>Profession</b>	<b>No. of Meetings Attended</b>
Mr. Shekhar Datta	Chairman	Non-Executive Independent	Business Professional	3
Mr. R. A. Shah	Member	Non-Executive Independent	Solicitor	4
Mr. Aman Mehta	Member	Non-Executive Independent	Business Professional	4
Mr. Davinder Singh Brar	Member	Non-Executive Independent	Business Professional	3
Dr. Sanjaya Baru	Member	Non-Executive Independent	Economist	3

The Company Secretary acts as a Secretary to the Audit Committee.

The Chairman of the Audit Committee, Mr. Shekhar Datta was present at the Annual General Meeting of the Company held on September 2, 2013.

The statutory auditors, Head of Internal Audit and Head of Finance are invited to attend and participate at the meetings.

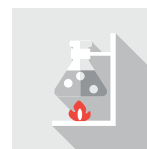
**(b) Terms of reference**

The terms of reference of Audit Committee were in accordance with Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement. The Board at its meeting held on May 26, 2014, revised the terms of reference of the Audit Committee to meet with the requirement of the Companies Act, 2013 and revised Clause 49 of the Listing Agreement to be effective from 1st October, 2014.

The revised and enhanced scope of the Committee is as follows:

- (a) Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- (b) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- (c) Examination of the financial statement and the auditors' report thereon;
- (d) Approval or any subsequent modification of transactions of the company with related parties;
- (e) Scrutiny of inter-corporate loans and investments;
- (f) Valuation of undertakings or assets of the company, wherever it is necessary;
- (g) Evaluation of internal financial controls and risk management systems;
- (h) Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;
- (i) Oversight of the Company's Financial Reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (j) Approval of payment to statutory auditors for any other services rendered by them;
- (k) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013
  - b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions
  - g. Qualifications in the draft audit report





- (l) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- (m) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (n) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (o) Discussion with internal auditors of any significant findings and follow up thereon;
- (p) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- (q) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (r) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (s) To review the functioning of the Whistle Blower mechanism;
- (t) Approval of appointment of CFO;
- (u) Review of following information:
  - Management discussion and analysis of financial condition and results of operations;
  - Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
  - Management letters/letters of internal control weaknesses issued by the statutory auditors;
  - Internal audit reports relating to internal control weaknesses;
  - The appointment, removal and terms of remuneration of the Chief Internal Auditor.

#### 4. INVESTORS GRIEVANCE COMMITTEE

##### (a) Composition and meetings

The Board, in compliance with the requirements of Section 178 of the Companies Act, 2013, renamed the Investors Grievance Committee as "Stakeholders Relationship Committee" and revised the terms of reference of the Committee effective from 1st April, 2014.

The Composition, role, terms of reference as well as powers of the Committee of the Company meets the requirements of Section 178 of the Companies Act, 2013 and Clause 49 of Listing Agreement.

The scope and terms of reference of committee shall be to consider and resolve the grievances of security holders of the Company including complaints related to transfer of shares, non-receipt of balance sheet and non-receipt of declared dividends.

As on March 31, 2014, the Investors Grievance Committee comprises of Four (4) Non-Executive Independent Directors. However, Mr. Aman Mehta is appointed as member of the Committee w.e.f. May 26, 2014.

During the year 2013-2014, four meetings of the Committee were held on May 27, 2013, August 14, 2013, October 25, 2013 and February 9, 2014.

The constitution of the Committee and the particulars of attendance at the committee meetings are given below:

Name of the Director/ Member	Designation	Category	Profession	No. of Meetings Attended
Mr. Shekhar Datta	Chairman	Non-Executive Independent	Business Professional	3
Mr. R. A. Shah	Member	Non-Executive Independent	Solicitor	4
Mr. Davinder Singh Brar	Member	Non-Executive Independent	Business Professional	3
Dr. Sanjaya Baru	Member	Non-Executive Independent	Economist	3

As on the date of this report, Mr. Vijay Khetan, Company Secretary is Secretary to the Committee as well as Compliance Officer pursuant to Clause 47(a) of the Listing Agreement.

**(b) Investor Complaints and redressal**

During the year 2013-2014, 75 complaints were received from the shareholders and the same were duly resolved as per the summary given below:

<b>Nature of communication</b>	<b>Received</b>	<b>Resolved</b>
Non-Receipt of Dividend Warrants	40	40
Non-Receipt of Share Certificates	25	25
Non-Receipt of Annual Report	6	6
Non-Receipt of Exchanged Share/Split Share/Bonus Share Certificate	4	4

As on March 31, 2014, no complaint was pending.

The Company maintains continuous interaction with Link Intime India Private Limited, Registrar & Transfer Agent and takes proactive steps and action for resolving complaints/queries of the shareholders/investors and takes initiatives in solving critical issues.

**5. REMUNERATION COMMITTEE**

The Board, in compliance with the requirements of Section 178 of the Companies Act, 2013, renamed the existing Remuneration Committee as "Nomination and Remuneration Committee" with effect from 1st April, 2014.

**(a) Composition & Attendance**

The Composition of the committee meets the requirements of Companies Act, 1956, Section 178 of Companies Act, 2013 and Clause 49 of the Listing Agreement. During the year 2013-2014, one meeting of Remuneration Committee was held on February 9, 2014.

The constitution of Committee and particulars of attendance at the meeting of the Committee are given below:

<b>Name of the Director/Member</b>	<b>Designation</b>	<b>Category</b>	<b>No. of Meetings Attended</b>
Mr. R. A. Shah	Chairman	Non-Executive Independent	1
Mr. Shekhar Datta	Member	Non-Executive Independent	NIL
Dr. Sanjaya Baru	Member	Non-Executive Independent	1

**(b) Terms of reference**

The Board at its meeting held on May 26, 2014, revised the terms of reference of the Remuneration Committee to meet with the requirement of the Companies Act, 2013 and revised Clause 49 of the Listing Agreement to be effective from 1st October, 2014.

The revised and enhanced scope of the Committee is as follows:

- Recommendation for fixation and revision of remuneration packages of Managing Director and Executive Directors to the Board for approval and review.
- Identify persons who are qualified to become directors and persons who may be appointed in senior management in accordance with the criteria to be laid down and recommend to the Board their appointment and removal;
- Formulating criteria for evaluation of Independent Directors and the Board and carry out evaluation of every director's performance;
- Devise a policy on Board diversity;
- Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

**(c) Remuneration Policy**

The Company's remuneration policy is structured in line with the trend in the Indian Pharmaceutical industry. The remuneration policy of the Company for managerial personnel is primarily based on the criteria like performance of the Company, potential, experience and performance of individual managerial personnel and external environment. The said policy is also extended to cover senior management, key managerial personnel and other employees.



#### (d) Remuneration of Directors

The remuneration of the Executive Directors is decided by the Board based on the recommendations of the Remuneration Committee as per the Remuneration Policy of the Company, within the limits fixed and approved by the shareholders in the general meeting. The remuneration to Non-Executive Directors comprises of sitting fees and commission. The Non-executive Directors are paid sitting fees of ₹ 20,000/- for each meeting of the Board, Audit Committee and Investor Grievance Committee attended by them. The table below gives the details of the remuneration paid/payable to each director for the financial year ended March 31, 2014. During the financial year ended March 31, 2014, the Company did not advance any loans to the Directors.

Name of Director	Material Pecuniary relationship with the Company, if any	Tenure	No. of equity shares held by Non-Executive Directors & their relatives as on March 31, 2014	Remuneration for the financial year ended March 31, 2014 ( ₹ In crore)		
				Sitting fees	Salary & Perquisites	Total
Dr. H. F. Khorakiwala	Promoter	Upto February 28, 2015	N.A.	–	0.48	0.48
Mr. R. A. Shah	None	N.A.	73,000	0.028	–	0.028
Mr. Shekhar Datta	None	N.A.	1,600	0.022	–	0.022
Mr. Aman Mehta	None	N.A.	Nil	0.018	–	0.018
Mr. Davinder Singh Brar	None	N.A.	Nil	0.020	–	0.020
Dr. Sanjaya Baru	None	N.A.	Nil	0.020	–	0.020
Dr. Huzaifa Khorakiwala	Promoter	Upto March 30, 2019	N.A.	–	1.33	1.33
Dr. Murtaza Khorakiwala	Promoter	Upto March 30, 2019	N.A.	–	1.33	1.33

Notes:

- (1) No commission is being paid to Executive and Non-Executive Directors, in view of inadequate profits during the year ended March 31, 2014.
- (2) There is no provision for payment of severance fees and no performance linked incentives are paid to any director. The notice period is governed by service rules of the Company.
- (3) The remuneration of Dr. H. F. Khorakiwala, Dr. Huzaifa Khorakiwala and Dr. Murtaza Khorakiwala is exclusive of contribution to Provident Fund by the Company.
- (4) During last year, ESOS Compensation Committee had granted 8,500 stock options to five Non-Executive Independent Directors of the Company namely Mr. R. A. Shah, Mr. Shekhar Datta, Mr. Aman Mehta, Mr. Davinder Singh Brar and Dr. Sanjaya Baru. Each option was convertible into 1 fully paid up equity share of ₹ 5/- each. As on the date of this report, 8,000 options are exercised by the directors.  
The disclosure pursuant to SEBI (ESOS and ESPS) Guidelines, 2009 is annexed to the Director's Report forming part of Annual Report.

#### 6. OTHER COMMITTEES OF THE BOARD

Apart from committees statutorily required, the Board has formulated certain committees and has delegated some specific powers to the Committees. Each Committee has its role, composition, scope and powers. The Minutes of these Committee meetings are placed before the Board for their ratification and approval. The Board has constituted following four Committees:

- Credit Facilities Committee
- Share Allotment Committee
- ESOS Compensation Committee
- Corporate Social Responsibility (CSR) Committee

##### — CREDIT FACILITIES COMMITTEE

The Board has constituted Credit Facilities Committee for availing, renewing, enhancing, restructuring and rescheduling fund based and non-fund based credit facilities including term loans from banks/financial institutions/bodies corporate. The Committee comprises of three Executive Directors viz. Dr. H. F. Khorakiwala – Chairman, Dr. Murtaza Khorakiwala – Managing Director and Dr. Huzaifa Khorakiwala – Executive Director. During the year 2013-2014, no meeting of the Credit Facilities Committee was held.

##### — SHARE ALLOTMENT COMMITTEE

The Board has constituted Share allotment Committee for allotment of preference shares pursuant to scheme of CDR, redemption of said preference shares, debentures and for allotment of equity shares pursuant to exercise of stock



options. The Committee comprises of three Executive Directors viz. Dr. H. F. Khorakiwala – Chairman, Dr. Murtaza Khorakiwala – Managing Director and Dr. Huzaifa Khorakiwala – Executive Director. During the year 2013-2014, one meeting of the Share Allotment Committee was held on August 29, 2013 and the same was attended by all the Committee members.

— **ESOS COMPENSATION COMMITTEE**

As per SEBI (Employee Stock Option Scheme and Employee Stock Option Purchase) Guidelines, 1999, the Board has constituted ESOS Compensation Committee consisting of Dr. H. F. Khorakiwala, Chairman and two Non-Executive Independent Directors viz. Mr. R. A. Shah and Mr. Shekhar Datta. The role of ESOS Compensation Committee consists of administration and monitoring the implementation of Employee Stock Option Scheme–2011 of the Company. The Committee is responsible for determining the employees eligible for participation in the scheme, number of options may be issued to the employees, directors, determination of vesting period, exercise period of the options issued under the Scheme and other incidental matters pertaining to the Employee Stock option Scheme–2011 of the Company. During the year 2013-2014, no meeting of ESOS Compensation Committee was held.

— **CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE**

Pursuant to Section 135 of the Companies Act, 2013, the Board has constituted Corporate Social Responsibility (CSR) Committee comprising of Dr. H. F. Khorakiwala, Chairman, Dr. Huzaifa Khorakiwala, Executive Director and Mr. Davinder Singh Brar, Non-Executive Independent Director. During the year 2013-2014, one meeting of CSR Committee was held on February 9, 2014 and the same was attended by all the Committee members. The scope of CSR committee includes formulating and recommending to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the Companies Act, 2013, recommend the amount of expenditure to be incurred on the CSR activities and monitor the CSR Policy of the company from time to time.

**7. GENERAL BODY MEETINGS**

**(a) Details of last three Annual General Meetings are as under:**

<b>Financial Year ended</b>	<b>Day, Date and Time of AGM</b>	<b>Location</b>
March 31, 2013	Monday, September 2, 2013 at 3.00 p.m.	Y. B. Chavan Auditorium, Gen. Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai 400 021
March 31, 2012	Thursday, September 13, 2012 at 3.00 p.m.	Y. B. Chavan Auditorium, Gen. Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai 400 021
March 31, 2011	Monday, September 12, 2011 at 3.00 p.m.	Y. B. Chavan Auditorium, Gen. Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai 400 021

**(b) Special Resolutions passed in the previous three Annual General Meetings:**

No Special Resolution was passed in the Annual General Meeting held on September 2, 2013.

Three Special Resolutions were passed unanimously by show of hands in the Annual General Meeting held on September 13, 2012 as per the details given below:

1. Approval of payment of remuneration to Dr. Habil Khorakiwala, Chairman for a period of three financial years starting from the financial year April 1, 2012.
2. Approval of payment of remuneration to Dr. Huzaifa Khorakiwala, Executive Director for a period of three financial years starting from the financial year April 1, 2012.
3. Approval of payment of remuneration to Dr. Murtaza Khorakiwala, Managing Director for a period of three financial years starting from the financial year April 1, 2012.

Two Special Resolutions were passed unanimously by show of hands in the Annual General Meeting held on September 12, 2011 as per the details given below:

1. Grant, offer, issue and allot under Wockhardt Employee Stock Option Scheme–2011 (“**ESOP Scheme**”) not exceeding 25,00,000 (Twenty Five Lakh Only) options convertible into 25,00,000 (Twenty Five Lakh Only) equity shares of face value of ₹ 5/- each, to permanent employees and/or Directors of the Company.



2. Grant, offer, issue and allot under Wockhardt Employee Stock Option Scheme–2011 (“**ESOP Scheme**”) not exceeding 25,00,000 (Twenty Five Lakh Only) options convertible into 25,00,000 (Twenty Five Lakh Only) equity shares of face value of ₹ 5/- each, to eligible employees or Directors of Subsidiary companies of the Company and/or Holding company of the Company.

**(c) Postal Ballot:**

During the year ended March 31, 2014, no resolution was passed through postal ballot.

No Special Resolutions are proposed to be passed through postal ballot at the ensuing Annual General Meeting.

## 8. MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Management Discussion and Analysis Report for the financial year ended March 31, 2014 is published separately in this Annual Report and forms part of the report.

## 9. DISCLOSURES

**(a) Related party disclosures**

During the year under review, there were no materially significant related party transactions i.e. transactions of material nature with its promoters, directors, management or their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large. The Independent Directors on the Company’s Board apart from receiving sitting fees and stock options, do not have any other material pecuniary relationship or transactions with the Company, its promoters, its management or its subsidiaries, which in the judgment of the Board affect the independence of judgment of the Directors. The register of contracts/arrangements containing the transactions in which the Directors are interested is placed before the Board regularly for its approval and is signed by the Directors present at the meeting. Statement in summary form of transactions with related parties is placed before the Audit Committee for review. In compliance with Accounting Standard 18, transactions with related parties are disclosed in the Notes to Accounts.

**(b) Compliance**

The Company has established procedures to enable its Board to periodically review compliance of all laws applicable to the Company, as well as steps taken by the Company to rectify instances of non-compliances. The Company has complied with the requirements of the stock exchanges, SEBI and other statutory authorities on all matters relating to capital markets during the last three years. No penalties or strictures have been imposed on the company by the stock exchanges or SEBI or any other statutory authorities relating to the above.

**(c) Code of Business Conduct and Ethics**

The Company has laid down a “Code of Business Conduct and Ethics” for the Directors and the senior management personnel. The Code has been posted on the website of the Company [www.wockhardt.com](http://www.wockhardt.com). All Board members and senior management personnel have affirmed compliance with the Code for the year ended March 31, 2014. A declaration to this effect signed by Dr. Murtaza Khorakiwala, Managing Director forms part of this report as Annexure.

**(d) CEO/CFO Certification**

In terms of requirements of Clause 49(V) of the Listing Agreement, Dr. Murtaza Khorakiwala, Managing Director and Mr. V. Suresh, Chief Financial Officer have made certification to the Board in the prescribed format for the year under review. The certificate has been reviewed by the Audit Committee and taken on record by the Board at the meeting held on May 26, 2014.

**(e) Risk Management Policy**

The Company has defined and adopted a Risk Management Policy and the Head of Internal Audit assesses the risks and lays down the procedure for mitigation of the risks. The above facilitates not only in risk assessment and timely rectification but also helps in minimization of risk associated with any strategic, operational, financial and compliance risk across all business operations. These control procedures and systems ensure that the Board and the Audit Committee are periodically informed on the material risks faced by the company and the steps taken by the Company to mitigate those risks.

**(f) Compliance with mandatory and non-mandatory requirements**

The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement relating to corporate governance. The Company has adopted the non-mandatory requirements of the Clause 49 of the Listing Agreement pertaining to the constitution of Remuneration Committee.



**10. MEANS OF COMMUNICATION**

- **Website:** The Company's website [www.wockhardt.com](http://www.wockhardt.com) contains the separate section for Investors wherein the updated information pertaining to quarterly, half-yearly, annual financial results, official press releases, the investor presentations, code of conduct, shareholding pattern is available in a user friendly and downloadable form.
- **Financial Results:** The quarterly, half yearly and annual results of the Company are submitted to the stock exchanges immediately after being approved by the Board. The results of the Company are published in one English daily newspaper (The Free Press Journal) and one Marathi newspaper (Navshakti) within 48 hours of approval thereof and are also posted on Company's website [www.wockhardt.com](http://www.wockhardt.com).
- **Annual Report:** Annual Report containing inter-alia Annual Accounts, Consolidated Financial Statements, Directors' Report, Auditors Report, Corporate Governance Report is circulated to members and others entitled thereto.
- **Chairman's Communication/Letter:** The Chairman's speech is placed on the website of the Company. Further, the quarterly results are sent to the members of the Company by way of Chairman's letter.
- **Designated Exclusive Email ID:** The Company has designed Email Id [investorrelations@wockhardt.com](mailto:investorrelations@wockhardt.com) exclusive for shareholders/investor servicing.

**11. CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE**

The Certificate from Mr. Virendra Bhatt, Practicing Company Secretary regarding compliance of conditions of corporate governance for the financial year ended March 31, 2014 forms part of this report.

**12. GENERAL SHAREHOLDER INFORMATION**

**1. ANNUAL GENERAL MEETING**

Day, Date and Time	Monday, September 15, 2014 at 3.00 p.m.
Venue	Y. B. Chavan Auditorium, Gen. Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai 400 021.

**2. FINANCIAL YEAR AND TENTATIVE FINANCIAL CALENDAR**

The Financial Year of the Company is April 1 to March 31.

Tentative Financial reporting for the Financial Year 2014-15 is as under:

Results of Quarter ending June 30, 2014	On or before August 14, 2014
Results of Quarter ending September 30, 2014	On or before November 14, 2014
Results of Quarter ending December 31, 2014	On or before February 14, 2015
Results for year ending March 31, 2015	On or before May 30, 2015
Annual General Meeting for the year ending March 31, 2015	On or before September 30, 2015

**3. BOOK CLOSURE DATE**

The Register of Members and the Share Transfer books (equity and preference) will remain closed from Monday, September 8, 2014 to Monday, September 15, 2014 (both days inclusive) for the purpose of Annual General Meeting and declaration of preference dividend.

**4. DIVIDEND PAYMENT DATE**

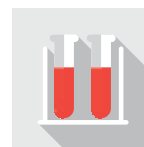
The preference dividend, if declared, will be paid to the preference shareholders within 30 days from the date of Annual General Meeting.

The payment dates for the first and second interim dividend paid during the year 2013-2014 were November 18, 2013 and February 26, 2014 respectively.

**5. LISTING ON STOCK EXCHANGES**

(A) Equity Shares	BSE Limited (BSE) National Stock Exchange of India Limited (NSE)
(B) Global Depository Receipts (GDRs)	Luxembourg Stock Exchange

The Company has paid the annual listing fees for the year 2014-2015 to all the above stock exchanges.



**6. STOCK CODES**

**(a) Stock code**

BSE Limited (BSE) : 532300  
 National Stock Exchange of India Limited (NSE) : WOCKPHARMA

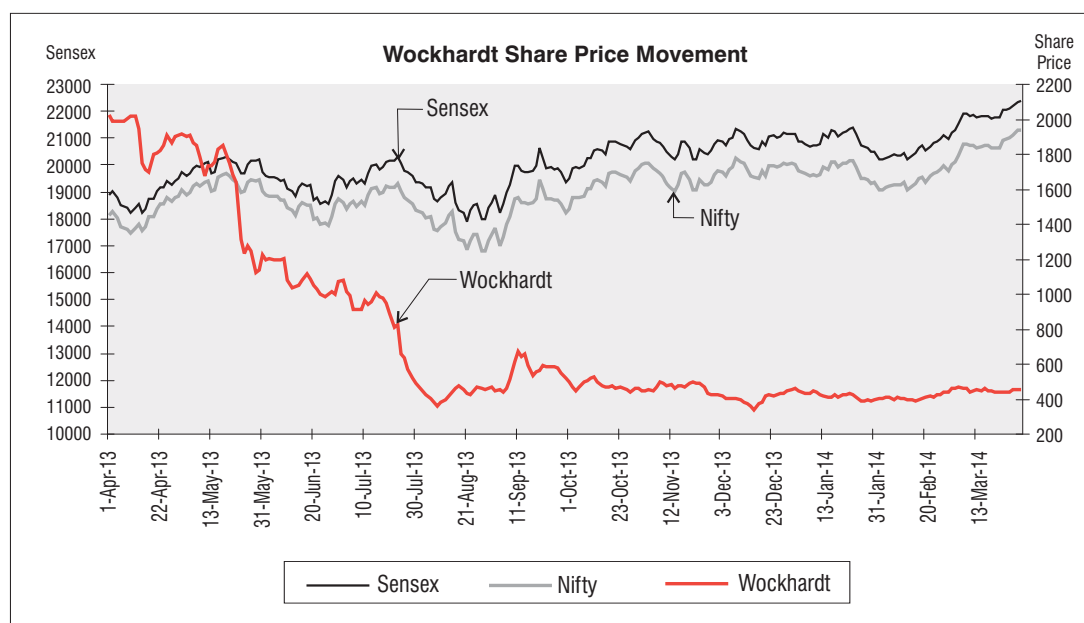
**(b) Corporate Identity Number (CIN)** : L24230MH1999PLC120720

**7. MARKET PRICE DATA: High/Low and number of shares traded during each month in the financial year 2013-2014 on NSE and BSE**

Month	NSE			BSE		
	High (₹)	Low (₹)	Monthly Volume	High (₹)	Low (₹)	Monthly Volume
April - 2013	2,069.00	1,576.85	4,365,514	2,070.00	1,577.70	1,398,660
May - 2013	1,944.00	1,012.15	17,360,740	1,944.85	1,014.00	4,486,952
June - 2013	1,246.10	971.65	4,991,906	1,245.75	971.40	1,724,278
July - 2013	1,115.90	466.60	17,925,280	1,130.00	466.70	7,126,550
August - 2013	488.00	344.45	11,781,030	487.60	344.15	4,449,452
September - 2013	714.00	438.50	17,675,093	713.40	437.25	6,195,448
October - 2013	544.15	427.55	10,894,607	544.40	427.05	3,599,855
November - 2013	524.50	406.65	26,031,750	524.00	406.00	8,216,566
December - 2013	459.75	336.55	34,891,306	459.85	336.60	12,682,434
January - 2014	467.25	385.20	19,656,581	467.20	386.00	7,372,271
February - 2014	447.40	389.40	17,480,709	446.65	390.30	6,189,740
March - 2014	482.00	432.00	16,327,796	482.00	433.25	6,118,372

Source: website of BSE and NSE

**8. STOCK PRICE PERFORMANCE INDEX IN COMPARISON WITH BSE SENSEX AND NIFTY**



Source: website of BSE and NSE





**9. REGISTRAR & TRANSFER AGENT**

**Link Intime India Private Limited**

C-13, Pannalal Silk Mills Compound, L B S Marg, Bhandup (West), Mumbai 400 078

Tel : (022) 25946970-78

Fax : (022) 25946969

Email : wockhardt@linkintime.co.in

Website : www.linkintime.co.in

**10. SHARE TRANSFER SYSTEM**

The shares in dematerialized mode are transferable through depositories. The shares in physical mode lodged for transfer are processed by Registrar & Transfer Agents. In order to expedite the process of share transfers, the Board has delegated the powers severally to Chairman, Managing Director and Company Secretary. The Company Secretary looks after share transfer, transmission, issue of duplicate share certificates, split and consolidation of shares on weekly basis. The Share transfer requests received at the Registrars & Transfer Agents are normally processed and delivered within 15 days from the date of lodgement if the documents are complete in all respects. Requests for dematerialization of shares are processed and the confirmation is given to depositories within 15 days from receipt if the documents are in order.

**11. PROHIBITION OF INSIDER TRADING**

The Company has formulated Code for Prohibition of Insider Trading in conformity with applicable regulations of SEBI. Necessary procedures have been laid down for Directors, officers, designated employees for dealing in the securities of the Company. The policies and procedures are periodically communicated to the employees who are considered as insiders of the Company. The Directors, employees are communicated well in advance for closure of trading windows/blackouts/quiet periods when they are not permitted to trade in the securities.

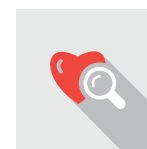
**12. DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2014**

Number of Equity Shares	No. of Shareholders	% of total Shareholders	Amount in `	% of total amount
1 – 500	79,366	91.82	32,069,055	5.84
501 – 1000	4,804	5.56	16,333,680	2.98
1001 – 2000	1,181	1.37	8,597,165	1.57
2001 – 3000	348	0.40	4,453,285	0.81
3001 – 4000	154	0.18	2,713,035	0.49
4001 – 5000	121	0.14	2,852,190	0.52
5001 – 10000	210	0.24	7,502,805	1.37
Above 10000	249	0.29	474,234,550	86.42
<b>TOTAL</b>	<b>86,433</b>	<b>100.00</b>	<b>548,755,765</b>	<b>100.00</b>

**SHAREHOLDING PATTERN AS ON MARCH 31, 2014**

Categories	Number of shares	Amount in `	% to total paid-up capital
Promoters	81,985,382	409,926,910	74.70
Directors/relatives of Directors	124,600	623,000	0.12
Financial Institutions	1,964,200	9,821,000	1.80
Banks	58,040	290,200	0.05
Mutual Funds	2,495,214	12,476,070	2.27
Insurance Companies	15,170	75,850	0.01
Foreign Institutional Investors	4,077,242	20,386,210	3.71
Bodies Corporates	3,010,591	15,052,955	2.74
Non Resident Indians	816,563	4,082,815	0.74
Shares Representing GDRs	150,533	752,665	0.14
Public	14,278,539	71,392,695	13.01
Clearing Member	773,262	3,866,310	0.71
Trusts	1,817	9,085	0.00
<b>TOTAL</b>	<b>109,751,153</b>	<b>548,755,765</b>	<b>100.00</b>

**Note:** During the year, paid up share capital of the Company has been increased by 167,750 shares on account of allotment of shares pursuant to exercise of stock options.



The details of Top Ten shareholders (non-promoters) as on March 31, 2014 are as follows:

S. No.	Name of the Shareholder	No. of Shares	% of holding
1.	Life Insurance Corporation of India	1,826,871	1.66
2.	HDFC Trustee Company Limited – HDFC Equity Fund	1,747,957	1.59
3.	Vanguard Emerging Markets Stock Index Fund	438,512	0.40
4.	Morgan Stanley Asia (Singapore) Pte	375,425	0.34
5.	Government Pension Fund Global	346,602	0.32
6.	Wisdomtree India Investment Portfolio Inc	323,021	0.29
7.	Dimensional Emerging Markets Value Fund	277,121	0.25
8.	HDFC Trustee Company Ltd – A/c HDFC Mid-Cap opportunities Fund	260,000	0.24
9.	AADI Financial Advisors LLP	210,000	0.19
10.	Ministry of Strategy and Finance – Quantitative Management Associates LLC	207,324	0.19

### 13. DEMATERIALISATION OF SHARES AND LIQUIDITY

The Company's equity shares are compulsorily traded in electronic form and are available for trading with both the Depositories in India viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As on March 31, 2014, 108,652,298 equity shares representing 99% of the Company's total paid-up capital were held in dematerialized mode. Out of public holding of 27,615,238 equity shares, 26,531,983 equity shares representing 96.08% of public holding is in dematerialized mode. The International Securities Identification Number (ISIN) assigned to company's equity shares is **INE049B01025**.

### 14. STATUS OF UNCLAIMED DIVIDENDS

Dividends of the Company for the financial years which remain unpaid were transferred to the Investor Education and Protection Fund (IEPF) as and when due, pursuant to relevant provisions of Companies Act, 1956. As per guidelines unpaid Dividend once transferred to Investor Education and Protection Fund (IEPF) cannot be claimed and accordingly dividend declared upto financial year 2006 have been transferred to IEPF Account.

The following are details of unpaid dividend which are still in Unpaid Dividend Account and will be transferred to the IEPF as per the details given in the table below:

Financial Year	Type of Dividend	Date of Declaration	Due date of transfer to IEPF
2007	Interim	October 29, 2007	November 27, 2014
2007	Final	April 28, 2008	June 2, 2015
2012-13	Final	September 2, 2013	October 7, 2020
2013-14	1st Interim	October 25, 2013	November 29, 2020
2013-14	2nd Interim	February 9, 2014	March 16, 2021

### 15. OUTSTANDING GDRS/ADRS/WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY

Number of outstanding Global Depository Receipts (GDRs) as on March 31, 2014 are 150,533 representing 150,533 equity shares of ₹ 5/- each constituting 0.14% of paid-up capital of the Company. As on March 31, 2014, 121,454,927 Optionally Convertible Cumulative Redeemable Preference Shares (Series-2) allotted pursuant to the approved CDR package are outstanding. The Series-2 Preference Share holders shall have the right to convert the Optionally Convertible Cumulative Redeemable Preference shares, along with accumulated dividend, into fully paid equity shares of the Company, in one or more tranches, commencing July 4, 2016 till December 31, 2018, at a price to be calculated as per the SEBI pricing formula prevalent at the time when the Preference Shareholders are entitled for conversion. The Series-2 Optionally Convertible Cumulative Redeemable Preference shares, in case not converted, shall get redeemed along with accumulated dividend on December 31, 2018 without any redemption premium. As regards to Optionally Convertible Cumulative Redeemable Preference Shares, it is not possible to ascertain the likely impact on equity, as the conversion will take place on the price of equity shares and SEBI pricing formula prevalent at the time when the Preference Shareholders are entitled for conversion. There will be no impact of conversion of GDR's as the Company has allotted the underlying shares.



**16. EQUITY SHARE CAPITAL HISTORY OF THE COMPANY SINCE INCORPORATION UPTO 31ST MARCH 2014**

<b>Date of allotment</b>	<b>No. of equity shares</b>	<b>Cumulative No. of equity shares</b>	<b>Face value (in `)</b>	<b>Consideration</b>	<b>Nature of allotment</b>	<b>Cumulative share capital (in `)</b>
11.02.2000	35,061,652	35,061,652	10	Allotted to the shareholders of Wockhardt Life Sciences Ltd. in the ratio of 1:1 i.e. one equity share of the Company for every one equity share Wockhardt Life Sciences Ltd. held by them	Pursuant to scheme of demerger of Wockhardt Life Sciences Limited and acquisition of pharmaceuticals division by the Company	350,616,520
22.04.2000	1,200,000	36,261,652	10	Allotted to the shareholders of Wockhardt Veterinary Limited in the ratio of 1:4 i.e. one equity share of the Company for every four equity shares of Wockhardt Veterinary Limited	Pursuant to amalgamation of Wockhardt Veterinary Limited with the Company	362,616,520
14.08.2002	3,600	36,265,252	10	Cash	ESOP allotment	362,652,520
07.01.2003	2,700	36,267,952	10	Cash	ESOP allotment	362,679,520
16.09.2003	16,700	36,284,652	10	Cash	ESOP allotment	362,846,520
14.10.2003	5,550	36,290,202	10	Cash	ESOP allotment	362,902,020
25.11.2003	1,700	36,291,902	10	Cash	ESOP allotment	362,919,020
31.12.2003	3,950	36,295,852	10	Cash	ESOP allotment	362,958,520
15.01.2004	15,350	36,311,202	10	Cash	ESOP allotment	363,112,020
23.02.2004	9,700	36,320,902	10	Cash	ESOP allotment	363,209,020
05.04.2004	9,450	36,330,352	10	Cash	ESOP allotment	363,303,520
24.04.2004	1,650	36,332,002	10	Cash	ESOP allotment	363,320,020
07.05.2004	-	72,664,004	5	Sub-division of 36,332,002 shares of Face Value ` 10/- each to Face Value ` 5/- each.	Sub-division of shares of Face Value ` 10/- each to Face Value ` 5/- each.	363,320,020
08.05.2004	36,332,002	108,996,006	5	Bonus shares	Allotment of bonus shares in the ratio of 1:2	544,980,030
21.01.2005	70,350	109,066,356	5	Cash	ESOP allotment	545,331,780
21.02.2005	29,550	109,095,906	5	Cash	ESOP allotment	545,479,530
14.03.2005	25,350	109,121,256	5	Cash	ESOP allotment	545,606,280
06.04.2005	17,250	109,138,506	5	Cash	ESOP allotment	545,692,530
09.06.2005	4,149	109,142,655	5	Cash	ESOP allotment	545,713,275
12.09.2005	13,299	109,155,954	5	Cash	ESOP allotment	545,779,770
13.10.2005	141,397	109,297,351	5	Cash	FCCB Conversion	546,486,755
09.11.2005	2,250	109,299,601	5	Cash	ESOP allotment	546,498,005
11.01.2006	81,000	109,380,601	5	Cash	ESOP allotment	546,903,005
28.02.2006	39,450	109,420,051	5	Cash	ESOP allotment	547,100,255
28.04.2006	5,850	109,425,901	5	Cash	ESOP allotment	547,129,505
16.08.2006	10,002	109,435,903	5	Cash	ESOP allotment	547,179,515
19.12.2012	122,200	109,558,103	5	Cash	ESOP allotment	547,790,515
21.01.2013	25,300	109,583,403	5	Cash	ESOP allotment	547,917,015
29.08.2013	167,750	109,751,153	5	Cash	ESOP allotment	548,755,765



### 17. ADDRESS FOR CORRESPONDENCE

Shareholders should address their correspondence to the Company's Registrar, Link Intime India Private Limited at C-13, Pannalal Silk Mills Compound, Bhandup (West), Mumbai 400 078; Tel Nos. 022 25946970-78; Fax No. 022 25946969; Email: wockhardt@linkintime.co.in

Shareholders can also address their correspondence to the Secretarial Department at the Registered Office of the Company at Wockhardt Towers, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051. Tel No. 022 26534444; Fax: 022 2652 7860; Email: investorrelations@wockhardt.com

Shareholders holding shares in dematerialized form are requested to intimate their correspondence relating to their Bank details, ECS mandates, nominations, power of attorney, change of address etc. to their respective Depository Participant.

### 18. PLANT LOCATIONS

Formulation Plants		Bulk Drugs
L-1, MIDC Area Chikalthana, Aurangabad - 431210 Maharashtra	Plot No. 87-A, Silver Industrial Estate, Patiala Road, Bhimpore, Nani Daman - 396210	Plot No. 138, GIDC Industrial Estate, Ankleshwar - 393002, Dist. Bharuch, Gujarat, India (including Chepalosporin Bulk)
E-1/1, MIDC, Shendra Aurangabad - 431210 Maharashtra	Survey No. 106/4,5,7 Daman Industrial Estate, Kadaiya, Nani Daman - 396210	
Plot No. H-14/2 Waluj Industrial Area, MIDC, Waluj, Aurangabad - 431136 Maharashtra	57, Kunjhal, Barotiwala, Nalagarh, District Solan, Himachal Pradesh - 174103	

For and on behalf of Board of Directors

**DR. H. F. KHORAKIWALA**  
Chairman

Mumbai, May 26, 2014



**ANNEXURE TO CORPORATE GOVERNANCE REPORT**

**AFFIRMATION OF COMPLIANCE WITH CODE OF CONDUCT AND BUSINESS ETHICS**

Pursuant to the requirements of Clause 49(l) (D) of the Listing Agreement, I hereby confirm that the Company has received affirmations on compliance with code of conduct and business ethics for the financial year ended March 31, 2014 from all the Board Members and the Senior Management Personnel.

For **WOCKHARDT LIMITED**

**DR. MURTAZA KHORAKIWALA**  
Managing Director

Mumbai, May 26, 2014

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**CERTIFICATE OF CORPORATE GOVERNANCE**

To,  
The Members of **Wockhardt Limited**

We have examined the compliance of Corporate Governance by **Wockhardt Limited** for the year ended March 31, 2014, as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the company's management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring the Compliance with the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of Corporate Governance as stipulated in the above-mentioned Listing Agreements.

In our opinion and to the best of our information and according to the explanation given to us and is based on the representations, made by the Directors and the Management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned listing agreements.

We further state that such compliance is neither an assurance to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the company.

**VIRENDRA BHATT**  
Practicing Company Secretary  
ACS No.: 1157; CP No.: 124

Place : Mumbai  
Date : May 26, 2014





Article penned by Dr. Habil Khorakiwala and published in The Economic Times on January 20, 2014.



**Anti-Infective Vacuum - A catastrophe in waiting**

The Centre for Disease Control (CDC), USA, believes that an infectious organism, commonly called MRSA, kills more people in the US than AIDS, Parkinson's and homicide combined. The Chief Medical Officer of England believes a regular hip surgery in a not-too distant future may be life threatening because of infections which may not have antibiotic treatment available.

These are a couple of snippets from millions of issues that underline the new reality of an anti-infective vacuum. Rising anti-infective resistance; new strains of known infections; and new infections that are significantly and sometimes totally resistant to available medicines across the entire anti-infective spectrum; are a worldwide cause for alarm.

**The Scary Reality**

In USA alone, over 2 million people are infected with antibiotic resistant bacteria of which over 23,000 die annually and many more from conditions that were actually complicated by one of the resistant infections. Another infectious organism, C.difficile, causes an additional 14,000 deaths per year. In Europe, annually over 25,000 deaths are attributed to just 5 common multi-drug-resistant bacterial infections. Here, a scary concern is the significant rise in carbapenem-resistant bacteria like New Delhi Metallo or NDM-1. Carbapenems, incidentally, are one of the last lines of defence, beyond which one can only see the patient being engulfed by infection and finally die.

These startling occurrences in developed nations are worrying as they have better medical facilities than developing nations, and one wonders what havoc this can cause in places like India. India, for its part, witnessed a strong rise in infectious diseases like Multi-Drug-Resistant Tuberculosis or swine-flu

which were repeatedly reported in the recent past. India bears the global burden of over 2.2 million or 25% of global tuberculosis occurrences, which is very dangerous as it can spread by air. Pneumonia, another major infection, causes over 400,000 deaths per annum in India and is the largest killer among children.

Across developed and developing geographies, a threatening situation is the rise of MRSA infections which in many cases is fatal and untreatable. It is estimated that the prevalence of MRSA among hospital patients is as high as 42% in USA, between 30% and 40% in UK, France, Spain, Italy, Japan and 45% in India. The Indian situation though is more dangerous than developed nations as the spread of infection can be rampant and even unreported given the lack of medical reach and diagnosis.

**The Worrying Truth**

Unfortunately very few organisations are currently engaged in development of new anti-infective drugs. New antibiotic product approvals shrunk from 30 between 1983 and 1992 to 17 during 1993-2002, and only 8 during 2003-12. Most of the global majors choose segments like oncology, diabetes or cardiology as they have a higher potential for multi-billion dollar sales, while anti-infective drugs are non-remunerative at such a scale.

Alarmed by this anti-infective vacuum, regulatory agencies like US-FDA and European EMA have revisited the entire new drug approval process and have drafted guidelines to shorten them. They have also provided organisations with incentives for developing an antibiotic programme. USA, in particular, has instituted a 'Generating Antibiotic Incentives Now' Act (GAIN) to counter the rise in bacterial infections. This Act significantly reduces the time for drug development for qualified products, and eases the clinical studies requirements any product has to undertake. There are various funding alternatives to ensure successful development as well as a minimum 5 year marketing exclusivity.

**India needs a new policy**

The antibiotic resistance problem in India has been fuelled by rampant and uncontrolled use of antibiotics which has taken it to alarming levels. However as a silver lining, the large population suffering with this drug-resistance problem also provides an opportunity for accelerated drug discovery in India. For the sake of its citizens, India has to develop a safe and potent antibiotics for its own good and also to encourage the R&D culture in India. The need of the hour is to come out with a special policy on anti-infectives which should be based on a scientific approach in line with development in the US, Europe and Japan. Many Indian companies like Piramal, Serum Institute, Wockhard etc. are engaged in the development of new and improved drugs. New drug development, however, is a long drawn and expensive proposition and a supportive policy will definitely encourage it.

The enormity of concessions and rewards in developed nations highlights the gaping hole current medical alternatives have against resistant infections. In India, the high prevalence of anti-infective related issues and poor medial support among the masses is akin to a ticking bomb. While, with advancement in modern medicine, it may be hard to believe that the situation can be as apocalyptic as in the pre anti-infective era when diseases like smallpox would ravage villages and towns, this anti-infective vacuum, left for long, could also prove calamitous.





## WOCKHARDT WORLDWIDE

### GLOBAL HEADQUARTERS

**Wockhardt Limited**  
Wockhardt Towers  
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Bandra (East), Mumbai - 400 051  
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Fax: +91 22 2652 3905

### RESEARCH CENTRES

**Wockhardt Research Centre**  
D-4, MIDC, Chikalthana  
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Tel: +91 240 6632222  
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**Morton Grove Pharmaceuticals Inc**  
6451 Main Street  
Morton Grove  
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Tel: +1 847 9675600  
Fax: +1 847 9672211  
**Wockhardt UK Ltd**  
Ash Road North  
Wrexham Industrial Estate  
Wrexham, LL13 9UF Wales, UK  
Tel: +44 1978 661261  
Fax: +44 1978 660130

### INTERNATIONAL GROUP COMPANIES

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Grafenauweg 6  
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20 Waterview Boulevard, 3rd Floor  
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Fax: +353 52 6136311  
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**Morton Grove Pharmaceuticals Inc**  
6451 Main Street, Morton Grove  
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### MANUFACTURING PLANTS

**Wockhardt Limited**  
B-15/2, MIDC Waluj  
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**Wockhardt Limited**  
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Area Waluj  
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Fax: +91 240 6626333  
**Wockhardt Limited**  
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