new wockhardt

new way of thinking

WOCKHARDT

ANNUAL REPORT 2010 - 11

contents

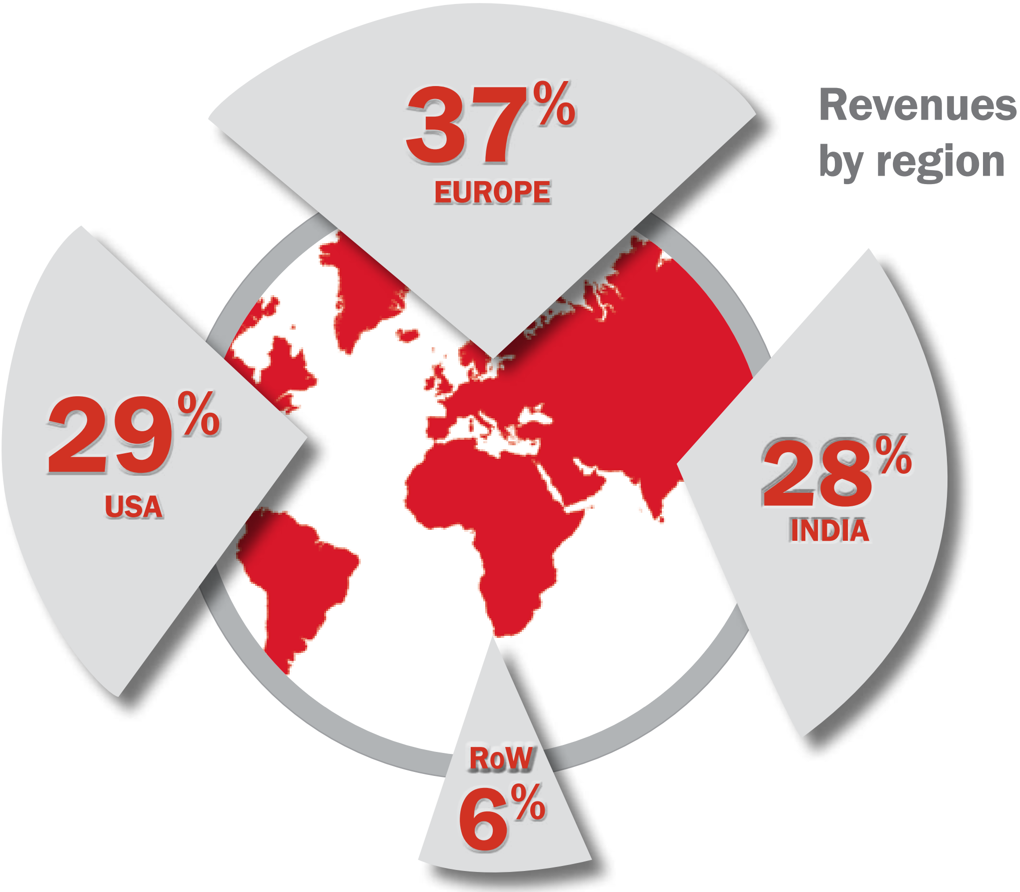
‘New Wockhardt:
new way of thinking’

The concept is inspired by two related thoughts. Wockhardt is a business in transition. It has achieved international scale and is now positioned to begin a new and exciting phase of its growth journey. At the same time the world is changing and old orders are giving way to new hierarchies.

New and innovative business models are required if companies are to make the most of emerging opportunities.

During the past year there has been a focus within Wockhardt of looking for new ways of thinking, new ways of working and new ways to touch people’s lives.

highlights 2010-11 at a glance



Awards

- Government of India, Pharmexcil Award 2010 for the maximum number of patent filings and grants for the second consecutive year
- Amity International Business School 'Corporate Excellence Award 2010' for Intellectual Resource Utilisation
- Best SAP ALM (Application Lifecycle Management) Award 2011 for healthcare among 500 SAP customers
- Wockhardt IT was awarded the TOP 100 CISO award for 2011 from among 3,000 entries
- Advertising Award at Cannes Lions 2011 for product communication to doctors for the brand SAMMY, used in orthopaedic conditions
- Received World Star Packaging Award 2010 for child resistant wallet pack

Sales

US$ **841** million

₹37.5 billion

Operating Profit (EBIDTA)

US$ **204** million

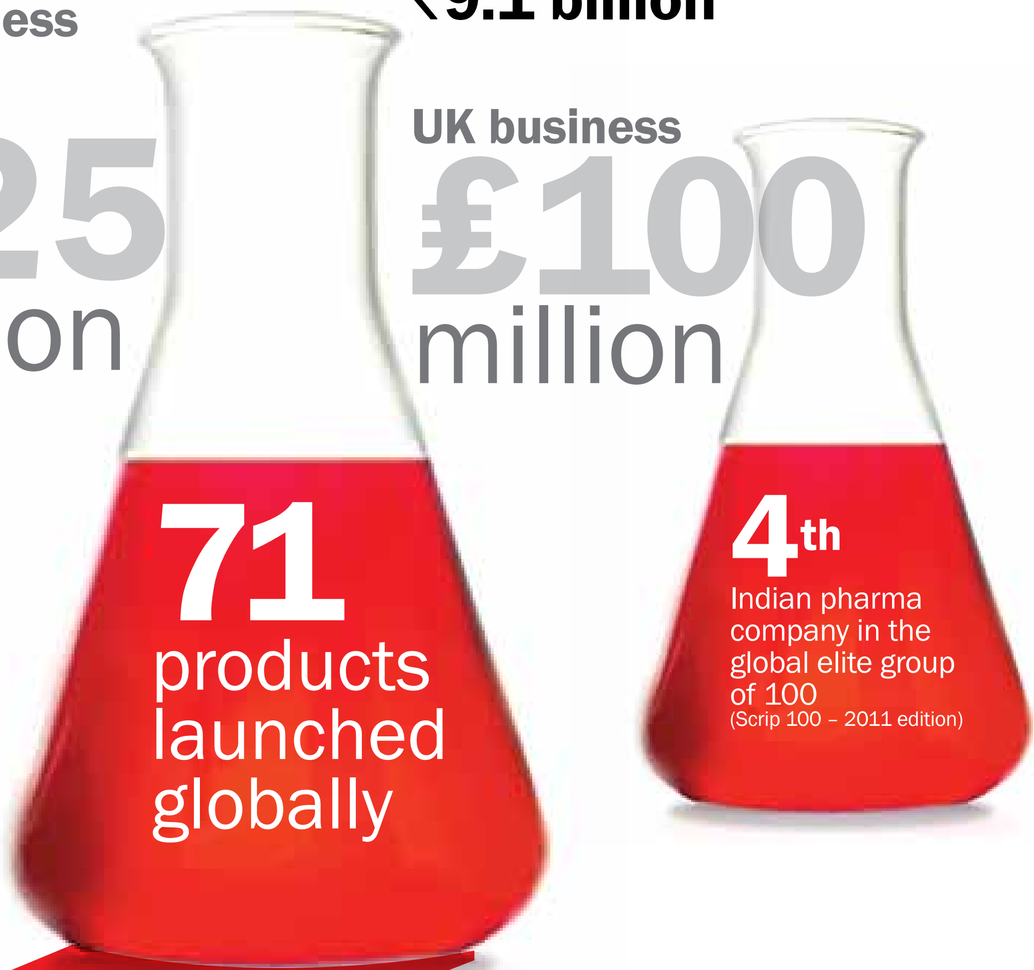
₹9.1 billion

US business

US$ **225** million

UK business

£100 million



71

products launched globally

4th

Indian pharma company in the global elite group of 100

(Scrip 100 – 2011 edition)

chairman's message
building a new Wockhardt

My dear shareowners,

One of the great challenges of business is adapting to change. Our approach at Wockhardt has been to welcome change and see it as an opportunity for growth. Last year I spoke about our new journey for growth and the determination to succeed.

That journey has involved looking with fresh eyes at our business and the way we do things. It is about new ways of thinking.

We are making a pradigm shift - replacing the old and embracing the new. Innovation is the heartbeat of Wockhardt. It goes beyond innovative product development and includes the development of innovative new business models. This is how we meet the changing needs and expectations of the customers we serve. This change in mindset has already borne fruit as our financial performance shows.

During the year we achieved several important financial and operational milestones. Our total consolidated sales exceeded ₹37.5 billion (US$841 million) Operating profits (EBIDTA) reached ₹9.1 billion (US$204 million), which is, 24.2 per cent of sales. And this, I say with great pride, is a true reflection of the diligence, hard work and dedication put in by more than 6,000 Wockhardt associates globally to achieve these milestones.

New Wockhardt – a business transformed

We are building a new Wockhardt. Our achievements in the past year are a measure of the way in which we have transformed the business. Our organisation is evolving as a value-based business to keep pace with the new competitive and economic realities of the world. It is a world in which consumers demand affordable, environmentally friendly products and services.

The late management guru C K Prahalad, a former strategic advisor to Wockhardt, was a visonary man who wrote, 'Learning to do more with less for more people, should be the innovator's dream'.

At Wockhardt we believe that thought can be more than a dream. We are making it a reality. Our strategic vision during the past year has been 'more and more with less and less'. To meet the demands of the future, Wockhardt is finding new ways to deliver more with the resources at our disposal. To achieve this we have focused on new ways of thinking, finding new ways to approach our business, innovating and radically restructuring our cost base. We are seeking opportunities that create long-term value. And these changes are not just one offs. They are part of an on-going and sustainable transformation of the business. We have global reach, a world-class research and development capabilities and a great team of managers who have proven themselves as value creators.

New world – strategic regional focus

Wockhardt has come a long way in the past decade since we began our international expansion. Our business is well balanced across three regions – India, Europe and the US. We are poised to capture new opportunities in the two key geographies of the US and India. In the past year the contribution of the US business to our overall sales has leapt from 20 per cent to 29 per cent. Much is made of India's growth and the opportunity to deliver affordable products to new segments where needs have been previously unmet. We are innovating to meet that new demand.

Wockhardt is evolving as a value-based business to keep pace with new economic realities

Global structural changes

Fundamental changes have shaken the world economy in the past few years. Old orders have been turned upside down. Macro economic factors are leading to structural changes in the global healthcare industry. One result is that customers, including healthcare providers in more developed parts of the world, are also demanding greater value for money.

Pipeline of potential

New ways of thinking will prepare us for the next phase of our journey of growth. We are setting new and challenging targets for ourselves. During the past year we received 15 ANDA/MAA approvals in the US and Europe. We have 41 new products in the pipeline. Wockhardt's business is robust and the coming decade will offer even greater potential than the last.

Committed to communities

While we are ambitious, we do understand that the role of business is not merely to make profit. We have a duty to integrate ourselves into society and the communities and make this world a better place to live in. Through Wockhardt Hospitals and Wockhardt Foundation, we were able to touch nearly 800,000 lives through our various CSR medical programmes. In our inaugural CSR Thought Leadership Conclave, we had the rare honour of two Nobel Peace Laureates, His Holiness, The Dalai Lama and Prof. Muhammad Yunus shared their thoughts on the joy of giving and social business enterprise. Their insights are inspiring the new Wockhardt.

New thinking will lead us to new horizons.

Our expertise in India, our ability to produce more with less and to touch the lives of many people can be used to our advantage in other markets

Dr. Habil Khorakiwala
Chairman

geographic reach
straddling world markets

There has been a paradigm shift in the outlook of the Global Pharmaceutical Markets. While the more mature markets are progressing at a slower pace, the Pharmerging markets are showing robust growth projections. The global pharmaceutical industry will be worth over US$1 trillion by 2014. Markets driving this growth are the US, India and other Pharmerging markets.

Over the next few years, products with sales of more than US$140 billion are expected to face generic competition in major developed markets. The US, which represents nearly two-thirds of this total value, offers a huge opportunity for generic drugs.

With an established footprint in these key markets of the US, Europe and India, Wockhardt is set to be a key player as demand in these markets takes off.

US business – robust growth

The healthcare landscape in the US is changing. Cost effective generics are set to play an increasingly important role and Wockhardt, having gained critical mass, is now at the threshold of an exciting phase with its unique basket of product offerings.

For the very first time in the US, sales revenues for the year exceeded US$225 million. Growth was mainly driven by the development and launch of products like Metoprolol, Divalproex and others, which have given us a competitive advantage.

It was an important year for product launches. Market share of existing products improved through a focused strategy to increase prescription sales. Better understanding of the customer, competition and market share-analysis has improved planning of new launches. Metoprolol ER captured 10.7 per cent market share in its first year of launch and the successful Day-1 launch of the prostate drug, Tamsulosin captured a 7 per cent market share (IMS March 2011).

The key to our success has been the ability to adapt well to the changing dynamics of the market we operate in. Whilst the competition is intensifying, Wockhardt is searching for new ways of winning. Our ANDA programme focuses on high-value, hi-tech products such as patented extended release products and in garnering FTF (first-to-file) status.

US sales grew

69%

Growth in the US has been driven by the development and launch of complex extended release products like Metoprolol... which have given us a competitive advantage

Europe business – moving forward in a tough environment

In Europe, the new journey for growth continues to propel Wockhardt. We have retained our market share and improved profitability despite a tough environment.

Wockhardt UK achieved a significant milestone as sales exceeded £100 million for the fist time. The launch of eight new products and a 55 per cent increase in exports made Wockhardt the largest Indian generics company in UK. Wockhardt UK has maintained its unique position as the only supplier of animal insulin to the UK's Department of Health (DoH) and that segment of its business has shown increased profitability. The company also succeeded in bagging a huge DoH tender.

Pinewood in Ireland showed exemplary growth compared to a negative industry growth in the face of an economic downturn and mandatory price reduction by the government. Profitability doubled as sales to hospitals increased by 33 per cent. Nexazole sales exceeded €3million making it the most successful generic launch ever in Ireland. Pinewood is the no. 1 generics company in Ireland with a 31 per cent share of the generics market.

Wockhardt is the largest Indian generics company in the UK

Pinewood overall is the 11th largest pharmaceuticals company in Ireland.

In France, the Negma business has been restructured. Beta-blocking brand Nebilox shows consistent growth.

India business – double digit growth through expansion

The pace of growth in India is accelerating. Our mindset is evolving from a marketing-centric to a customer-centric approach. Rapid expansion of the sales force is supporting topline growth and operational efficiencies, such as better credit control and improved product availability has generated better overall results. A total of 43 new products were launched in India. Six Wockhardt brands featured in the top 300 brands of the industry (IMS March 2011).

In response to new demand Wockhardt has realigned its portfolio. The newly launched Spectra division has provided successful entry into extra urban markets. Businesses have also been restructured to tap demand in the growing segments of gynaecology, paediatrics, orthopaedics, dental and dermatology. A new cardiology business has been launched with unique patient compliant packs for improved clinical outcomes.

Now India's sales force

3,000

Wockhardt's business in India continues to grow through expansion of its sales force

science and technology
innovating for healthy living

Wockhardt's core business is innovation. We innovate to find answers to complex problems. We use science and technology to develop medicines and other products that improve the quality of millions of people's lives through better health. Wockhardt chooses to work with and develop hi-tech solutions such as patented extended release products and recombinant biotechnology products because it is here that we can create the greatest value.

Wockhardt has proved its technical excellence by developing patented modified release formulations

US$95 billion

estimated market potential of generics business in the US and Europe by 2014

R&D – a pipeline of innovative products

Wockhardt has proved its technical excellence in the past decade by developing and marketing patented modified release formulations in India and the regulated markets of Europe and the USA. A robust pipeline of technologically difficult and novel drug delivery systems is the foundation for ongoing growth. Wockhardt has a pipeline of 41 products.

Wockhardt's investment in cutting-edge research globally is reflected in a total of 1,369 patents filed. 110 of these have been granted.

Following the successful launch of Glaritus in India, a recombinant long acting insulin analogue glargine, the biotech research pipeline also includes a recombinant fast acting insulin analogue lispro. The pipeline also includes the development of biosimilars including animal component free and vegetarian origin products. Currently at clinical trial stage in developed regions, these formulations offer great potential.

New drug discovery – facing the future

Wockhardt is one of the few Indian pharmaceutical companies with a new drug discovery programme. Wockhardt has identified many lead molecules in the field of anti-infectives, which are at various stages of pre-clinical and clinical trials. In the US, for WCK771 and WCK4873, phase-I clinical studies will be initiated and for WCK2349, phase-II clinical trials have been completed in India and the US.

Wockhardt biotech research has developed fast growing recombinant insulin analogues glargine, lispro and others

ANDA (Abbreviated New Drug Application for USA) and **MAA** (Marketing Authorisation Application in Europe)

IPR (Intellectual Property Rights)

operational efficiencies
new thinking in action

Manufacturing – boosting capacity

One of the key factors in the company's improved financial performance this year has been its ability to create manufacturing efficiencies. Manufacturing volumes in India increased by 22 per cent. At the same time manufacturing cost savings were achieved through improved automation and better inventory control. Energy consumption was down 10 per cent on the previous year.

A state-of-the-art sterile injection facility has been built at Shendra (SEZ), Aurangabad. Future capacity will be created with new oral liquids and topical cream manufacturing facilities.

All our manufacturing facilities are US Food and Drug Administration (US FDA) and/or UK Medical and Healthcare Products Regulatory Authority (UK MHRA) compliant.

Quality – the cornerstone of business

Quality is a cornerstone of Wockhardt's business and a fundamental key to success in all the markets in which it operates. Several measures were introduced to improve quality.

Improvements include auto controls at various stages in the manufacturing process. Continuous particle monitoring was introduced at injectable areas and CCTV is in operation at all sites. Continuous Good Manufacturing Practice (cGMP) training at all sites is a regular feature.

Quality assurance has also been boosted by the introduction of processes such as Quality by Design (QbD), Design of Experiment (DoE) and other statistical tools, which assess, evaluate and mitigate risks. Biotech Park completed a successful World Health Organisation (WHO) inspection.

Wockhardt's Recombinant Human Insulin received external recognition during the year. Following a collaborative study, conducted with the National Institute of Biologicals (Ministry of Health & Family Welfare, Govt. of India) Wockhardt's Recombinant Human Insulin, Wosulin set a new benchmark for quality having been selected as the national reference standard in India.

Quality assurance has also been boosted by processes such as Quality by Design (QbD), Design of Experiment (DoE) and other statistical tools, which assess, evaluate and mitigate risks

Information Technology – enabling business growth

Wockhardt is a pioneer in adapting and deploying new technology to provide management information that supports business growth.

During the year the IT team has implemented SAP's Business Knowledge Centre to provide seamless data. By reducing, from 16 to 5 the number of SAP servers, power and cooling requirements have reduced, in turn carbon emissions have reduced. SAP upgrade has resulted in better application response time and new business process automation.

By designing a video conferencing solution to link all manufacturing locations in India and abroad, via the existing MPLS WAN link, has improved communication and connectivity and has helped improve faster decision-making.

Supply Chain – making a positive impact on the bottom-line

As the business has grown and moved into highly regulated markets in the US and Europe the demands on its supply chain have increased. Several initiatives have been developed to meet customer expectations in terms of On-Time-In-Full (OTIF) product availability. To support the launch of new products in the US and Europe, supply chain played an important role in ensuring product availability which rose to 95 per cent.

Our Global Sourcing teams have a strategy of developing indigenous vendors for uninterrupted, competitively priced supplies. Reducing lead times of in-bound and out-bound consignments has also created other efficiencies.

As part of our strategy of 'new ways of thinking' people and teams across the business have found new ways to innovate, reduce costs and create efficiencies that are leading to higher margins, better quality and increased availability of products.

Overall, we have been able to reduce our working capital by more than 22 per cent in the last couple of years due to better management of inventories.

As part of our strategy of 'new ways of thinking' people and teams across the business have found new ways to innovate, reduce costs and create efficiencies that are leading to higher margins, better quality and increased availability of products

partnerships
value through collaboration

New Wockhardt is about creating value for all stakeholders and one such path is by exploring partnerships and collaborative alliances. Today, companies globally, are making fundamental changes in their business models to stay ahead of their competition. They are differentiating themselves through innovation, collaboration and networked models. It is now common belief that external collaborations across the business ecosystem will yield a multitude of innovative ideas.

According to managing director, Dr. Murtaza Khorakiwala, strategic partnerships are a less capital-intensive way of moving into new territories or acquiring new capabilities. By finding partners with complementary skills, the Wockhardt of the future can find smarter ways to grow and in doing so create significant value.

Wockhardt is pursuing partnerships in areas where it believes it can create growth by complementing each other's strengths in key markets.

Sales and marketing – partnering with established players

While the strategic focus remains on the three key markets of India, the US and Europe, there are new markets opening up in Latin America and other non-regulated markets. By partnering with established players who have existing sales and marketing capabilities, Wockhardt has been able to sell products in Brazil and Mexico. It has reached new customers in Russia and the CIS and sees potential in China and Japan. It is also pursuing this model in Europe as a way of growing its business-to-business sales. In the biotechnology sector it is developing sales and marketing relationships to grow the business in biosimilars. During the year, Wockhardt entered into a strategic alliance with Sheffield Bio-Science of the US, which will exclusively distribute Wockhardt's recombinant insulin in cell culture markets globally.

Partnerships are a less capital-intensive way of moving into new territories or acquiring new capabilities

Networked world – new ways of working

Wockhardt works with partners to in-license products in India and out-license products into other regions by capitalising on these collaborative strengths to capture and penetrate new markets.

As the world becomes increasingly networked the idea that one company will have capabilities throughout the value chain is becoming outdated. Companies have to think differently and develop new approaches, new strategies for growth. This includes the ability to build and manage collaborations and that demands a different set of management skills. These are skills which Wockhardt is developing.

Dr. Murtaza Khorakiwala
Managing Director

The ability to build and manage collaborations demands a different set of management skills. These are skills which Wockhardt is developing

corporate social responsibility
sustainability beyond profits

Bringing mobile medical clinics to 25 million people in rural India

Corporate Social Responsibility activities are managed under the umbrella of the Wockhardt Foundation. Headed by its visionary CEO, Dr. Huzaifa Khorakiwala, the Wockhardt Foundation continues to make substantial strides in the social development sector.

In the past year, the Foundation's programmes affected social change and improved the lives of the underprivileged. Some of the highlights include:

• Six Right to Vision vans played a significant role in preventing blindness. 62,479 patients were screened, spectacles were provided to 24,329 people and 5,501 cataract surgeries were conducted.

• Under its Mobile Health Reach Programme, 434,204 patients were given free primary healthcare in urban slum localities.

• Seven Khel Khel Mein Toy Libraries continued the Foundation's mission of providing 'values and good habits through fun and play', a missing link in primary education.

The Foundation's initiatives of Little Hearts, Smile Please, De-worm India, Free Consultations, HIV/AIDS (WHARF), Voice, Human Values, and Sunset Joy played a critical role in bringing a smile to the poor, weak and needy and impacted human lives 2.9 million times.

In 2011, the Wockhardt Foundation launched an innovative, and much needed programme called 'Vision 1000'. The programme will provide free primary healthcare to rural India through mobile health vans. The Foundation envisages the operation of 1,000 mobile health vans in five years. The annual budget for each van will be ₹2.5 million. This will fund the awareness, diagnosis and cure of primary healthcare. Each van is fitted with GPS to monitor, control and scientifically plan routes. At its culmination, Vision 1000 along with society and public participation, will provide free primary healthcare to 25 million people in rural India.

Dr. Habil Khorakiwala, Nobel Peace Laureate, His Holiness The Dalai Lama, Nobel Peace Laureate Prof. Muhammad Yunus, Nafisa Khorakiwala and Dr. Huzaifa Khorakiwala

This is a refreshing initiative which fits the Wockhardt Foundation criteria of 3 B's - Big, Best and Bold, according to Dr. Huzaifa Khorakiwala.

Other achievements included a CSR thought leadership conclave in Mumbai. The event included keynote speeches by Nobel Peace Laureates, His Holiness The Dalai Lama and Prof. Muhammad Yunus. An awards ceremony recognised the efforts of Indian companies in several fields including health, education and CSR.

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

wockhardt hospitals excellence in healthcare

Wockhardt Hospitals showed impressive growth this year under the direction of newly appointed managing director, Ms. Zahabiya Khorakiwala.

Under her stewardship Wockhardt Hospitals' ten year relationship with Partners Harvard Medical International is strengthening. The focus of the relationship is on developing new clinical areas. That includes the training of clinical and non-clinical talent to continuously raise the quality of care provided to patients. It involves the development of competencies such as nursing which are critical to the delivery of healthcare but haven't been prevalent in India. By partnering with Harvard, Wockhardt is able to strengthen its own skill base.

During the past year leading nursing specialists from Harvard spent time in India as Wockhardt Hospitals rolled out a shared nursing governance structure to build leadership capabilities among nurses. These initiatives are examples of how Wockhardt Hospitals is starting to get the real value of the Harvard tie-up and its clinical excellence.

Growth in the hospitals business has come from a continued focus on tier II cities in western India. Major sales contributions came from hospitals in Rajkot, Nagpur and Nashik. A cardiac speciality hospital was launched in Bhavnagar. A new 160-bed multi-speciality hospital opened in Goa.

Wockhardt Hospitals' international business grew exponentially from outside India. It is meeting demand from patients in the Middle East, Africa, western Europe and north America.

New areas of clinical speciality are being developed such as aesthetics which remains a highly fragmented sector. In its Goa facility, Wockhardt Hospitals has combined aesthetic surgery with the infrastructure of a world class hospital including an on-site ICU. Wockhardt Hospitals seeks to differentiate itself by focusing on quality and safety.

By mid 2012 a new Wockhardt Hospital will have opened in South Mumbai. The iconic modern hospital will set new benchmarks for healthcare in India and provide services comparable with the best in the world. Wockhardt Hospitals' strengths are in its ability to manage hospitals with talented managers with excellent operational experience. Its future growth will be based on its ability to leverage those strengths.

Wockhardt Hospitals' ten year relationship with Partners Harvard Medical International is helping to establish high clinical outcomes

Zahabiya Khorakiwala
Managing Director, Wockhardt Hospitals

Dr. Habil Khorakiwala - chairman

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.

As well as being a highly successful entrepreneur he has held many senior positions as an industry representative and is highly respected in India and overseas. 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 recieved the Shiromani Vikas Award in 1992 from Mother Teresa for his 'Outstanding and Inspiring Contribution to National Development'.

A Harvard alumni, 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 is the Honorary Consul General of Sweden in Mumbai.

Dr. Abid Hussain - director

Dr. Abid Hussain has been a director of Wockhardt since 2000. He is a former Indian Ambassador to the USA. He is a great scholar and has vast experience in various walks of life. He was appointed vice chairman, Rajiv Gandhi Foundation, New Delhi, and was also the chancellor of Central University, Hyderabad. He was Secretary, Ministry of Heavy Industries, Commerce Secretary, Government of India and Chairman, IIFT. He became a member of the Planning Commission in 1985. In 1988, he was honoured with the Padma Bhusan.

Dr. Murtaza Khorakiwala - managing director

Dr. Murtaza Khorakiwala joined Wockhardt in 2000 after completing his Degree in Medicine from G S Medical College, KEM Hospital, India. He completed an MBA from the University of Illinois, USA. He spearheaded Wallis, a subsidiary of Wockhardt in the UK and subsequently ran the biotechnology business, API Manufacturing as well as the Negma operations in France. He leads the European business operations, manufacturing and the organisation's corporate services function. He is a driving force behind Wockhardt's Global Strategic Planning Team.

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.

Bharat Patel - director

Mr. Bharat Patel has been a director of the Company since 2001. Mr. Patel, an Economics graduate from the University of Notre Dame and an MBA from the University of Michigan in the US. He has more than 40 years' management experience in marketing, sales, exports, manufacturing and buying functions. He served as chairman and managing director of Procter & Gamble India Limited for several years.

Aman Mehta - director

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

Dr. Huzaifa Khorakiwala - executive director

Dr. Huzaifa Khorakiwala is a Bachelor of 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. Dr. Huzaifa Khorakiwala devotes a significant part of his time to Wockhardt's corporate social responsibility activities. He serves as CEO of the Wockhardt Foundation.

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 sits on the boards of various multinational and Indian companies. He has rich experience in the field of law & 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.

Giri Giridhar
President
Finance

Sanjeev Mehta
President
Supply Chain
Quality Generics
& API Sales

Sirjiwan Singh
Managing Director
Wockhardt UK &
Pinewood

Dr. Murtaza Khorakiwala
Managing Director

Dr. Habil Khorakiwala
Chairman

Dr. Huzaifa Khorakiwala
Executive Director

Sunil Khera
President
North America &
India

Dr. Yatendra Kumar
President
R&D, Global IP,
Regulatory & QA/QC

Ajay Sahni
President
Wockhardt France
Vice President
Finance, Europe

Nalin Garg
President
Human
Resources

Company Secretary

- V R Khetan

Auditors

- Haribhakti & Co.

Solicitors

- Crawford Bayley & Co.
- Amarchand & Mangaldas
  & Suresh A. Shroff & Co.
- Majmudar & Co.

Bankers

- ICICI Bank
- State Bank of India
- IDBI Bank
- Bank of India
- Punjab National Bank
- HDFC Bank
- ING Vysya Bank
- Indian Overseas Bank

Registered Office

Wockhardt Limited,
Wockhardt Towers,
Bandra Kurla Complex
Bandra (East)
Mumbai 400051
India

annual ₹eport

2010 - 11

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Twelfth Annual Report of the Company along with the Audited Accounts for the financial year ended March 31, 2011.

FINANCIAL PERFORMANCE

(₹ in millions)

	Year ended March 31, 2011	Fifteen Months ended March 31, 2010
Consolidated		
Income	**37,671**	45,309
Profit before Depreciation, Interest & Tax	**9,246**	8,527
Profit/(Loss) Before Exceptional Items & Tax	**6,775**	3,093
Exceptional Items	**(5,732)**	(12,949)
Profit/(Loss) Before Tax	**1,043**	(9,856)
Provision for Taxation (Expense)/Credit	**(86)**	(167)
Share of Profit/(Loss) from Associates	**(52)**	16
Net Profit/(Loss)	**905**	(10,007)
Standalone		
Income	**17,720**	19,019
Profit Before Depreciation, Interest & Tax	**4,096**	4,850
Profit/(Loss) Before Exceptional Items & Tax	**1,608**	1,372
Exceptional Items	**(2,929)**	(9,305)
Profit/(Loss) Before Tax	**(1,321)**	(7,933)
Provision for Taxation (Expense)/Credit	**—**	(9)
Profit/(Loss) After Tax	**(1,321)**	(7,942)

As previous period figures are for fifteen months, the same are not comparable. However, on a year on year basis, for the year ended March 31, 2011, the Company registered 3% growth in consolidated turnover to ₹ 37,671 million and 15% growth in standalone turnover to ₹ 17,720 million. The Profit before depreciation, interest and tax on a consolidated basis grew from ₹ 8,527 million to ₹ 9,246 million thereby registering a healthy growth of 40% and profit after tax on consolidated basis was ₹ 905 million as compared to a loss of ₹ 10,007 million for the corresponding period. On a standalone basis, there was a loss after tax of ₹ 1,321 million.

DIVIDEND AND RESERVES

In view of the loss incurred during the financial year ended March 31, 2011, no amount is transferred to the General Reserve and the directors do not recommend any dividend on equity shares and preference shares for the year ended March 31, 2011.

FINANCIAL RESTRUCTURING

The Corporate Debt Restructuring (CDR) has been substantially implemented, save for complete settlement of FCCBs and certain disputed derivatives. The Company's performance has been better than the projections envisaged under the CDR and the Company is regular in the debt servicing provided under the CDR Scheme.

In case of the Zero Coupon Foreign Currency Convertible Bonds (FCCBs) issued by the Company, the CDR Scheme had considered the settlement comprehensively. One of the significant holders of the Bonds had accepted the restructuring provided under the CDR Scheme. For other bondholders who did not accept the settlement provided under CDR, subject to they withdrawing the winding-up petition, a settlement was arrived wherein the Outstanding FCCBs were to be exchanged with new FCCBs and the shareholders had also approved the same and consent terms were also signed. However, the Trustees to the bondholders, subsequently disagreed to withdraw the winding-up petition. Subsequently, the Hon'ble High Court of Bombay, admitted the winding-up petition. Pursuant to an appeal filed by the Company the divisional bench of the Hon'ble Bombay High Court has granted an ad-interim relief while requiring the Company to deposit a sum of ₹ 1,150 million with the court, which has been complied with.

During the year, one of the Company's wholly owned subsidiary Viz. Wockhardt France (Holdings) S.A.S and some of its subsidiaries, were placed in a 'Safeguard' proceeding under a local administrator, to enable a comprehensive restructuring of the operation and the financial liabilities thereof and the same is under implementation.

DEMERGER OF NUTRITION BUSINESS OF VINTON HEALTHCARE LIMITED

The Hon'ble High Court of Delhi vide its order dated April 28, 2011 sanctioned the Scheme of Arrangement U/s. 391 to 394 of the Companies Act, by way of demerger of Nutrition Business of Vinton Healthcare Limited, a wholly owned subsidiary of the Company into Wockhardt Limited. The appointed date for the Scheme is January 1, 2011.

CHANGES IN CAPITAL STRUCTURE

During the year 2010-2011, the Company allotted 130,888,983 Non-Convertible Cumulative Redeemable Preference Shares of ₹ 5/- each and 22,386,344 Optionally Convertible Cumulative Redeemable Preference Shares of ₹ 5/- each aggregating to ₹ 666.38 millions in terms of approved CDR package dated July 4, 2009. The Authorised Share capital of the Company was increased from ₹ 9,250/- millions to ₹ 11,250/- millions. There was no change in paid up equity share capital of the Company.

DIRECTORS

Mr. Shekhar Datta and Dr. Huzaifa Khorakiwala retire by rotation as directors at the upcoming Annual General Meeting and being eligible, offer themselves for re-appointment. The Board recommends their appointment at the forthcoming Annual General Meeting. As required under clause 49 of the listing agreement, brief information about them is as under:

Mr. Shekhar Datta has been a director of the Company since February 25, 2000. He is an engineering graduate from London. He was a past president of Confederation of Indian Industry and the Bombay Chamber of Commerce. He is on the Boards of Vesuvius India Limited and Triveni Engineering & Industries Limited. He is also a member of Audit and Investor Grievance Committee of Vesuvius India Limited. He holds 600 Equity Shares of the Company.

Dr. Huzaifa Khorakiwala was appointed as an Executive Director since March 31, 2009. He is a Commerce graduate from India and has done his Management Education at the Yale University, USA. Dr. Huzaifa Khorakiwala had joined Wockhardt in 2000 as Chief Operating Officer and has been handling various Wockhardt functions and businesses like International Business, Corporate social responsibility and Corporate Administration. He is also heading Wockhardt Foundation, an NGO as its Chief Executive Officer. He is on the Boards of Wockhardt Hospitals Limited, Merind Limited, Wockhardt Maharashtra Hospital Limited and Inspiration Cafee Private Limited. He holds 2,16,000 Equity Shares of the Company.

AUDITORS

M/s Haribhakti & Co., Chartered Accountants, Statutory Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. They 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 224 (1B) of the Companies Act, 1956. The Board recommends their appointment.

AUDITORS' REPORT

(a) With regard to point no. 5(a) of the Auditors Report, please refer to the explanation given under the heading "Financial Restructuring" in this directors' report and note 32 of the standalone financial statements. Further, as regards to point no. 5(b) of the Auditors Report, necessary explanation has been provided under the heading "Financial Restructuring" and note no. 36 and 37 of the standalone financial statements. In respect of point 5(c) of the Auditors Report, the Company has given a corporate guarantee for the loan of US$ 250 million availed by its wholly owned subsidiary – Wockhardt EU Operations (Swiss) AG. As lenders aggregating 69 per cent of the loan by value have agreed for the rescheduling, under the provisions of the loan agreement majority (which is 66 2/3 per cent) of the lenders have agreed for the rescheduling. Further, the borrower is in discussion with the balance lenders for rescheduling and as none of the balance lenders have till date not disagreed with the rescheduling the management is of the view that all the lenders will agree to the rescheduling.

(b) Point 6 of the Auditors Report

The Company has charged the crystallized derivative losses to the Profit & Loss Account and some of the documentation trail is being co-related, for which the task force formed by the Company is taking necessary actions,

(c) Point 7 of the Auditors Report

Certain derivatives/hedging contracts entered into prior to March 31, 2010 had been unilaterally terminated by banks/financial institutions. The Company has disputed the same and continues to treat the demand of ₹ 3,322.51 million as a contingent liability and has not acknowledged as debt, since the liability cannot be currently ascertained even on a best effort basis till the final outcome of the matter.

The Company is of the view that these are contingent liabilities as these arise from past events and existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within control of the Company and therefore, has not acknowledged these claims against the Company as debts.

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, applicable accounting standards have been followed along with proper explanation relating to material departure;
- in order to provide a true and fair view of the state of affairs of the Company as on March 31, 2011 and the loss 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 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 ("the Act"), 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 Act, 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 Act. Any shareholder interested in obtaining a copy of the statement may write to the Company Secretary 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 A to this report.

LEGAL COMPLIANCE

The Ministry of Corporate Affairs vide its circular dated February 8, 2011, has 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 for the financial year ended March 31, 2011 to this report. The annual accounts of 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, 2011 forms part of this Annual Report.

SECRETARIAL AUDIT

As directed by Securities and Exchange Board of India (SEBI) secretarial audit is being carried out at the specified period by the practicing company secretary. The findings of the secretarial audit were entirely satisfactory.

MANAGEMENT DISCUSSION AND ANALYSIS AND CORPORATE GOVERNANCE

A detailed report on Corporate Governance along with the certificate on compliance with the conditions of corporate governance under clause 49 of the Listing agreement and Management Discussion and Analysis Report are given separately in this Annual Report.

ACKNOWLEDGEMENTS

Your Directors acknowledge the impeccable service rendered 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 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 19, 2011

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF WOCKHARDT LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors of Wockhardt Limited

1. We have audited the attached consolidated balance sheet of Wockhardt Limited ("Wockhardt" or "the Company") and its Subsidiaries (collectively referred to as "the Group") as at 31st March, 2011 and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Group's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total net assets of ₹ 28,017.65 million as at 31st March, 2011, total net revenues of ₹ 15,274.95 million and net cash inflows amounting to ₹ 560.75 million for the year then ended. We also did not audit the financial statements of an associate in whose financial statements the Group's share of loss is ₹ 51.83 million for the year ended 31st March, 2011. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
4. We report that the consolidated financial statements have been prepared by the Group'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 notified pursuant to the Companies (Accounting Standards) Rules, 2006.
5. The values in these 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.
6. Without qualifying our opinion, we draw attention
   - (a) to Note 32 of the consolidated financial statements, wherein as explained, the Corporate Debt Restructuring (CDR) Scheme of the Company is effective from April 15, 2009. The outstanding liabilities of the Company have been substantially restructured under the aegis of CDR Scheme, which extends till 2018.
   - (b) to Note 33 and 34 of the consolidated financial statements, wherein as explained, certain lenders have filed winding up petitions against the Company and the Company has filed affidavit in reply. In one case, the Hon'ble High Court of Bombay has admitted winding up petition filed by certain holders of Zero Coupon Foreign Currency Convertible Bonds and the High Court has granted stay thereon upon appeal by the Company. The matter is sub-judice and outcome of which cannot be currently ascertained. The Company's ability to continue as a going concern is dependent on the successful outcome of the winding up petitions.
   - (c) to Note 36 of the consolidated financial statements, wherein as explained, US$ 250 million syndicate loan obtained by Swiss subsidiary is being rescheduled. Terms and conditions for rescheduling 31% of the loan are still under negotiation.
   - (d) to Note 35 of the consolidated financial statements, wherein as explained, certain French subsidiaries operations have been placed under safeguard proceedings. The subsidiaries have undertaken an overall restructuring initiative including development of a new product and rescheduling of syndicate loan of Euro 88 million obtained by it. The ability of the French subsidiaries to continue as a going concern depends on the successful completion of overall restructuring initiative.
7. *In respect of crystallized derivative losses of ₹ 1,843.79 million forming part of 'exceptional items', we have relied on appropriate written representations.*
8. *As explained in Note 29(f) to the consolidated financial statements, the Company and its Swiss subsidiary had, on certain derivative contracts with banks/financial institutions, stopped payment of margins called by the banks/financial institutions. The banks/financial institutions, based on the Early Termination clause in the agreement, terminated these contracts and claimed an amount of ₹ 3,724.65 million, being the loss incurred on termination of such contracts, which the Company and its subsidiary has disputed.*

   No provision has been made in the accounts for above amount, which has been considered as contingent liability. The consequential impact upon relevant assets and liabilities and loss for the year is not ascertainable.
9. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, *subject to the matter included in paragraph 7 and 8 above, the effect of which cannot be ascertained,* we are of the opinion that the attached 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 31st March, 2011;
   - (b) in the case of the consolidated profit and loss account, of the profit of the Group for the year ended on that date; and
   - (c) in the case of the consolidated cash flow statement, of the cash flows of the Group for the year ended on that date.

For **Haribhakti & Co.**
Chartered Accountants
FRN No.103523W

Shailesh Haribhakti
Partner
Membership No. 30823

Place : Mumbai
Date : May 19, 2011

CONSOLIDATED BALANCE SHEET

As at March 31, 2011

	Notes	As at 31.03.2011 ₹ in millions	As at 31.03.2011 USD in millions [see note 1(b)(d)]	As at 31.03.2010 ₹ in millions	As at 31.03.2010 USD in millions [see note 1(b)(d)]
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
Share capital	3	**7,999.45**	**179.32**	7,232.97	160.92
Reserves and surplus	4	**3,264.83**	**73.19**	1,119.74	24.90
		11,264.28	**252.51**	8,352.71	185.82
LOAN FUNDS					
Secured loans	5	**33,791.69**	**757.49**	35,522.14	790.30
Unsecured loans	6	**4,703.49**	**105.44**	4,653.19	103.53
		38,495.18	**862.93**	40,175.33	893.83
TOTAL		**49,759.46**	**1,115.44**	48,528.04	1,079.65
APPLICATION OF FUNDS					
FIXED ASSETS	2(a) & 8				
Gross block		**40,486.53**	**907.57**	38,343.36	853.07
Accumulated depreciation		**(11,729.25)**	**(262.93)**	(10,387.33)	(231.10)
Impairment Provision		**(2,955.08)**	**(66.24)**	(2,661.74)	(59.22)
Net block		**25,802.20**	**578.40**	25,294.29	562.75
Capital work-in-progress, including capital advances		**8,874.06**	**198.92**	7,075.72	157.42
		34,676.26	**777.32**	32,370.01	720.17
INVESTMENTS	2(c) & 9	**896.32**	**20.09**	948.30	21.09
DEFERRED TAX ASSET (Net)	2(h) & 7	**748.46**	**16.78**	476.45	10.61
CURRENT ASSETS, LOANS AND ADVANCES					
Inventories	2(d) & 10	**7,137.25**	**159.99**	7,654.48	170.30
Sundry debtors	11	**6,052.35**	**135.67**	5,740.10	127.71
Cash and bank balances	12	**4,828.94**	**108.25**	3,469.80	77.20
Loans and advances	13	**2,712.96**	**60.83**	4,854.44	108.00
[A]		**20,731.50**	**464.74**	21,718.82	483.21
***Less:* CURRENT LIABILITIES AND PROVISIONS**	14				
Current liabilities		**7,906.15**	**177.23**	7,992.19	177.81
Provisions		**1,220.04**	**27.35**	628.61	13.99
[B]		**9,126.19**	**204.58**	8,620.80	191.80
NET CURRENT ASSETS [A] – [B]		**11,605.31**	**260.16**	13,098.02	291.41
PROFIT AND LOSS ACCOUNT		**–**	**–**	57.40	1.27
FOREIGN CURRENCY TRANSLATION RESERVE		**1,833.11**	**41.09**	1,577.86	35.10
TOTAL		**49,759.46**	**1,115.44**	48,528.04	1,079.65

The notes from 1 to 41 form an integral part of the Balance sheet.

As per our attached report of even date

For Haribhakti & Co.
Chartered Accountants

Shailesh Haribhakti
Partner

Place : Mumbai
Date : May 19, 2011

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

Shekhar Datta
Abid Hussain
Aman Mehta
Bharat Patel
R. A. Shah
Directors

CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT

For the Year Ended March 31, 2011

	Notes	For the year ended 31.03.2011 ₹ in millions	For the year ended 31.03.2011 USD in millions [see note 1(b)(d)]	For the period ended 31.03.2010 ₹ in millions	For the period ended 31.03.2010 USD in millions [see note 1(b)(d)]
INCOME					
Sales and services	2(f)	**37,552.22**	**841.79**	45,059.00	1,002.48
Add/(Less): Excise Duty		**(39.83)**	**(0.89)**	(44.78)	(1.00)
		37,512.39	**840.90**	45,014.22	1,001.48
Other income	15	**159.03**	**3.56**	295.24	6.56
TOTAL		**37,671.42**	**844.46**	45,309.46	1,008.04
EXPENDITURE					
Materials consumed and purchase of goods	16	**14,544.72**	**326.04**	19,409.79	431.83
(Increase)/decrease in inventories	2(d) & 17	**617.50**	**13.85**	315.58	7.02
Operating and other expenses	18	**13,262.91**	**297.30**	17,057.42	379.48
TOTAL		**28,425.13**	**637.19**	36,782.79	818.33
PROFIT BEFORE DEPRECIATION, FINANCE COST AND TAX		**9,246.29**	**207.27**	8,526.67	189.71
Less: Depreciation/Amortisation	2(a) & 8	**1,166.18**	**26.14**	1,481.39	32.96
PROFIT BEFORE EXCHANGE FLUCTUATION, FINANCE COST AND TAX		**8,080.11**	**181.13**	7,045.28	156.75
(Add)/Less: Exchange fluctuation, net		**(1,366.57)**	**(30.63)**	259.30	5.77
(Add)/Less: FCCB premium		**–**	**–**	268.30	5.97
(Add)/Less: Financial expenses	19	**2,671.05**	**59.88**	3,424.83	76.19
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS		**6,775.63**	**151.88**	3,092.85	68.82
Less: Exceptional items	25	**5,732.14**	**128.49**	12,949.21	288.10
PROFIT/(LOSS) BEFORE TAX AND AFTER EXCEPTIONAL ITEMS		**1,043.49**	**23.39**	(9,856.36)	(219.28)
Provision for tax					
Current tax	2(h)	**(338.38)**	**(7.59)**	(277.81)	(6.18)
Deferred tax	2(h) & 7	**251.91**	**5.65**	119.88	2.67
Fringe benefit tax		**–**	**–**	(8.74)	(0.19)
NET PROFIT/(LOSS) AFTER TAX		**957.02**	**21.45**	(10,023.03)	(222.98)
Add: Share in Profit/(Loss) of Associate Companies		**(51.83)**	**(1.16)**	16.40	0.36
NET PROFIT/(LOSS) AFTER TAX FOR THE YEAR		**905.19**	**20.29**	(10,006.63)	(222.62)
Balance brought forward from previous period		**(57.40)**	**(1.29)**	1,492.70	33.21
Transfer from General reserve (Refer note 37)		**83.69**	**1.88**	–	–
PROFIT/(LOSS) AVAILABLE FOR APPROPRIATION		**931.48**	**20.88**	(8,513.93)	(189.41)
APPROPRIATIONS					
Transfer from General reserve		**–**	**–**	(8,456.53)	(188.14)
Surplus/(deficit) carried to balance sheet		**931.48**	**20.88**	(57.40)	(1.27)
		931.48	**20.88**	(8,513.93)	(189.41)
Earnings per share (₹)	22				
– Earnings per share – Basic		**8.27**	**0.19**	(91.44)	(2.03)
– Earnings per share – Diluted		**8.27**	**0.19**	(91.44)	(2.03)
Nominal Value of shares		**5.00**	**0.11**	5.00	0.11

The notes from 1 to 41 form an integral part of the Profit and Loss Account.

As per our attached report of even date

For Haribhakti & Co.
Chartered Accountants

Shailesh Haribhakti
Partner

Place : Mumbai
Date : May 19, 2011

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

Shekhar Datta
Abid Hussain
Aman Mehta
Bharat Patel
R. A. Shah
Directors

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended March 31, 2011

	For the year ended 31.03.2011 ₹ in millions	For the year ended 31.03.2011 USD in millions [see note 1(b)(d)]	For the period ended 31.03.2010 ₹ in millions	For the period ended 31.03.2010 USD in millions [see note 1(b)(d)]
A. CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES:				
Net Profit/(Loss) Before Tax	**1,043.49**	**23.39**	(9,856.36)	(219.28)
Adjustments for:				
Depreciation/Amortisation	**1,166.18**	**26.14**	1,481.39	32.96
Product development expenses written off	**211.61**	**4.74**	74.79	1.66
Exchange fluctuation, net	**(1,366.57)**	**(30.63)**	259.30	5.77
Provision for premium payable on Foreign Currency Convertible Bonds	**–**	**–**	268.30	5.97
Provision for Marked to market losses on derivatives	**(303.26)**	**(6.80)**	303.26	6.75
Crystallized derivative losses	**2,280.69**	**51.13**	3,691.01	82.12
Amortisation of expenses	**–**	**–**	10.07	0.22
Liabilities no more payable	**(7.59)**	**(0.17)**	(25.37)	(0.56)
Advances no more recoverable	**8.98**	**0.20**	1.37	0.03
Provision for doubtful debts, bad debts written off & One time charge backs	**158.48**	**3.55**	649.65	14.45
(Profit)/Loss on assets, net	**316.86**	**7.10**	(192.53)	(4.28)
Profit on sale of business/division	**–**	**–**	(1,782.55)	(39.66)
Impairment of goodwill	**–**	**–**	2,661.74	59.22
Impairment of Assets	**293.34**	**6.58**	–	–
Gain on settlements	**(436.87)**	**(9.79)**	–	–
Inventory written off	**–**	**–**	56.58	1.26
Financial expenses	**2,671.05**	**59.88**	3,424.83	76.17
Interest income	**(38.53)**	**(0.86)**	(101.71)	(2.26)
Dividend income	**(0.01)**	**—**	(0.01)	–
Operating profit before working capital changes	**5,997.85**	**134.46**	923.76	20.54
Movement in working capital				
(Increase)/Decrease in inventories	**517.23**	**11.59**	159.84	3.56
(Increase)/Decrease in sundry debtors	**(1,068.63)**	**(23.95)**	1,291.47	28.73
(Increase)/Decrease in loans and advances	**(89.28)**	**(2.00)**	845.37	18.81
Increase/(Decrease) in current liabilities and provisions	**1,090.57**	**24.45**	(4,738.69)	(105.42)
Cash generated from operations	**6,447.74**	**144.55**	(1,518.25)	(33.78)
Direct Taxes paid, including fringe benefit tax	**(29.67)**	**(0.67)**	(468.51)	(10.42)
Net cash from/(used in) operating activities	**6,418.07**	**143.88**	(1,986.76)	(44.20)
B. CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES:				
Purchase of fixed assets including capital work-in-progress	**(3,004.21)**	**(67.34)**	(491.17)	(10.93)
Proceeds from sale of fixed assets	**7.27**	**0.16**	206.91	4.60
Proceeds from sale of investments	**0.17**	**–**	0.03	–
Proceeds from sale of business/division	**–**	**–**	2,433.68	54.15
Repayment by companies/(loan to companies)	**(8.81)**	**(0.20)**	781.25	17.38
Margin money/Bank Balances & fixed deposits under lien	**200.89**	**4.50**	4,048.77	90.08
Interest received	**38.53**	**0.86**	63.81	1.42
Dividend received	**0.01**	**–**	0.01	–
Net cash provided by/(used in) investing activities	**(2,766.15)**	**(62.02)**	7,043.29	156.70

	For the year ended 31.03.2011 ₹ in millions	For the year ended 31.03.2011 USD in millions [see note 1(b)(d)]	For the period ended 31.03.2010 ₹ in millions	For the period ended 31.03.2010 USD in millions [see note 1(b)(d)]
C. CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES:				
Proceeds from issuance of share capital	**100.10**	**2.24**	700.00	15.57
Repayment of borrowings	**(2,850.58)**	**(63.90)**	(6,896.00)	(153.42)
Proceeds from borrowings*	**3,046.32**	**68.29**	5,574.33	124.02
Interest paid	**(2,111.40)**	**(47.33)**	(3,333.76)	(74.17)
Dividend paid (including tax on dividend)	**(0.99)**	**(0.02)**	(1.29)	(0.03)
Net cash from/(used in) financing activities	**(1,816.55)**	**(40.72)**	(3,956.72)	(88.03)
Translation/consolidation adjustment	**(275.35)**	**(6.17)**	(80.37)	(1.79)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**1,560.02**	**34.97**	1,019.44	22.68
CASH AND CASH EQUIVALENTS, beginning of year	**3,141.01**	**70.41**	2,121.57	47.20
CASH AND CASH EQUIVALENTS, at the end of year	**4,701.03**	**105.38**	3,141.01	69.88
Components of cash and cash equivalents, as at March 31, 2011				
Cash	**0.82**	**0.02**	2.06	0.05
With banks				
– on current accounts (excluding unclaimed dividend accounts)	**4,682.46**	**104.96**	3,026.76	67.34
– on Unclaimed Dividend Account**	**11.61**	**0.26**	12.60	0.28
– on margin money accounts	**0.10**	**–**	0.10	–
– on fixed deposit accounts	**6.04**	**0.14**	99.49	2.21
	4,701.03	**105.38**	3,141.01	69.88

* Proceeds from Borrowings includes exchange difference of ₹ 1,758.36 million (2010 – ₹ 2,205.43 million) included in Foreign Currency Translation Reserve.

** These balances are not available for use as they represent corresponding unclaimed dividend liabilities.

As per our attached report of even date

For Haribhakti & Co.
Chartered Accountants

Shailesh Haribhakti
Partner

Place: Mumbai
Date : May 19, 2011

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

Shekhar Datta
Abid Hussain
Aman Mehta
Bharat Patel
R. A. Shah
Directors

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended March 31, 2011

(All amounts in millions 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, in the following entities during the year ended March 31, 2011:

	Name of subsidiaries	Country of Incorporation	Name of Parent	Percentage of ownership
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 (formerly, Wockhardt UK Limited)	England & Wales	Wockhardt Limited	100%
5.	CP Pharmaceuticals Limited	England & Wales	Wockhardt UK Holdings Limited	100%
6.	Wallis Group Limited	England & Wales	Wockhardt UK Holdings Limited	100%
7.	The Wallis Laboratory Limited	England & Wales	Wallis Group Limited	100%
8.	Wallis Licensing Limited	England & Wales	Wallis Group Limited	100%
9.	Wockhardt UK Limited	England & Wales	Wockhardt EU Operations (Swiss) AG	100%
10.	CP Pharma (Schweiz) AG	Switzerland	Wockhardt EU Operations (Swiss) AG	100%
11.	Wockhardt Farmaceutica Do Brazil Limited	Brazil	The Wallis Laboratory Limited	90%
			Wockhardt Europe Limited	10%
12.	Wockpharma Ireland Limited	Ireland	Wockhardt EU Operations (Swiss) AG	100%
13.	Pinewood Laboratories Limited	Ireland	Wockpharma Ireland Limited	100%
14.	Nonash Limited	Ireland	Pinewood Laboratories Limited	100%
15.	Wockhardt EU Operations (Swiss) AG	Switzerland	Wockhardt Limited	100%
16.	Z & Z Services GmbH (formerly, Esparma GmbH)	Germany	Wockhardt EU Operations (Swiss) AG	100%
17.	Wockhardt Europe Limited	British Virgin Islands	Wockhardt Limited	100%
18.	Wockhardt Nigeria Limited	Nigeria	Wockhardt Europe Limited	100%
19.	Wockhardt Holding Corp.	USA	Wockhardt EU Operations (Swiss) AG	100%
20.	Wockhardt Cyprus Limited	Cyprus	Wockhardt EU Operations (Swiss) AG	100%
21.	Atlantis USA, Inc. #	USA	Wockhardt Limited	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 France (Holdings) S.A.S.	France	Wockhardt EU Operations (Swiss) AG	100%
26.	Girex S.A.S.	France	Wockhardt France (Holdings) S.A.S.	100%
27.	Mazal Pharmaceuticals S.A.R.L.	France	Girex S.A.S.	100%
28.	Niverpharma S.A.S.	France	Wockhardt France (Holdings) S.A.S.	100%
29.	Cap Dermatology S.A.R.L. #	France	Niverpharma S.A.S.	100%
30.	Laboratoires Pharma 2000 S.A.S.	France	Wockhardt France (Holdings) S.A.S.	100%
31.	Hariphar S.C.	France	Laboratoires Pharma 2000 S.A.S.	90%
			Laboratoires Negma S.A.S.	10%
32.	Laboratoires Negma S.A.S.	France	Wockhardt France (Holdings) S.A.S.	100%
33.	Scomedia S.A.S.	France	Wockhardt France (Holdings) S.A.S.	100%
34.	DMH S.A.S. #	France	Wockhardt France (Holdings) S.A.S.	100%
35.	S.C.I. Salome	France	Laboratoires Negma S.A.S.	100%
36.	Negma Beneulex S.A.	Belgium	Wockhardt France (Holdings) S.A.S.	53.97%
			Laboratoires Negma S.A.S.	46.03%
37.	Phytex S.A.S.	France	Wockhardt France (Holdings) S.A.S.	100%
38.	Laboratoires Lerads S.A.S.	France	Wockhardt France (Holdings) S.A.S.	100%
39.	Esparma AG	Switzerland	Wockhardt EU Operations (Swiss) AG	100%

\# During the year DMH S.A.S. (a direct subsidiary of Wockhardt France (Holdings) S.A.S.) got liquidated as on 25th March, 2011, Atlantis USA, Inc. got dissolved on 30th April, 2010 and Cap Dermatology S.A.R.L. got merged with Niverpharma S.A.S.

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 EU Operations (Swiss) AG ('WS') (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

(a) 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 except for the changes in accounting policy discussed more fully below. 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, 2011 as year-end for the purpose of preparing the consolidated financial statements of the group.

(b) 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.

(c) 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 ₹ 255.25 million (USD 5.72 million) [2010 – ₹ 138.99 million (USD 3.09 million)] has been adjusted to Reserves.

(d) 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, 2011 have been translated into United States dollars at the closing rate as at March 31, 2011 [USD 1 = ₹ 44.61 (2010 – USD 1 = ₹ 44.95)] 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.

(c) 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 Company 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, depreciation/amortization and impairment

Tangible assets:

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

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

Depreciation/amortization:

Depreciation is provided, using the straight-line method, pro-rata to the period of use of assets, based on the estimated useful life of the assets estimated by the management.

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

Intangible assets:

Intangible assets except goodwill are amortised over a period of 3-15 years, which are based on their useful lives.

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 of at the dates 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.

(c) Investments

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

(d) Inventories

All inventories are valued at moving weighted average price other than finished goods, which are valued on quarterly moving average price. Finished goods and Work in progress is computed based on respective moving weighted average 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) Retirement and other employee benefits

Retirement 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 Profit & Loss Account 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 profit and loss account 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.

The Company maintains 401(k) retirement contribution plans that cover all regular employees on the payroll of Wockhardt USA LLC. (WUSA) and Morton Grove Pharmaceuticals, Inc. The Company makes 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.

Expenses on Voluntary Retirement Scheme incurred are charged off over a maximum period of 4 years. No such expenditure shall be carried forward to accounting periods commencing on or after 1st April, 2010.

(f) Revenue recognition

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

Sale of Goods

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

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.

Royalties

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

Interest

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

(g) Research and development (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 amortised over the period of expected future sales from the related project, not exceeding ten years.

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

(h) Income tax

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

Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of local Income Tax rules as applicable to the financial year. A deferred income tax reflects the impact of current year/period timing differences between taxable income and accounting income for the year/period 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 profit and loss account and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

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

(i) 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 Profit & Loss Account 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.

(j) Goodwill/Capital reserve on Acquisitions

On acquisition, the excess cost of acquisition over carrying value of net assets acquired, is treated as goodwill, if otherwise then Capital reserve.

(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 Profit & Loss Account. Initial direct costs are recognised immediately as an expense.

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

(l) Provisions

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

(m) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year/period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year/period. The weighted average numbers of equity shares outstanding during the year/period 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 profit and loss account over the expected useful lives of the relevant assets. Grants of revenue nature are credited to income in the year/period to which they relate.

(o) Cash and Cash equivalents

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

(p) Derivative Financial Instruments

The Company uses derivative financial instruments such as option contracts and interest rate swaps to hedge its risk associated with foreign currency fluctuations and interest rates.

As per the Institute of Chartered Accountants of India (ICAI) Announcement, accounting for derivative contracts, 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.

	As at 31.03.2011 ₹ in millions	As at 31.03.2011 USD in millions [see note 1(b)(d)]	As at 31.03.2010 ₹ in millions	As at 31.03.2010 USD in millions [see note 1(b)(d)]
3. SHARE CAPITAL				
AUTHORISED				
250,000,000 (2010 – 250,000,000) Equity shares of ₹ 5/- each	**1,250.00**	**28.02**	1,250.00	27.81
2,000,000,000 (2010 – 1,600,000,000) Preference shares of ₹ 5/- each	**10,000.00**	**224.16**	8,000.00	177.99
	11,250.00	**252.18**	9,250.00	205.80
ISSUED, SUBSCRIBED AND PAID UP				
109,435,903 (2010 – 109,435,903) Equity shares of ₹ 5/- each fully paid up	**547.18**	**12.27**	547.18	12.18
446,549,949 (2010 – 424,163,605) Optionally Convertible Cumulative Redeemable Preference shares of ₹ 5/- each fully paid up – Refer Note 39	**2,232.75**	**50.05**	2,120.82	47.18
1,043,883,858 (2010 – 912,994,875) Non Convertible Cumulative Redeemable Preference shares of ₹ 5/- each fully paid up – Refer Note 39	**5,219.42**	**117.00**	4,564.97	101.56
	7,999.35	**179.32**	7,232.97	160.92
Share Suspense account Refer Note II below	**0.10**	**–**	–	–
	7,999.45	**179.32**	7,232.97	160.92

I Of the above equity shares:

(a) 70,123,304 (2010 – 70,123,304) fully paid-up equity shares of ₹ 5/- each were allotted pursuant to scheme of arrangement to demerge pharmaceuticals business of Carol Info Services Limited ('CISL') (formerly Wockhardt Life Sciences Limited).

(b) 2,400,000 (2010 – 2,400,000) fully paid-up equity shares of ₹ 5/- each were allotted pursuant to amalgamation of Wockhardt Veterinary Limited ('WVL') with the Company.

(c) 69,716,132 (2010 – 69,716,132) equity shares of ₹ 5/- each fully paid up are held by Khorakiwala Holdings and Investments Private Limited, the holding company.

(d) 439,200 (2010 – 439,200) fully paid equity shares of ₹ 5/- each were allotted pursuant to exercise of stock options.

(e) 36,431,502 (2010 – 36,431,502) equity shares of ₹ 5/- each were allotted as Bonus shares out of Capital Redemption Reserve in the year 2004.

II Redeemable Preference shares to be issued towards merger of Lemon Exim Private Limited with Vinton Healthcare Limited (Refer note 37).

	As at 31.03.2011 ₹ in millions	As at 31.03.2011 USD in millions [see note 1(b)(d)]	As at 31.03.2010 ₹ in millions	As at 31.03.2010 USD in millions [see note 1(b)(d)]
4. RESERVES AND SURPLUS				
Capital redemption reserve	**265.34**	**5.95**	265.34	5.90
Securities premium account	**134.14**	**3.01**	134.14	2.98
Capital reserve on consolidation	**720.26**	**16.15**	720.26	16.02
Less: Transfer to General reserve (Refer Note 37)	**(539.15)**	**(12.09)**	–	–
	181.11	**4.06**	720.26	16.02
General reserve				
Balance as per last accounts	**–**	**–**	8,456.53	188.14
Add: Addition during the Year (Refer Note 37)	**1,297.30**	**29.08**	–	–
Add: Transfer from capital reserve (Refer Note 37)	**539.15**	**12.09**	–	–
Less: Transfer to profit and loss account (Refer Note 37)	**(83.69)**	**(1.88)**	(8,456.53)	(188.14)
Balance at the end of the year	**1,752.76**	**39.29**	–	–
Profit and loss account	**931.48**	**20.88**	–	–
	3,264.83	**73.19**	1,119.74	24.90
5. SECURED LOANS				
(A) 10% Redeemable Non Convertible Debentures	**2,000.00**	**44.83**	2,000.00	44.50
(B) Term loans				
From Banks/Institutions	**27,891.08**	**625.22**	28,609.63	636.51
(C) Working Capital Loans from Banks	**3,900.61**	**87.44**	4,912.51	109.29
	33,791.69	**757.49**	35,522.14	790.30

Notes:

(I) Debentures are redeemable at par in four annual installments of ₹ 500 million each starting from August 7, 2012. Debentures are secured by first charge on pari-passu basis:
- (i) by way of mortgage of immovable properties and hypothecation of movable assets at Plot No. L-1, D-4, Chikhalthana, Aurangabad, Plot No. 138, Ankleshwar, Gujarat, Plot No. 87A, Bhimpore, Daman and Biotech Park H-14/2, MIDC Waluj, Aurangabad.
- (ii) by way of mortgage of immovable properties and hypothecation of movable assets situated at Jagraon, Punjab.
- (iii) by way of mortgage of immovable properties and hypothecation of movable assets of Company's wholly owned subsidiary i.e. Wockhardt Infrastructure Development Limited situated at Shendra, Aurangabad.
  and by way of second charge on pari passu basis on current assets of the company at all locations.

(II) Term Loans of ₹ 8,764.37 million and Working Capital Loans of ₹ 3,521.32 million are secured as under:
- (A) Pursuant to the approved Corporate Debt Restructuring Package, the rupee denominated term loans from banks amounting to ₹ 6,442.13 million are secured by first charge on pari passu basis and rupee denominated term loans from banks amounting to ₹ 1,388.24 million are secured by third charge on pari passu basis:
  - (i) by way of mortgage of immovable properties and hypothecation of movable assets at Plot No. L-1, D-4, Chikhalthana, Aurangabad, Plot No. 138, Ankleshwar, Gujarat, Plot No. 87A, Bhimpore, Daman and Biotech Park H-14/2, MIDC Waluj, Aurangabad.
  - (ii) by way of mortgage of immovable properties and hypothecation of movable assets situated at Jagraon, Punjab.
  - (iii) by way of mortgage of immovable properties and hypothecation of movable assets of Company's wholly owned subsidiary i.e. Wockhardt Infrastructure Development Limited situated at Shendra, Aurangabad.
    Further, loans amounting to ₹ 6,442.13 million are secured by second charge on pari passu basis and loans amounting to ₹ 1,388.24 million are secured by third charge on pari passu basis on current assets of the company at all locations.
- (B) Pursuant to the approved Corporate Debt Restructuring Package, the rupee denominated term loans from banks amounting to ₹ 175 million are secured by third charge on pari passu basis:
  - (i) by way of mortgage of immovable properties at Plot No. L-1, D-4, Chikhalthana, Aurangabad, Plot No. 87A, Bhimpore, Daman and Biotech Park H-14/2, MIDC Waluj, Aurangabad and hypothecation of current assets of the Company at all locations.
  - (ii) by way of mortgage of immovable properties and hypothecation of movable assets situated at Jagraon, Punjab.
  - (iii) by way of mortgage of immovable properties and hypothecation of movable assets of Company's wholly owned subsidiary i.e. Wockhardt Infrastructure Development Limited situated at Shendra, Aurangabad.
  - (iv) the Company is in the process of creating charge on immovable property at Plot No. 138, Ankleshwar, Gujarat and movable assets of the Company at all locations.
- (C) Pursuant to the approved Corporate Debt Restructuring Package, the rupee denominated loans from others amounting to ₹ 750 million are secured by third charge on pari passu basis:
  - (i) by way of mortgage of immovable properties at Plot No. L-1, D-4, Chikhalthana, Aurangabad, Plot No. 87A, Bhimpore, Daman, Plot No. 138, Ankleshwar and Biotech Park H-14/2, MIDC Waluj, Aurangabad and by way of hypothecation of current assets of the company at all locations.
  - (ii) by way of mortgage of immovable properties and hypothecation of movable assets situated at Jagraon, Punjab.
  - (iii) by way of mortgage of immovable properties and hypothecation of movable assets of Company's wholly owned subsidiary i.e. Wockhardt Infrastructure Development Limited situated at Shendra, Aurangabad.
  - (iv) the Company is in the process of creating charge on movable assets of the Company at all locations.
- (D) The rupee denominated term loan from others amounting to ₹ 9 million is secured by first charge on pari passu basis by hypothecation of movable properties of the Company (except book debts) at all locations.

(E) Out of working capital facilities amounting to ₹ 3,521.32 million, pursuant to the approved Corporate Debt Restructuring Package, the working capital facilities amounting to ₹ 3,259.82 million are secured by way of second charge on pari passu basis.

(i) by way of mortgage of immovable properties and hypothecation of movable assets at Plot No. L-1, D-4, Chikhalthana, Aurangabad, Plot No. 138, Ankleshwar, Gujarat, Plot No. 87A, Bhimpore, Daman and Biotech Park H-14/2, MIDC Waluj, Aurangabad.

(ii) by way of mortgage of immovable properties and hypothecation of movable assets situated at Jagraon, Punjab.

(iii) by way of mortgage of immovable properties and hypothecation of movable assets of Company's wholly owned subsidiary i.e. Wockhardt Infrastructure Development Limited situated at Shendra, Aurangabad and by way of first charge on pari passu basis on current assets of the Company at all locations.

The working capital facilities amounting to ₹ 261.50 million are secured by first pari passu charge on inventories and debtors.

(III) Out of the above secured loans, a sum of ₹ 14,015.19 million are also secured by irrevocable personal guarantee by Dr. H. F. Khorakiwala, Chairman.

(IV) Term Loan of Euro 90.20 million (2010 – Euro 100.02 million) availed by Wockhardt France (Holdings) S.A.S. is secured by pledge of shares of Negma Group of companies.

(V) Term Loan of Euro 36.20 million (2010 – Euro 41.60 million) availed by Wockpharma Ireland Limited is secured by pledge of shares of Pinewood Laboratories Limited and Nonash Limited, all moveable and immovable properties of Pinewood Laboratories Limited situated at Unit at M50, Business Park, Ballymount, Dublin 12 and at Deerpark, Ballymacarbry, Co. Waterford by way of first fixed charge.

(VI) Out of loan of US$250 million availed by Wockhardt EU Operations (Swiss) AG, Term loan of US$101 million is secured by:

(a) first ranking pari passu charge on movable and immovable properties of Wockhardt Limited situated at Kadaiya in Daman and Baddi in Himachal Pradesh.

(b) second ranking charge by way of hypothecation on all the inventories and book debts of Wockhardt Limited.

(c) subservient charge on movable properties of Wockhardt Limited situated at Bhimpore (Daman), Ankleshwar, L-1, D-4, Chikhalthana and Biotech Park, Waluj Aurangabad (except book debts & current assets).

(d) subservient charge on movable properties of Wockhardt Infrastructure Development Limited situated at Shendra, Aurangabad.

and balance loan of US$149 million is secured by:

(a) first ranking pari passu charge on movable and immovable properties of Wockhardt Limited situated at Kadaiya in Daman and Baddi in Himachal Pradesh.

(b) second ranking charge by way of hypothecation on all the inventories and book debts of Wockhardt Limited.

(VII) Working capital loan of Euro 6.01 million availed by Pinewood Laboratories Limited is secured by charge over all of its assets.

	As at 31.03.2011 ₹ in millions	As at 31.03.2011 USD in millions [see note 1(b)(d)]	As at 31.03.2010 ₹ in millions	As at 31.03.2010 USD in millions [see note 1(b)(d)]
6. UNSECURED LOANS				
Long term				
Sales tax deferral loan [Out of the above ₹ 4.29 million (2010 – ₹ 2.17 million) is repayable within one year]	**49.60**	**1.11**	51.77	1.15
From Others [Out of the above ₹ 1.89 million (2010 – ₹ 1.89 million) is repayable within one year]	**47.61**	**1.07**	18.90	0.42
Short term				
Zero coupon foreign currency convertible bonds (Refer note 34)	**4,588.23**	**102.86**	4,464.02	99.32
Other Loans	**18.05**	**0.40**	118.50	2.64
	4,703.49	**105.44**	4,653.19	103.53
7. DEFERRED TAX (ASSET)/LIABILITY (Net)				
Deferred tax liabilities				
Difference between depreciation on block of assets	**2,134.32**	**47.84**	2,260.56	50.29
Total (A)	**2,134.32**	**47.84**	2,260.56	50.29
Deferred tax assets				
Provision for gratuity	**46.62**	**1.05**	49.93	1.11
Provision for leave encashment	**51.29**	**1.15**	34.27	0.76
Deferred expenses	**549.74**	**12.32**	418.59	9.31
Provision on Marked to Market losses on Derivative instruments	**–**	**–**	100.74	2.24
Premium on FCCB Loan	**338.50**	**7.59**	495.74	11.03
Unabsorbed losses	**1,750.57**	**39.24**	1,526.16	33.95
Provision for bonus	**12.92**	**0.29**	2.09	0.05
Provision for doubtful debts	**133.14**	**2.98**	109.49	2.45
Total (B)	**2,882.78**	**64.62**	2,737.01	60.90
Net deferred tax (asset)/liability as of the year end (A-B)	**(748.46)**	**(16.78)**	(476.45)	(10.61)

8. FIXED ASSET

PARTICULARS	GROSS BLOCK					DEPRECIATION						NET BLOCK			
	As At 01.04.2010	Additions (Refer Note 2 below)	Deductions & Transfers	Exc. Gain/ (Loss)	As At 31.03.2011	As At 01.04.2010	Additions	Impairment Losses	Deductions & Transfers	Exc. Gain/ (Loss)	As At 31.03.2011	As at 31.03.2011		As at 31.03.2010	
												₹ in millions	USD in millions See Note 1(b)(d)	₹ in millions	USD in millions See Note 1(b)(d)
Intangibles															
Goodwill on Consolidation	17,130.70	–	–	439.61	**17,570.31**	2,656.11	–	–	–	7.56	2,663.67	**14,906.64**	**334.15**	14,474.59	322.03
Licenses & Dossiers	1,443.13	6.97	(119.88)	58.62	**1,388.84**	1,350.74	64.84	–	(108.17)	50.52	1,357.93	**30.91**	**0.69**	92.39	2.06
Trade Marks	2,101.52	267.15	–	216.18	**2,584.85**	1,017.56	317.64	–	–	72.40	1,407.60	**1,177.25**	**26.39**	1,083.96	24.12
Software	280.01	21.25	–	(1.08)	**300.18**	175.21	23.42	–	–	(0.99)	197.64	**102.54**	**2.30**	104.80	2.33
Total Intangibles A	**20,955.36**	**295.37**	**(119.88)**	**713.33**	**21,844.18**	**5,199.62**	**405.90**	**–**	**(108.17)**	**129.49**	**5,626.84**	**16,217.34**	**363.53**	15,755.74	350.54
Tangibles															
Freehold land	178.32	554.30	–	(0.01)	**732.61**	–	–	–	–	—	–	**732.61**	**16.42**	178.32	3.97
Leasehold land*	251.84	–	–	1.28	**253.12**	17.17	3.17	–	1.23	(0.08)	21.49	**231.63**	**5.19**	234.67	5.22
Buildings*	3,254.80	50.33	(6.92)	77.08	**3,375.29**	1,524.72	85.62	123.09	(0.62)	59.57	1,792.38	**1,582.91**	**35.48**	1,730.08	38.49
Electrical Fittings	1.11	–	–	–	**1.11**	0.50	0.05	–	–	–	0.55	**0.56**	**0.01**	0.61	0.01
Plant and Machinery*	11,453.61	559.23	(233.92)	123.58	**11,902.50**	4,845.93	484.32	118.84	(14.08)	92.26	5,527.27	**6,375.23**	**142.93**	6,607.68	147.01
Furniture and fittings	316.77	14.53	(4.14)	1.45	**328.61**	157.90	18.86	–	(1.38)	1.18	176.56	**152.05**	**3.41**	158.87	3.53
Office Equipments*	1,349.20	55.00	(28.38)	51.67	**1,427.49**	863.33	105.02	51.41	(24.51)	40.13	1,035.38	**392.11**	**8.79**	485.87	10.81
Information Technology Equipments*	542.88	36.38	(8.44)	4.56	**575.38**	407.07	60.41	–	(7.81)	2.85	462.52	**112.86**	**2.53**	135.81	3.02
Vehicles	50.86	2.96	(7.84)	0.26	**46.24**	44.20	2.83	–	(5.89)	0.20	41.34	**4.90**	**0.11**	6.66	0.15
Assets on Finance Lease	(11.39)	–	–	11.39	**–**	(11.37)	–	–	–	11.37	–	**–**	**–**	(0.02)	–
Total Tangibles B	**17,388.00**	**1,272.73**	**(289.64)**	**271.26**	**18,642.35**	**7,849.45**	**760.28**	**293.34**	**(53.06)**	**207.48**	**9,057.49**	**9,584.86**	**214.87**	9,538.55	212.21
Capital Work-in-Progress C (Inclusive of Capital Advances) (Refer Note 2 below)												**8,874.06**	**198.92**	7,075.72	157.42
Total A+B+C	**38,343.36**	**1,568.10**	**(409.52)**	**984.59**	**40,486.53**	**13,049.07**	**1,166.18**	**293.34**	**(161.23)**	**336.97**	**14,684.33**	**34,676.26**	**777.32**	32,370.01	720.17
Previous period	39,895.62	1,144.76	(615.91)	(2,081.11)	**38,343.36**	9,933.89	1,481.39	2,661.74	(429.17)	(598.78)	13,049.07	**32,370.01**	**720.17**		

The net block of tangible fixed assets includes an amount of ₹ 2.70 million (2010 – ₹ 3.20 million) in respect of assets held under Hire Purchase contracts.

Note 1:
Addition to capital work-in-progress includes expenditure incurred during construction period pending allocation aggregating ₹ 1,179.83 million (2010 – ₹ 1195.58 million). These expenses include Material Consumption ₹ 51.74 million (2010 – ₹ 27.67 million), Employee cost aggregating ₹ 242.21 million (2010 – ₹ 342.19 million), Interest expenses ₹ 145.99 million (2010 – ₹ 145.77 million), Depreciation ₹ 51.94 million (2010 – ₹ 68.35 million), Sublease rent income and Development charges income ₹ 1.02 million (2010 – ₹ 1.28 million), Exchange gain ₹ 0.04 million (2010 – Exchange loss ₹ 0.12 million) and Operating expenses aggregating ₹ 651.01 million (2010 – ₹ 454.19 million) [Stores & spares ₹ 32.89 million (2010 – ₹ 30.35 million), Power ₹ 33.43 million (2010 – ₹ 47.46 million), Travelling ₹ 6.42 million (2010 – ₹ 9.20 million), Repairs and Maintenance ₹ 11.97 million (2010 – ₹ 11.56 million), General Expenses ₹ 562.20 million (2010 – ₹ 352 million), Water charges ₹ 3.95 million (2010 – ₹ 2.39 million), Insurance ₹ 0.15 million (2010 – ₹ 1.23 million)] and ART GT development expenses of ₹ 38.00 million (2010 – ₹ 158.57 million).

Note 2:
The Hon'ble High Court of Delhi vide its order dated April 27, 2011 sanctioned a Scheme of Arrangement U/s. 391 to 394 of the Companies Act, 1956, by way of merger of Lemon Exim Private Limited with Vinton Healthcare Limited. The appointed date for the scheme is December 1, 2010. As per the Scheme, all the assets of Vinton Healthcare Limited are fair valued on appointed date. This has resulted in addition to fixed assets – Freehold Land ₹ 554.30 million, Capital Work in Progress ₹ 737.14 million and other assets ₹ 5.87 million (Refer note 37).

* Gross Block, Depreciation & Net Block Includes Assets on Finance Lease as per table given under –

PARTICULARS	GROSS BLOCK					DEPRECIATION						NET BLOCK			
	As At 01.04.2010	Additions	Deductions & Transfers	Exc. Gain/ (Loss)	As At 31.03.2011	As At 01.04.2010	Additions	Impairment Losses	Deductions & Transfers	Exc. Gain/ (Loss)	As At 31.03.2011	As at 31.03.2011		As at 31.03.2010	
												₹ in millions	USD in millions See Note 1(b)(d)	₹ in millions	USD in millions See Note 1(b)(d)
Leasehold land	0.51	–	–	(0.51)	**–**	–	–	–	–	–	–	–	–	0.51	0.01
Building	447.22	–	–	18.62	**465.84**	318.84	18.26	109.03	–	19.70	465.83	–	–	128.38	2.86
Plant & machinery	328.46	–	–	3.32	**331.78**	329.33	–	–	–	2.45	331.78	–	–	(0.87)	(0.02)
Office Equipment	22.82	–	–	0.23	**23.05**	23.14	–	–	–	(0.09)	23.05	–	–	(0.32)	(0.01)
Information Technology Equipment	4.98	–	–	–	**4.98**	4.98	–	–	–	–	4.98	–	–	–	–
Total	**803.99**	**–**	**–**	**21.66**	**825.64**	**676.29**	**18.26**	**109.03**	**–**	**22.06**	**825.64**	**–**	**–**	127.70	2.84

	As at 31.03.2011 ₹ in millions	As at 31.03.2011 USD in millions [see note 1(b)(d)]	As at 31.03.2010 ₹ in millions	As at 31.03.2010 USD in millions [see note 1(b)(d)]
9. INVESTMENTS				
LONG TERM INVESTMENTS (at Cost)				
Other than trade (Unquoted)				
443,482 (2010 – 443,482) Shares of Bharuch Eco-Aqua Infrastructure Limited of ₹ 10/- each fully paid up	**4.43**	**0.10**	4.43	0.10
6,300 (2010 – 6,300) Shares of Bharuch Enviro Infrastructure Limited of ₹ 10/- each fully paid up	**0.06**	**–**	0.06	–
1,000 (2010 – 1,000) Shares of Saraswat Co-Operative Bank Limited of ₹ 10/- each fully paid up	**0.01**	**–**	0.01	–
300 shares of SKR 100 each (2010 – 300) Shares of Jederstorm, Swiss	**16.14**	**0.36**	16.14	0.36
Nil (2010 – 68) Shares of Banco Real, Brazil	**–**	**–**	0.17	–
Investment in Associate				
19,215,000 (2010 – 19,215,000) Equity shares of Swiss Bio Sciences AG (Refer Note 28)	**875.68**	**19.63**	927.49	20.63
	896.32	**20.09**	948.30	21.09
10. INVENTORIES				
Raw materials	**2,095.52**	**46.97**	2,002.03	44.54
Packing materials	**452.15**	**10.14**	465.38	10.35
Work-in-progress	**554.05**	**12.42**	886.22	19.72
Finished goods	**3,858.33**	**86.49**	4,145.40	92.23
Stores and spare parts	**177.20**	**3.97**	155.45	3.46
	7,137.25	**159.99**	7,654.48	170.30
11. SUNDRY DEBTORS (Unsecured)				
Sundry debtors considered good	**6,052.35**	**135.67**	5,740.10	127.71
Sundry debtors considered doubtful	**675.25**	**15.14**	433.40	9.64
	6,727.60	**150.81**	6,173.50	137.35
Less: Provision for doubtful debts/charge back	**(675.25)**	**(15.14)**	(433.40)	(9.64)
Sundry Debtors, net of provisions/charge back	**6,052.35**	**135.67**	5,740.10	127.71
12. CASH AND BANK BALANCES				
Cash on hand	**0.82**	**0.02**	2.06	0.05
Balances with Scheduled banks				
— on current accounts*	**4,787.75**	**107.32**	3,039.36	67.62
— on margin accounts**	**34.33**	**0.77**	328.90	7.32
— on deposit accounts	**6.04**	**0.14**	99.48	2.21
	4,828.94	**108.25**	3,469.80	77.20

* Out of the above, ₹ 93.68 million (2010 – ₹ 94.39 million) are under lien being margin on guarantees.

** Out of the above, ₹ 34.23 million (2010 – ₹ 328.80 million) are under lien being margin on Letter of Credits (LCs) and guarantees.

	As at 31.03.2011 ₹ in millions	As at 31.03.2011 USD in millions [see note 1(b)(d)]	As at 31.03.2010 ₹ in millions	As at 31.03.2010 USD in millions [see note 1(b)(d)]
13. LOANS AND ADVANCES				
(Unsecured, considered good unless stated otherwise)				
Loans/advances to employees [Refer Note (a) below]	**31.16**	**0.70**	77.11	1.71
Loans to companies	**193.39**	**4.34**	184.58	4.11
Advances recoverable in cash or in kind or for value to be received	**1,340.56**	**30.06**	3,347.77	74.48
Accrued income	**–**	**–**	78.09	1.74
Balance with customs and excise authorities	**209.21**	**4.69**	136.06	3.03
Minimum alternate tax (MAT) credit entitlement	**199.16**	**4.46**	199.16	4.43
Advance taxes (including tax deducted at source) – net of provisions for tax [Refer Note (b) below]	**88.76**	**1.99**	397.47	8.84
Other deposits	**650.72**	**14.59**	434.20	9.66
	2,712.96	**60.83**	4,854.44	108.00

(a) Loans/advances to employees include remuneration paid to directors ₹ 8.07 million (2010 – ₹ 50.69 million) [maximum amount outstanding during the year ₹ 53.40 million (2010 – ₹ 50.69 million)].

The Company had made application to Central Government for payment of remuneration in excess of limits specified in Schedule XIII of the Companies Act, 1956, to Dr. H. F. Khorakiwala – Chairman. The Ministry of Corporate Affairs has approved a remuneration of ₹ 17.60 million per annum, payable to Dr. H. F. Khorakiwala during the three year period commencing from January 1, 2009 to December 31, 2011. As the said approval is not in line with remuneration proposed and approved by the shareholders, the Company has once again made an application to the Central Government for re-consideration of the same. Accordingly, the remuneration paid to Dr. H. F. Khorakiwala in excess of the above approval for the fifteen months ended March 31, 2010 and financial year ended March 31, 2011 amounting to ₹ 8.07 million has been shown as recoverable under loans/advances to employees.

As on March 31, 2010 an amount of ₹ 50.69 million was recoverable. The said amount pertained to the excess remuneration paid to Dr. H. F. Khorakiwala and Mr. Rajiv Gandhi for the financial year ended December 31, 2008 and fifteen months period ended March 31, 2010. The Company has received approval from the Central Government for waiver of the excess amount paid during the year ended December 31, 2008 to Dr. H. F. Khorakiwala and Mr. Rajiv Gandhi. For the fifteen months period ended March 31, 2010 the Central Government has approved the remuneration proposed to be paid to Mr. Rajiv Gandhi.

(b) Advance Taxes are after netting off provisions for taxes of ₹ 1,756.45 million (2010 – ₹ 1,691.86 million). Tax assets and liabilities are in accordance with respective countries Tax Legislations.

	As at 31.03.2011 ₹ in millions	As at 31.03.2011 USD in millions [see note 1(b)(d)]	As at 31.03.2010 ₹ in millions	As at 31.03.2010 USD in millions [see note 1(b)(d)]
14. CURRENT LIABILITIES AND PROVISIONS				
CURRENT LIABILITIES				
Sundry creditors	**4,365.83**	**97.87**	4,354.45	96.88
Lease finance	**32.20**	**0.72**	42.03	0.94
Security deposits	**154.15**	**3.46**	142.85	3.17
Investor education and protection fund shall be credited as & when due by the following amounts:				
Unclaimed dividends	**11.61**	**0.26**	12.60	0.28
Interest accrued but not due	**47.78**	**1.07**	102.99	2.29
Other liabilities	**3,294.58**	**73.85**	3,337.27	74.25
	7,906.15	**177.23**	7,992.19	177.81
PROVISIONS				
Provision on Marked to Market Losses on Derivative Instruments	**–**	**–**	303.26	6.75
Provision for Redundancy	**846.49**	**18.97**	–	–
Provision for Gratuity	**140.34**	**3.15**	110.04	2.44
Provision for leave encashment	**124.84**	**2.80**	109.90	2.45
Other provision (Refer Note 26)	**108.37**	**2.43**	105.41	2.35
	1,220.04	**27.35**	628.61	13.99
	9,126.19	**204.58**	8,620.80	191.80

	For the year ended 31.03.2011 ₹ in millions	For the year ended 31.03.2011 USD in millions [see note 1(b)(d)]	For the period ended 31.03.2010 ₹ in millions	For the period ended 31.03.2010 USD in millions [see note 1(b)(d)]
15. OTHER INCOME				
Dividend income on investments – others	**0.01**	**–**	0.01	–
Profit/(Loss) on sale of assets	**(0.61)**	**(0.01)**	36.09	0.80
Miscellaneous income	**121.10**	**2.71**	157.43	3.50
Interest Income	**38.53**	**0.86**	101.71	2.26
	159.03	**3.56**	295.24	6.56
16. MATERIAL CONSUMED AND PURCHASE OF GOODS				
Consumption of raw and packing materials	**8,758.29**	**196.33**	11,840.69	263.43
Purchase of finished goods	**5,786.43**	**129.71**	7,569.10	168.40
	14,544.72	**326.04**	19,409.79	431.83
17. (INCREASE)/DECREASE IN INVENTORIES				
Opening Inventories				
Finished goods	**4,145.40**	**92.93**	4,534.73	100.89
Work-in-progress	**886.22**	**19.87**	814.83	18.13
Less: Excise duty on opening stock	**(10.26)**	**(0.23)**	(12.62)	(0.28)
	5,021.36	**112.57**	5,336.94	118.74
Closing Inventories				
Finished goods	**(3,858.33)**	**(86.49)**	(4,145.40)	(92.23)
Work-in-progress	**(554.05)**	**(12.42)**	(886.22)	(19.72)
Less: Excise duty on closing stock	**8.52**	**0.19**	10.26	0.23
	(4,403.86)	**(98.72)**	(5,021.36)	(111.72)
	617.50	**13.85**	315.58	7.02
18. OPERATING AND OTHER EXPENSES				
Employee costs	**5,497.01**	**123.22**	7,352.67	163.58
Travelling expenses	**553.81**	**12.41**	642.70	14.30
Freight and forwarding	**583.46**	**13.08**	559.71	12.45
Selling and distribution	**957.26**	**21.46**	1,299.16	28.90
Commission on sales	**320.80**	**7.19**	339.22	7.55
Power and fuel	**558.34**	**12.52**	583.62	12.98
Rent, Rates and taxes	**298.28**	**6.69**	523.17	11.64
Repairs and maintenance:				
Machinery	**172.90**	**3.88**	169.19	3.76
Buildings	**57.38**	**1.29**	45.83	1.02
Others	**183.47**	**4.11**	200.51	4.46
Stores and spare parts consumed	**336.00**	**7.53**	430.89	9.59
Insurance	**174.05**	**3.90**	233.61	5.20
Manufacturing expenses	**358.08**	**8.03**	504.62	11.23
Consultancy charges	**620.72**	**13.91**	885.24	19.69
Bad debts	**68.47**	**1.53**	105.79	2.35
Miscellaneous expenses	**2,522.88**	**56.55**	3,181.49	70.78
	13,262.91	**297.30**	17,057.42	379.48
19. FINANCIAL EXPENSES				
Interest paid				
On Term Loans	**1,336.19**	**29.95**	1,624.74	36.15
On Debentures	**219.80**	**4.93**	272.95	6.07
Other Loans	**1,115.06**	**25.00**	1,527.14	33.97
	2,671.05	**59.88**	3,424.83	76.19

		For the year ended 31.03.2011 ₹ in millions	For the year ended 31.03.2011 USD in millions	For the period ended 31.03.2010 ₹ in millions	For the period ended 31.03.2010 USD in millions
20.	(a) **Annual commitments under non-cancellable operating leases are:**				
	Less than 1 year	**80.56**	**1.81**	34.83	0.77
	More than 1 year but less than 5 years	**130.10**	**2.92**	42.39	0.94
	More than 5 years	**0.43**	**0.02**	1.45	0.04
		211.09	**4.75**	78.67	1.75
	(b) **Annual commitments under finance leases are:**				
	Less than 1 year	**1.00**	**0.02**	1.02	0.02
	More than 1 year but less than 5 years	**0.50**	**0.01**	0.95	0.02
	More than 5 years	**–**	**–**	0.48	0.01
		1.50	**0.03**	2.45	0.05
	Less: Finance charge	**0.14**	**–**	0.23	–
	Present value of minimum lease payments	**1.36**	**0.03**	2.22	0.05
21.	**EXPENDITURE ON RESEARCH AND DEVELOPMENT**				
	Capital	**838.00**	**18.79**	954.75	21.24
	Revenue	**482.95**	**10.83**	667.63	14.85
		1,320.95	**29.62**	1,622.38	36.09

22. EARNINGS PER SHARE

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

	For the year ended 31.03.2011 ₹ in millions	For the year ended 31.03.2011 USD in millions	For the period ended 31.03.2010 ₹ in millions	For the period ended 31.03.2010 USD in millions
Reconciliation of earnings				
Profit/(Loss) after tax for the year/period	**905.19**	**20.29**	(10,006.63)	(222.62)
Less: Dividend payable on preference shares	**(0.69)**	**(0.02)**	(0.12)	–
Net profit attributable to equity shareholders	**904.50**	**20.27**	(10,006.75)	(222.62)
Weighted average number of shares	**No. of Shares**		No. of Shares	
Weighted average number of shares for calculating EPS	**109,435,903**		109,435,903	
	109,435,903		109,435,903	
Earnings per share (nominal value ₹ 5/- each)				
Earning per share – Basic and diluted	**8.27**	**0.19**	(91.44)	(2.03)

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.

23. 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 by geographical market regardless of where the goods were produced:

Geographical segment	For the year ended 31.03.2011 ₹ in millions	For the year ended 31.03.2011 USD in millions	For the period ended 31.03.2010 ₹ in millions	For the period ended 31.03.2010 USD in millions
India	**10,413.27**	**233.43**	11,411.68	253.88
USA/Western Europe	**24,948.09**	**559.25**	31,021.60	690.18
Rest of the World	**2,151.03**	**48.22**	2,580.94	57.42
Total	**37,512.39**	**840.90**	45,014.22	1,001.48

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

	India ₹ in millions	India USD in millions	Others ₹ in millions	Others USD in millions
Carrying amount of segment assets	**24,546.09** (23,832.35)	**550.24** (530.23)	**31,758.05** (31,312.75)	**711.90** (696.65)
Additions to tangible and intangible assets	**1,273.27** (831.78)	**28.54** (18.51)	**199.72** (312.98)	**4.48** (6.96)

(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.

Figures in brackets represent prior period comparatives.

24. RELATED PARTY DISCLOSURES

(a) **Parties where control exists**

Holding company

Khorakiwala Holdings and Investments Private Limited

(b) **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

Fellow Subsidiary

Carol Info Services Limited

Associate Company

Swiss Biosciences AG

Key managerial personnel

Dr. H. F. Khorakiwala, Chairman

Dr. Huzaifa Khorakiwala, Executive Director

Dr. Murtaza Khorakiwala, Managing Director

Rajiv B. Gandhi, Whole Time Director (upto March 31, 2010)

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

	31.03.2011 ₹ in millions	31.03.2011 USD in millions	31.03.2010 ₹ in millions	31.03.2010 USD in millions
Holding company				
Issue of 20 million (2010 – 140 million) 0.01% Non-Convertible Cumulative Redeemable Preference shares of ₹ 5 each fully paid up	**100.00**	**2.24**	700.00	15.57
Fellow Subsidiary				
Loan Licensee charges paid	**147.70**	**3.31**	174.78	3.89
Rent paid	**53.36**	**1.20**	66.78	1.49
Deposit/Advance given	**–**	**–**	200.52	4.46
Loan Given	**11.41**	**0.26**	172.60	3.84
Loan Repaid	**–**	**–**	1.00	0.02
Interest Received	**12.67**	**0.28**	5.82	0.13
Key managerial personnel				
Remuneration paid	**27.46**	**0.62**	49.64	1.10
[Remuneration to Chairman ₹ 22.08 million (2010 – ₹ 27.53 million), Remuneration to Whole Time Director ₹ Nil (2010 – ₹ 13.79 million), Remuneration paid to Managing Director ₹ 2.69 million (2010 – ₹ 4.16 million), Remuneration paid to Executive Director ₹ 2.69 million (2010 – ₹ 4.16 million)]				
Irrevocable personal guarantee given by Chairman ₹ 14,015.19 million (2010 – ₹ 14,108.55 million)	**14,015.19**	**314.17**	14,108.55	313.89

	31.03.2011 ₹ in millions	31.03.2011 USD in millions	31.03.2010 ₹ in millions	31.03.2010 USD in millions
Enterprise over which Key Managerial Personnel exercise significant influence				
Rent paid [Palanpur Holdings and Investments Private Limited ₹ 0.78 million (2010 – ₹ 0.98 million), Merind Limited ₹ 1.42 million (2010 – ₹ 1.77 million)]	**2.20**	**0.05**	2.75	0.06
Sale [Wockhardt Hospitals Limited ₹ Nil (2010 – ₹ 2.02 million)]	**–**	**–**	2.02	0.04
Reimbursement of Expenses [Merind Limited ₹ 18.62 million (2010 – ₹ 31.48 million)]	**18.62**	**0.42**	31.48	0.70
Purchase of Fixed Assets [Merind Limited ₹ Nil (2010 – ₹ 4.62 million)]	**–**	**–**	4.62	0.10
Corporate guarantee given by Palanpur Holdings and Investments Private Limited ₹ 14,015.19 million (2010 – ₹ 14,108.55 million)	**14,015.19**	**314.17**	14,108.55	313.89
(d) **Related party balances**				
Payable to fellow subsidiary	**(1.77)**	**(0.04)**	–	–
Receivable from fellow subsidiary	**653.24**	**14.64**	652.36	14.51
Payable to enterprise over which key managerial personnel exercise significant influence Merind Limited ₹ 9.20 million (2010 – ₹ 4.89 million)]	**(9.20)**	**(0.21)**	(4.89)	(0.11)
Receivable from enterprise over which key managerial personnel exercise significant influence [Wockhardt Hospitals Limited ₹ Nil (2010 – ₹ 0.40 million)]	**–**	**–**	0.40	0.01
Enterprises over which Key Managerial Personnel exercise significant influence				
Security Deposit receivable [Palanpur Holdings and Investments Private Limited ₹ 27.50 million (2010 – ₹ 27.50 million)]	**27.50**	**0.62**	27.50	0.61
Receivable from Key managerial personnel [Chairman ₹ 8.07 million (2010 – ₹ 35.65 million), Whole Time Director ₹ Nil (2010 – ₹ 15.04 million)]	**8.07**	**0.18**	50.69	1.13

25. Exceptional item comprises of settlement of loans and disputed derivatives ₹ 2,098.67 million, crystallized derivative losses of ₹ 1,967.08 million, reversal of marked to market provision ₹ 303.26 million, amounts received on release of escrow on divestment of Animal Health Business ₹ 37.50 million and aggregate of ₹ 222.74 million towards provisions, loss of assets and actuarial gain on pension scheme. It also includes restructuring cost of Wockhardt France (Holdings) S.A.S. and its subsidiaries of ₹ 1,784.41 million mainly comprising of – impairment of assets of ₹ 293 million, redundancy cost of ₹ 1,183 million and provision for risk on tax of ₹ 192 million.

Exceptional items of previous period mainly comprises of Marked to Market/crystalized losses of ₹ 11,570.97 million, profit on sale of animal health division ₹ 1,570.97 million, profit on sale of business of Z&Z Services GmbH, Germany (formerly, Esparma GmbH) ₹ 98.66 million and impairment of goodwill of Wockhardt France (Holdings) S.A.S. ₹ 2,661.74 million.

26. Provision for Sales Return on date Expiry – Opening Balance ₹ 105.41 million (2010 – ₹ 92.24 million), Additions during the year ₹ 106.24 million (2010 – ₹ 120.29 million), Utilised during the year ₹ 103.28 million (2010 – ₹ 107.12 million), Closing balance ₹ 108.37 million (2010 – ₹ 105.41 million).

27. CAPITAL COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 387.09 million (2010 – ₹ 66.56 million) after deducting advance on capital account of ₹ 88.83 million (2010 – ₹ 58.36 million).

28. INVESTMENT IN ASSOCIATE COMPANIES

Investment in associate include goodwill of ₹ 543.21 million (2010 – ₹ 543.21 million). The holding interest of Wockhardt group in Swiss Bio Sciences AG is 45% (2010 – 45%).

29. CONTINGENT LIABILITIES NOT PROVIDED FOR:

(a) Demands by Central Excise authorities in respect of Classification/Valuation/Cenvat Credit related disputes; stay orders have been obtained by the Company in case of demands which have been confirmed ₹ 51.80 million (2010 – ₹ 51.80 million). Customs duty demand of ₹ 3.46 million (2010 – ₹ 3.46 million) which has been disputed.

(b) Demand by Income tax authorities ₹ 773.66 million (2010 – ₹ 820.22 million) disputed by the company.

(c) Demand in respect of Sales tax matters ₹ 0.84 million (2010 – ₹ 2.71 million) which has been disputed.

(d) A Government grant of ₹ 35.28 million (2010 – ₹ 37.18 million) received by Pinewood Laboratories Limited, which pertains to periods prior to acquisition, is repayable only if certain conditions are not fulfilled.

(e) Claims of ₹ 441.64 million (2010 – ₹ Nil) for damages due to loss of margin on Generic of ART 50 during March 2009 and June 2010, has been filed against Laboratoires Negma S.A.S. (a subsidiary of Wockhardt France (Holdings) S.A.S.) by a competitor. The company has vigorously contested such claim amount.

(f) Certain derivative/hedging contracts entered into prior to March 31, 2010 had been unilaterally terminated by the banks/ financial institutions. The Company and its Swiss subisidiary have disputed the same and continues to treat the demand of ₹ 3,724.65 million (2010 – ₹ 9,607 million) as a contingent liability and have not acknowledged as a debt, since the liability cannot be currently ascertained even on best effort basis till the final outcome of the matter.

The Company and its Swiss subisidiary are of the view that these are contingent liabilities as these arise from past events and existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within their control and therefore, have not acknowledged these claims as debts.

(g) In view of the losses incurred by the Company, no provision for dividend on Non Convertible Cumulative Redeemable Preference shares (NCRPS) Series 1 to 5 of ₹ 0.55 million and Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) Series 1 to 2 of ₹ 0.26 million, has been made by the Company as on March 31, 2011.

(h) 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.

30. EMPLOYEE BENEFITS (Disclosure in respect of Wockhardt Limited)

(A) Defined Benefit Plans:

	2011 ₹ in millions Gratuity (Non-funded)	2010 ₹ in millions Gratuity (Non-funded)
I. Expenses recognised during the year/period		
1. Current Service Cost	**20.21**	27.75
2. Interest cost	**9.15**	11.60
3. Actuarial Losses/(Gains)	**17.57**	(26.19)
Total Expenses	**46.93**	13.16
II. Net Asset/(Liability) recognised as at balance sheet date		
1. Present value of defined benefit obligation	**140.34**	110.04
2. Net Asset/(Liability)	**(140.34)**	(110.04)
III. Reconciliation of Net Asset/(Liability) recognised as at balance sheet date		
1. Net Asset/(Liability) at the beginning of year	**(110.04)**	(112.82)
2. Expense as per I above	**46.93**	13.16
3. Employer contributions	**16.63**	15.94
4. Net asset/(liability) at the end of the year	**(140.34)**	(110.04)
IV. Actuarial Assumptions:		
1. Discount rate	**8.25%**	7.50%
2. Expected rate of salary increase	**8.00%**	6.00%
3. Mortality	**LIC (1994-96) Ultimate**	LIC (1994-96) Ultimate
4. Attrition rate	**2%**	2%

Notes: (a) Amounts recognised as an expense.

"Retirement benefits" are gratuity ₹ 44.36 million (2010 – ₹ 13.44 million), Leave Encashment ₹ 48.50 million (2010 – ₹ 69.22 million).

(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.

(B) Defined contribution plan:

Amount recognised as an expense and included in the Schedule 18 – "Contribution to provident and other funds" of Profit and Loss Account ₹ 80.06 million (2010 – ₹ 93.95 million).

₹ in millions

	April 2010-March 2011	January 2009-March 2010	January 2008-December 2008	January 2007-December 2007	January 2006-December 2006
(C) Details for the current and previous four years are as follows:					
Defined benefit obligation	**(140.34)**	(110.04)	(112.82)	(94.62)	(94.20)
Surplus/(deficit)	**(140.34)**	(110.04)	(112.82)	(94.62)	(94.20)
Experience adjustment on plan liabilities (gain)/loss	**7.36**	(6.89)	0.09	5.76	4.90

31. DISCLOSURE REGARDING DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

Premium paid in respect of derivative contracts which was unconfirmed during pervious period, aggregating to ₹ 1,843.79 million has been charged to profit and loss account and included under exceptional items.

(a) Details of outstanding derivative contracts:

	As at 31.03.2011		As at 31.03.2010	
No. of contracts	–		32	
Notional principal in Foreign Currency	**Amt. in Foreign Currency (in millions), net**	**₹ in millions**	**Amt. in Foreign Currency (in millions), net**	**₹ in millions**
USD	–	–	390.25	17,540.72
EUR	–	–	143.00	8,658.94
GBP	–	–	60.00	4,082.94

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

		As at 31.03.2011		As at 31.03.2010	
Particulars	**Currency**	**Amt. in Foreign Currency (in millions)**	**₹ in millions**	**Amt. in Foreign Currency (in millions)**	**₹ in millions**
Loan Availed	**USD**	**250.00**	**11,152.50**	252.30	11,340.23
Interest Payable	**USD**	**–**	**–**	1.00	44.79
Sundry Debtors	**ACU**	**0.23**	**10.04**	0.07	3.16
	AUD	**0.01**	**0.64**	0.01	0.57
	CHF	**0.004**	**0.19**	–	–
	EUR	**3.59**	**226.44**	1.53	92.62
	GBP	**5.54**	**395.85**	6.10	415.11
	USD	**26.28**	**1,172.54**	18.94	851.39
Loans and Advances	**EUR**	**0.93**	**58.63**	1.09	66.00
	USD	**1.89**	**84.18**	1.35	60.62
	CHF	**0.003**	**0.14**	0.004	0.18
	GBP	**0.39**	**27.88**	0.39	26.60
	JPY	**3.14**	**1.68**	1.49	0.72
Sundry Creditors	**ACU**	**0.001**	**0.06**	0.001	0.07
	AUD	**0.01**	**0.30**	–	–
	SGD	**0.001**	**0.04**	0.001	0.04
	CAD	**0.01**	**0.40**	–	–
	CHF	**0.003**	**0.13**	0.01	0.60
	EUR	**2.58**	**162.65**	4.92	298.07
	GBP	**4.36**	**311.06**	1.72	116.70
	JPY	**21.11**	**11.30**	13.35	6.43
	SEK	**0.19**	**1.35**	–	–
	USD	**20.00**	**892.27**	13.55	609.04
Foreign Currency Convertible Bonds	**USD**	**102.85**	**4,588.23**	–	–
Bank Balance	**USD**	**3.65**	**162.83**	1.49	66.75
	EUR	**–**	**–**	0.10	5.81
	GBP	**6.80**	**485.57**	5.31	361.27
Time Deposit	**GBP**	**5.60**	**399.88**	–	–
	USD	**–**	**–**	2.05	92.10

32. Corporate Debt Restructuring (CDR) scheme is effective from April 15, 2009. The outstanding liabilities of the Company are substantially restructured under the aegis of Corporate Debt Restructuring Scheme, which extends till 2018. The CDR Scheme comprehensively covers the FCCB liabilities and crystallized derivative/hedging liabilities of the Company.

33. Winding-up petitions have been filed by certain lenders/banks in the Bombay High Court and the Company has filed affidavit in reply. ICICI Bank, as empowered by CDR and Employee Union have filed intervention application against the winding-up. The matter is subjudice and outcome of which cannot be currently ascertained.

34. Zero Coupon Foreign Currency Convertible Bonds (FCCBs) alongwith premium were due for repayment in October 2009. On March 11, 2011 the Hon'ble High Court of Bombay, admitted the winding-up petition filed by the Trustees to the Foreign Currency Convertible Bonds (FCCBs) issued by the Company. Pursuant to an appeal filed by the Company the divisional bench of the Hon'ble Bombay High Court has granted an ad-interim relief while requiring the Company to deposit a sum of ₹ 1,150 million with the court, which has been complied with.

35. During the year Wockhardt France (Holdings) S.A.S. and some of its subsidiaries have been placed under safeguard proceedings by the proactive initiative of the Company for revival due to loss of patent of one of its key products. Under the said process (a) syndicated loan of Euro 88 million availed by Wockhardt France is being restructured and (b) operating costs are being reduced. Separately, a new product is under development and the launch is expected in 2012. In view of the above, management is of the opinion that no further impairment of carrying value of assets is required.

36. Wockhardt EU Operations (Swiss) AG has availed a loan of USD 250 million. The loan has been rescheduled. Currently lenders aggregating to 69% of the total loan value have acceded to the reschedulement. As more than 2/3rd majority lenders by value have signed the new terms and conditions and negotiation with other lenders is in process, the management is of the opinion, that the reschedulement will be successful.

37. Pursuant to approval of the Board vide resolution dated December 3, 2010 and sanction of the Scheme of Arrangement U/s. 391 to 394 of the Companies Act, 1956 by the Hon'ble High Court of Delhi vide its Order dated April 27, 2011, the merger of Lemon Exim Private Limited (transferor company) with Vinton Healthcare Limited (tranferee company) [a wholly owned subsidiary of the Company] became effective from December 1, 2010. Consequently the assets and liabilities of erstwhile Lemon Exim Private Limited were transferred to and vested in Vinton Healthcare Limited with effect from the appointed date i.e. December 1, 2010 in accordance with the Scheme so sanctioned.The amalgamation has been accounted for under the Purchase Method as defined in Accounting Standard 14 "Accounting for Amalgamations" – as prescribed by Companies (Accounting Standards) Rules, 2006 and as per the terms of the scheme or arrangement as under:
– all the assets & liabilities of Lemon Exim Private Limited have been transferred to Vinton Healthcare Limited and redeemable preference shares are to be issued to the shareholders of Lemon Exim Private Limited against the said net assets acquired which has been disclosed as Share Suspense Account.

As per the Scheme of merger, Vinton Healthcare Limited fair valued its assets as on appointed date based on technical valuer's report which has resulted in increase in value of fixed assets by ₹ 1,297.30 million. As per the Scheme, the surplus of fair valuation of assets of both transferor and transferee company over consideration paid has been transferred to general reserve. Had the scheme not prescribed this treatment, the amount of increase due to fair valuation of fixed assets of transferee company would have been credited to revaluation reserve under AS-10 "Accounting for Fixed Assets".

Pursuant to approval of the Board vide resolution dated January 12, 2011 and sanction of the Scheme of Arrangement U/s. 391 to 394 of the Companies Act, 1956 by the Hon'ble High Court of Delhi vide its order dated April 28, 2011, the demerger of Nutrition business of Vinton Healthcare Limited (a wholly owned subsidiary of the Company) into Wockhardt Limited became effective from January1, 2011, being the appointed date.

Consequently, in consolidated balance sheet, capital reserve reduced by ₹ 539.15 million, general reserve increased by ₹ 455.46 million and Profit and Loss Account increased by ₹ 83.69 million.

38. In view of the losses incurred by the Company during the year, debenture redemption reserve has not been created and premium on redemption of preference shares has not been provided for.

39. Issue of Preference Shares as per Corporate Debt Restructuring (CDR) Scheme:

(a) During the year, the Company has increased its authorised Preference Share Capital to ₹ 10,000 million from ₹ 8,000 million.

(b) During the year under review, 153,275,327 preference shares of ₹ 5/- each fully paid up were issued pursuant to approved CDR package against various liabilities of the Company as per the details given below:

(i) Nil (Upto 2010 – 208,555,274) 0.01% Optionally Convertible Cumulative Redeemable Preference shares (OCCRPS Series 1), on the following terms and conditions:

The Preference Share holders shall have the right to convert OCCRPS Series 1, along with accumulated dividend, into fully paid equity shares of the Company, in one or more tranches, commencing October 25, 2015 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. The Deemed Date of allotment is 25th October 2009.

(ii) 22,386,344 (Upto 2010 – 215,608,331) 0.01% Optionally Convertible Cumulative Redeemable Preference shares (OCCRPS Series 2), 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.

(iii) Nil (Upto 2010 – 208,555,274) 0.01% Non-Convertible Cumulative Redeemable Preference shares (NCRPS Series 1), which shall be redeemed at a premium of 38% of the face value along with cumulative dividend on December 31, 2018.

(iv) 12,758,074 (Upto 2010 – 19,507,036) 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.

(v) 52,234,803 (Upto 2010 – 503,086,106) 0.01% Non-Convertible Cumulative Redeemable Preference shares (NCRPS Series 3), which shall be redeemed at a redemption premium calculated at 4% p.a. on simple basis along with cumulative dividend on December 31, 2018.

(vi) 45,896,106 (Upto 2010 – 41,846,459) 0.01% Non-Convertible Cumulative Redeemable Preference shares (NCRPS Series 4), which shall be redeemed along with cumulative dividend on September 30, 2018. However, in case the Company exits CDR, the Preference Shares shall be redeemed at the point of exit.

(vii) 20,000,000 (Upto 2010 – 140,000,000) 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.

40. PREVIOUS YEAR COMPARATIVES

The current year annual accounts and reports are for a period of 12 months commencing from April 1, 2010 and ending on March 31, 2011. The figures in respect of the previous period relate to 15 months ended March 31, 2010. Hence, figures for the two periods are not comparable.

41. Previous period figures have been regrouped to conform to current year's presentation.

For and on behalf of the Board of Directors

H. F. Khorakiwala
Chairman

Huzaifa Khorakiwala
Executive Director

Murtaza Khorakiwala
Managing Director

Shekhar Datta
Abid Hussain
Aman Mehta
Bharat Patel
R. A. Shah
Directors

Place: Mumbai
Date : May 19, 2011

V. R. Khetan
Company Secretary

AUDITORS' REPORT

To
The Members of Wockhardt Limited

1. We have audited the attached balance sheet of Wockhardt Limited ('the Company') as at March 31, 2011 and also the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003, (as amended), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act'), we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, we report that:

   (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (ii) In our opinion, the Company has kept proper books of account as required by law, so far as it appears from our examination of those books;

   (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;

   (iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

   (v) On the basis of the written representations received from the directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

5. Without qualifying our opinion, we draw attention

   (a) to Note 32 of the financial statements, wherein as explained, Corporate Debt Restructuring (CDR) Scheme is effective from April 15, 2009. The outstanding liabilities of the Company have been substantially restructured under the aegis of CDR Scheme, which extends till 2018.

   (b) to Note 36 and 37 of the financial statements, wherein as explained, certain lenders have filed winding up petitions against the Company and the Company has filed affidavit in reply. In one case, the Hon'ble High Court of Bombay has admitted winding up petition filed by certain holders of Zero Coupon Foreign Currency Convertible Bonds and the High Court has granted stay thereon upon appeal by the Company. The matter is sub-judice and outcome of which cannot be currently ascertained. The Company's ability to continue as a going concern is dependent on the successful outcome of the winding up petitions.

   (c) to Note 35(c) of the financial statements, wherein as explained, the Company has given corporate guarantee for US$ 250 million syndicate loan obtained by its Swiss subsidiary, which is being rescheduled. Terms and conditions for rescheduling of 31% of the loan are still under negotiation.

6. *In respect of crystallized derivative losses of ₹ 1,843.79 million forming part of 'exceptional items', we have relied on appropriate written representations.*

7. *As explained in Note 35(e) to the financial statements, the Company and its Swiss subsidiary had, on certain derivative contracts with banks/financial institutions, stopped payment of margins called by the banks/financial institutions. The banks/financial institutions, based on the Early Termination clause in the agreement, terminated these contracts and claimed an amount of ₹ 3,322.51 million (including a demand of ₹ 669.15 million as guarantor for derivatives contracts executed by Swiss subsidiary), being the loss incurred on termination of such contracts, which the Company and its subsidiary have disputed.*

   No provision has been made in the accounts for above amounts, which have been considered as contingent liabilities. The consequential impact upon relevant assets and liabilities and loss for the year is not ascertainable.

8. In our opinion, and to the best of our information and according to the explanations given to us, *subject to the matter included in paragraph 6 and 7 above, the effect of which cannot be currently ascertained,* the said accounts give the information required by the Act in the manner so required and also 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, 2011;

   (b) in the case of the profit and loss account, of the loss for the year ended on that date; and

   (c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For **Haribhakti & Co.**
Chartered Accountants
FRN No.103523W

Shailesh Haribhakti
Partner
Membership No. 30823

Place : Mumbai
Date : May 19, 2011

ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 3 of the Auditors' Report of even date to the members of **WOCKHARDT LIMITED** on the financial statements for the year ended 31st March, 2011.

(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 accounts.

(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off 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 as informed, 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 during the 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, *except that scope needs to be enlarged in respect of Treasury Operations.*

(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.

(ix) (a) 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.

Further, since the Central Government has till date not prescribed the amount of cess payable under Section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.

(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 end of the year, for 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 millions)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Reversal of CENVAT credit	0.40	April 1999 to August 1999	Commissioner Appeal
	Penalty for classification	3.66	February 2001 to February 2003	CESTAT
	Differential Duty	21.92	November 1996 to April 1998	Commissioner
	Education Cess	0.24	July 2004 to August 2004	Deputy Commissioner
	Penalty for Valuation	3.62	December 2001 to January 2004	Additional Commissioner
	Demand and Penalty for classification	21.96	September 1991 to July 1993	CESTAT
Income Tax Act, 1961	Demand under Section 143(3)	36.42	April 2001 to March 2002	High Court
	Demand under Section 143(3)	231.21	April 2005 to March 2006	Commissioner of Income Tax (Appeals)
	Demand under Section 143(3)	128.01	April 2006 to March 2007	Commissioner of Income Tax (Appeals)
	TDS Assessment order u/s 201/201(IA)	25.98	April 2007 to March 2009	Commissioner of Income Tax (Appeals)

Note: Amount paid under protest by the Company and not included above for Income tax are ₹ 202.66 million.

(x) In our opinion, the accumulated losses of the Company are not more than fifty percent of its net worth. The Company has incurred cash losses during the current financial year as well as during the preceding financial period. This is without considering the effect of the qualifications in our main report on accumulated losses, net worth, and cash losses, as the resulting financial impact is not quantifiable.

(xi) (a) In our opinion and according to the information and explanations given to us, considering the loan liabilities being restructured under the aegis of Corporate Debt Restructuring (CDR) Scheme and Master Restructuring Agreement being signed by lenders, as per the terms of CDR Scheme, there has been no default in repayment of principal and interest to CDR lenders.

(b) With respect to Foreign Currency Convertible Bonds aggregating ₹ 4,588.23 million which were due for repayment in October 2009, no repayment has been made and as informed, CDR Scheme comprehensively covers FCCB liabilities.

(c) As informed, the Company is in dispute with certain lenders whose liabilities as per books of accounts aggregate ₹ 261.50 million. Further as stated in Note 35(e), the Company has not acknowledged as debt the demand raised on account of unilateral termination of certain derivative contracts. We are unable to comment in respect of such liabilities whether there has been any default in view of the dispute.

(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 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) 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 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xv) In our opinion and as explained in Note 35(c) 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, the term loans have been applied for the purpose for which the loans were raised.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, funds raised on short-term basis to the tune of ₹ 2,671.26 million have been used for long-term investment mainly on account of losses incurred during the year and demerger of nutrition business of wholly owned subsidiary into the Company.

(xviii) According to the information and explanations given to us, the Company has made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act as required by the Corporate Debt Restructuring Scheme. Accordingly, in our opinion, the prices at which such shares have been issued are not prejudicial to the interest of the Company.

(xix) According to the information and explanations given to us, the Company has created adequate security or charge in respect of debentures outstanding during the year.

(xx) The Company has not raised any money by public issue during the year covered under our audit.

(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
FRN No.103523W

Shailesh Haribhakti
Partner
Membership No. 30823

Place : Mumbai
Date : May 19, 2011

BALANCE SHEET

As at March 31, 2011

(All amounts in millions of Indian ₹)

	Notes	As at March 31, 2011	As at March 31, 2010
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	2	**7,999.35**	7,232.97
Reserves and surplus	3A	**399.48**	399.48
		8,398.83	7,632.45
LOAN FUNDS			
Secured loans	4	**14,285.69**	15,343.29
Unsecured loans	5	**4,685.44**	4,638.07
		18,971.13	19,981.36
DEFERRED TAX LIABILITY (Net)	1(h) & 6	**–**	–
TOTAL		**27,369.96**	27,613.81
APPLICATION OF FUNDS			
FIXED ASSETS	1(a) & 7		
Gross block		**11,381.65**	10,318.22
Accumulated depreciation		**(3,757.22)**	(3,166.01)
Net block		**7,624.43**	7,152.21
Capital work-in-progress including capital advances		**7,805.59**	4,628.83
		15,430.02	11,781.04
INVESTMENTS	1(c) & 8	**3,079.54**	3,156.44
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	1(d) & 9	**3,050.75**	3,059.72
Sundry debtors	10	**3,117.40**	4,635.91
Cash and bank balances	11	**1,616.75**	989.52
Loans and advances to subsidiaries	20(j)	**1,292.55**	2,155.41
Other Loans and advances	12	**2,409.02**	4,260.58
[A]		**11,486.47**	15,101.14
***Less:* CURRENT LIABILITIES AND PROVISIONS**	13		
Current Liabilities		**3,936.52**	3,912.34
Provisions		**373.55**	628.61
[B]		**4,310.07**	4,540.95
NET CURRENT ASSETS [A] - [B]		**7,176.40**	10,560.19
PROFIT AND LOSS ACCOUNT, Net	3B	**1,684.00**	2,116.14
TOTAL		**27,369.96**	27,613.81

The notes from 1 to 39 form an integral part of the Balance Sheet.

As per our attached report of even date

For Haribhakti & Co.
Chartered Accountants

Shailesh Haribhakti
Partner

Place : Mumbai
Date : May 19, 2011

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

Shekhar Datta
Abid Hussain
Aman Mehta
Bharat Patel
R. A. Shah
Directors

PROFIT AND LOSS ACCOUNT

For the Year Ended March 31, 2011
(All amounts in millions of Indian ₹)

	Notes	For the year ended March 31, 2011	For the period ended March 31, 2010
INCOME			
Sales and services	1(f)	**17,589.07**	18,729.84
Add/(Less): Excise Duty		**(39.83)**	(44.78)
		17,549.24	18,685.06
Other income	14	**170.93**	333.87
TOTAL		**17,720.17**	19,018.93
EXPENDITURE			
Materials consumed and purchase of goods	15	**8,034.47**	8,996.74
(Increase)/decrease in inventories	1(d) & 16	**184.04**	(292.28)
Operating and other expenses	17	**5,073.06**	5,064.97
Research and development expenses	18	**332.78**	399.08
TOTAL		**13,624.35**	14,168.51
PROFIT BEFORE DEPRECIATION, INTEREST AND TAX		**4,095.82**	4,850.42
Less: Depreciation/Amortisation	1(a) & 7	**615.78**	710.48
PROFIT BEFORE INTEREST AND TAX		**3,480.04**	4,139.94
(Add)/Less: Exchange fluctuation, net		**(158.98)**	180.07
(Add)/Less: FCCB premium		**–**	268.30
(Add)/Less: Financial expenses	19	**2,030.89**	2,319.73
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX		**1,608.13**	1,371.84
Less: Exceptional Items	22	**2,928.75**	9,305.24
PROFIT/(LOSS) BEFORE TAX AND AFTER EXCEPTIONAL ITEMS		**(1,320.62)**	(7,933.40)
Provision for tax:	1 (h)		
Current tax		**–**	–
Deferred tax		**–**	–
Fringe benefit Tax		**–**	(8.74)
NET PROFIT/(LOSS) AFTER TAX		**(1,320.62)**	(7,942.14)
Balance brought forward from previous period		**(2,116.14)**	(2,967.59)
PROFIT/(LOSS) AVAILABLE FOR APPROPRIATION		**(3,436.76)**	(10,909.73)
APPROPRIATIONS			
Transferred from general reserve		**–**	(8,793.59)
Surplus/(deficit) carried forward		**(3,436.76)**	(2,116.14)
		(3,436.76)	(10,909.73)
Earnings per share	21		
– Earnings per share (₹) – Basic		**(12.07)**	(72.57)
– Earnings per share (₹) – Diluted		**(12.07)**	(72.57)
Nominal Value of shares (₹)		**5.00**	5.00

The notes from 1 to 39 form an integral part of the Profit and Loss Account.

As per our attached report of even date

For Haribhakti & Co.
Chartered Accountants

Shailesh Haribhakti
Partner

Place : Mumbai
Date : May 19, 2011

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

Shekhar Datta
Abid Hussain
Aman Mehta
Bharat Patel
R. A. Shah
Directors

CASH FLOW STATEMENT

For the Year Ended March 31, 2011
(All amounts in millions of Indian ₹)

	For the year ended March 31, 2011	For the period ended March 31, 2010
A. CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES:		
Net Profit/(Loss) before tax	**(1,320.62)**	(7,933.40)
Adjustments for:		
Depreciation/Amortisation	**615.78**	710.48
Amortisation of expenses	**–**	10.08
Liabilities no more payable	**(7.59)**	(25.37)
Advances no more recoverable	**8.98**	1.37
Provision for doubtful debts and bad debts written off	**116.22**	204.18
(Profit)/loss on assets, net	**274.81**	(156.70)
Gain on settlements	**(436.87)**	–
(Profit)/loss on sale of Animal Health Division	**–**	(1,570.97)
Interest expense	**2,030.89**	2,319.73
Interest income	**(121.42)**	(260.86)
Dividend income	**(0.01)**	(0.01)
Provision for marked to market loss	**(303.26)**	303.26
Crystallized derivative loss	**2,280.69**	3,691.01
Exchange fluctuation, net	**(158.98)**	180.07
Product development expenses written off	**211.61**	74.79
FCCB Premium	**–**	268.30
Operating profit before working capital changes	**3,190.23**	(2,184.04)
Movement in working capital		
(Increase)/decrease in inventories	**8.98**	(572.54)
(Increase)/decrease in sundry debtors	**1,450.20**	(784.08)
(Increase)/decrease in loans and advances	**19.24**	449.55
Increase/(decrease) in current liabilities and provisions	**146.81**	(4,204.27)
Cash generated from operations	**4,815.46**	(7,295.38)
Direct taxes paid, including fringe benefit tax	**(16.43)**	(102.61)
Net cash from/(used in) operating activities	**4,799.03**	(7,397.99)
B. CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES:		
Purchase of fixed assets including capital work-in-progress	**(1,807.57)**	(1,477.72)
Proceeds from sale of fixed assets	**7.27**	206.78
Proceeds from sale of Animal Health Division	**–**	1,662.50
Proceeds from sale of investments	**–**	0.03
(Loans to)/Repayment by subsidiaries/companies	**(316.97)**	2,120.29
Margin money and fixed deposits under lien	**294.57**	4,048.77
Interest received	**13.63**	107.82
Dividend received	**0.01**	0.01
Net cash from/(used in) investing activities	**(1,809.06)**	6,668.48

		For the year ended March 31, 2011	For the period ended March 31, 2010
C. CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES:			
Proceeds from issuance of share capital		**100.00**	700.00
Proceeds from borrowings		**1,118.31**	7,530.61
Repayment of borrowings		**(1,815.87)**	(4,882.58)
Interest paid		**(1,469.04)**	(2,313.45)
Dividend paid (Including tax on dividend)		**(1.00)**	(1.26)
Net cash from/(used in) financing activities		**(2,067.60)**	1,033.32
Net Increase In Cash And Cash Equivalents	(A+B+C)	**922.37**	303.81
Cash and Cash Equivalents, at the beginning of year		**660.72**	363.22
Unrealised gain/(loss) on Foreign Currency Cash and Cash Equivalents		**(0.57)**	(6.31)
Cash and Cash Equivalents, at the end of year		**1,582.52**	660.72
Components of Cash and Cash Equivalents, as at March 31, 2011			
Cash		**0.76**	1.96
Balances with banks:			
– on Current Account (excluding unclaimed dividend accounts)		**1,568.23**	644.23
– on unclaimed dividend account*		**11.31**	12.31
– on Fixed Deposits Account		**2.22**	2.22
		1,582.52	660.72

* These balances are not available for use as they represent corresponding unclaimed dividend liabilities.

Demerger of nutrition business of Vinton Healthcare Limited into Wockhardt Limited does not have any cash flow impact. Refer note 33 for details of transaction.

As per our attached report of even date

For Haribhakti & Co.
Chartered Accountants

Shailesh Haribhakti
Partner

Place: Mumbai
Date : May 19, 2011

V. R. Khetan
Company Secretary

For and on behalf of the Board of Directors

H. F. Khorakiwala
Chairman

Huzaifa Khorakiwala
Executive Director

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Managing Director

Shekhar Datta
Abid Hussain
Aman Mehta
Bharat Patel
R. A. Shah
Directors

NOTES TO ACCOUNTS

For the Year Ended March 31, 2011

(All amounts in millions 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 period.

(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, depreciation/amortisation and impairment

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.

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

Depreciation/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 & Machinery	4.75 – 6.67%
Furniture & 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/period, or reported in previous financial statements, are recognized as income or as expenses in the year/period 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/period.

(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 fair value determined on an individual investment basis. Long-term investments are stated at cost. Provision is made to recognise a diminution, other than temporary, in the value of investments.

(d) Inventories

All inventories are valued at moving weighted average price other than finished goods, which are valued on quarterly moving average price. Finished goods and Work in Progress is computed based on respective moving weighted average 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) Retirement and Other Employee benefits

Retirement benefits in the form of Provident Fund, Family Pension Fund and Superannuation Schemes, which are defined contribution schemes, are charged to the Profit & Loss Account of the 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 profit and loss account and are not deferred.

(f) Revenue recognition

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

Sale of Goods

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

Sale of Services

Revenues from services are recognised on completion of 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.

Royalties

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

Interest

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

(g) Research and development

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

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

(h) Income-tax

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

Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of Income Tax Act, 1961 as applicable to the financial year. Deferred income taxes reflects the impact of current year/period timing differences between taxable income and accounting income for the year/period 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 profit and loss account and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

(i) **Leases**

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

(j) **Financing/Borrowing cost**

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

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

(k) **Provisions**

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

(l) **Earnings per share**

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

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

(m) **Cash and Cash equivalents**

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

(n) **Derivative Financial Instruments**

The Company uses derivative financial instruments such as option contracts and interest rate swaps to hedge its risk associated with foreign currency fluctuations and interest rates.

As per the Institute of Chartered Accountants of India (ICAI) Announcement, accounting for derivative contracts, 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.

	As at March 31, 2011	As at March 31, 2010
2. SHARE CAPITAL		
AUTHORISED		
250,000,000 (Previous Period – 250,000,000) Equity shares of ₹ 5/- each	**1,250.00**	1,250.00
2,000,000,000 (Previous Period – 1,600,000,000) Preference shares of ₹ 5/- each	**10,000.00**	8,000.00
	11,250.00	9,250.00
ISSUED, SUBSCRIBED AND PAID UP		
109,435,903 (Previous Period – 109,435,903) Equity shares of ₹ 5/- each fully paid up	**547.18**	547.18
446,549,949 (Previous Period – 424,163,605) Optionally Convertible Cumulative Redeemable Preference shares of ₹ 5 each fully paid up – Refer Note 27	**2,232.75**	2,120.82
1,043,883,858 (Previous Period – 912,994,875) Non Convertible Cumulative Redeemable Preference shares of ₹ 5 each fully paid up Refer Note 27	**5,219.42**	4,564.97
	7,999.35	7,232.97

Of the above equity shares:

(a) 70,123,304 (Previous Period – 70,123,304) fully paid-up equity shares of ₹ 5/- each were allotted pursuant to scheme of arrangement to demerge pharmaceuticals business of Carol Info Services Limited ('CISL') (formerly Wockhardt Life Sciences Limited).

(b) 2,400,000 (Previous Period – 2,400,000) fully paid-up equity shares of ₹ 5/- each were allotted pursuant to amalgamation of Wockhardt Veterinary Limited ('WVL') with the Company.

(c) 69,716,132 (Previous Period – 69,716,132) equity shares of ₹ 5/- each fully paid up are held by Khorakiwala Holdings and Investments Private Limited, the holding company.

(d) 439,200 (Previous Period – 439,200) fully paid equity shares of ₹ 5/- each were allotted pursuant to exercise of stock options.

(e) 36,431,502 (Previous Period – 36,431,502) equity shares of ₹ 5/- each were allotted as Bonus shares out of Capital Redemption Reserve in the year 2004.

	As at March 31, 2011	As at March 31, 2010
3A. RESERVES AND SURPLUS		
Capital redemption reserve		
Balance as per last account	**265.34**	265.34
	265.34	265.34
Securities premium account		
Balance as per last account	**134.14**	134.14
	134.14	134.14
	399.48	399.48
3B. PROFIT AND LOSS ACCOUNT, NET		
Debit balance of profit and loss account	**3,436.76**	2,116.14
Less:		
General reserve		
Balance as per last account	**–**	8,793.59
Less: Transferred to profit and loss account	**–**	(8,793.59)
Add: Additions during the year (Refer Note 33)	**1,752.76**	–
	1,752.76	–
Debit balance of profit and loss account, net	**1,684.00**	2,116.14
4. SECURED LOANS		
(a) 10% Redeemable Non-convertible Debentures	**2,000.00**	2,000.00
(b) Rupee Denominated Term Loans		
(i) From banks	**8,005.37**	8,046.44
(ii) From others	**759.00**	750.00
(c) Working capital loan from Banks	**3,521.32**	4,546.85
	14,285.69	15,343.29

Notes:

(A) Debentures are redeemable at par in four annual installments of ₹ 500 million each starting from August 7, 2012. Debentures are secured by first charge on pari-passu basis:

(i) by way of mortgage of immovable properties and hypothecation of movable assets at Plot No. L-1, D-4, Chikhalthana, Aurangabad, Plot No. 138, Ankleshwar, Gujarat, Plot No. 87A, Bhimpore, Daman and Biotech Park H-14/2, MIDC Waluj, Aurangabad;

(ii) by way of mortgage of immovable properties and hypothecation of movable assets situated at Jagraon, Punjab.

(iii) by way of mortgage of immovable properties and hypothecation of movable assets of Company's wholly owned subsidiary i.e. Wockhardt Infrastructure Development Limited situated at Shendra, Aurangabad;

and by way of second charge on pari-passu basis on current assets of the Company at all locations.

(B) Term Loans and Working Capital Loans are secured as under:

(I) Pursuant to the approved Corporate Debt Restructuring Package, the rupee denominated term loans from banks amounting to ₹ 6,442.13 million are secured by first charge on pari-passu basis and rupee denominated term loans from banks amounting to ₹ 1,388.24 million are secured by third charge on pari-passu basis:

(i) by way of mortgage of immovable properties and hypothecation of movable assets at Plot No. L-1, D - 4, Chikhalthana, Aurangabad, Plot No. 138, Ankleshwar, Gujarat, Plot No. 87A, Bhimpore, Daman and Biotech Park H-14/2, MIDC Waluj, Aurangabad.

(ii) by way of mortgage of immovable properties and hypothecation of movable assets situated at Jagraon, Punjab.

(iii) by way of mortgage of immovable properties and hypothecation of movable assets of Company's wholly owned subsidiary i.e. Wockhardt Infrastructure Development Limited situated at Shendra, Aurangabad.

Further, loans amounting to ₹ 6,442.13 million are secured by second charge on pari-passu basis and loans amounting to ₹ 1,388.24 million are secured by third charge on pari-passu basis on current assets of the Company at all locations.

(II) Pursuant to the approved Corporate Debt Restructuring Package, the rupee denominated term loans from banks amounting to ₹ 175 million are secured by third charge on pari-passu basis:

(i) by way of mortgage of immovable properties at Plot No. L-1, D-4, Chikhalthana, Aurangabad, Plot No. 87A, Bhimpore, Daman and Biotech Park H-14/2, MIDC Waluj, Aurangabad and hypothecation of current assets of the Company at all locations.

(ii) by way of mortgage of immovable properties and hypothecation of movable assets situated at Jagraon, Punjab.

(iii) by way of mortgage of immovable properties and hypothecation of movable assets of Company's wholly owned subsidiary i.e Wockhardt Infrastructure Development Limited situated at Shendra, Aurangabad.

(iv) the Company is in the process of creating charge on immovable property at Plot No. 138, Ankleshwar, Gujarat and movable assets of the Company at all locations.

(III) Pursuant to the approved Corporate Debt Restructuring Package, the rupee denominated loans from others amounting to ₹ 750 million are secured by third charge on pari-passu basis:

(i) by way of mortgage of immovable properties at Plot No. L-1, D-4, Chikhalthana, Aurangabad, Plot No. 87A, Bhimpore, Daman, Plot No. 138, Ankleshwar and Biotech Park H-14/2, MIDC Waluj, Aurangabad and by way of hypothecation of current assets of the Company at all locations.

(ii) by way of mortgage of immovable properties and hypothecation of movable assets situated at Jagraon, Punjab.

(iii) by way of mortgage of immovable properties and hypothecation of movable assets of Company's wholly owned subsidiary i.e. Wockhardt Infrastructure Development Limited situated at Shendra, Aurangabad.

(iv) the Company is in the process of creating charge on movable assets of the Company at all locations.

(IV) The rupee denominated term loan from others amounting to ₹ 9 million is secured by first charge on pari-passu basis by hypothecation of movable properties of the Company (except book debts) at all locations.

(V) Out of working capital facilities amounting to ₹ 3,521.32 million, pursuant to the approved Corporate Debt Restructuring Package, the working capital facilities amounting to ₹ 3,259.82 million are secured by way of second charge on pari-passu basis:

(i) by way of mortgage of immovable properties and hypothecation of movable assets at Plot No. L-1, D - 4, Chikhalthana, Aurangabad, Plot No. 138, Ankleshwar, Gujarat, Plot No. 87A, Bhimpore, Daman and Biotech Park H-14/2, MIDC Waluj, Aurangabad;

(ii) by way of mortgage of immovable properties and hypothecation of movable assets situated at Jagraon, Punjab;

(iii) by way of mortgage of immovable properties and hypothecation of movable assets of Company's wholly owned subsidiary i.e. Wockhardt Infrastructure Development Limited situated at Shendra, Aurangabad;

and by way of first charge on pari-passu basis on current assets of the Company at all locations.

The working capital facilities amounting to ₹ 261.50 million are secured by first pari passu charge on inventories and debtors.

(C) Out of the above secured loans, a sum of ₹ 14,015.19 million are also secured by irrevocable personal guarantee by H.F. Khorakiwala, Chairman.

	As at March 31, 2011	As at March 31, 2010
5. UNSECURED LOANS		
Long term		
Sales tax deferral loan	**49.60**	51.77
[Of the above ₹ 4.29 million (Previous Period – ₹ 2.17 million) is repayable within one year]		
From Others	**47.61**	18.90
[Of the above ₹ 1.89 million (Previous Period – ₹ 1.89 million) is repayable within one year]		
Short term		
Zero Coupon Foreign Currency Convertible Bonds (Refer note 37)	**4,588.23**	4,464.02
From Others	**–**	103.38
	4,685.44	4,638.07
6. DEFERRED TAX (ASSET)/LIABILITY, (net)		
Deferred tax liabilities		
Difference between depreciation on block of assets	**2,032.41**	2,202.66
Gross deferred tax liabilities	**2,032.41**	2,202.66
Deferred tax assets		
Provision for Gratuity	**46.62**	49.92
Provision for Leave Encashment	**41.47**	34.27
Provision for Bonus	**2.15**	2.09
Premium on FCCB Loan	**338.50**	495.74
Provision on marked to market losses on derivative instruments	**–**	100.74
Provision for doubtful debts	**131.21**	109.49
Unabsorbed losses	**1,472.46**	1,410.41
Gross deferred tax assets	**2,032.41**	2,202.66
	–	–

During the year, the Company has recognised deferred tax asset only to the extent of deferred tax liability.

7. FIXED ASSETS (At cost)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2010	Additions	Deductions	As at 31.03.2011	As at 01.04.2010	For the year	Deductions/ Adjustments	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
Intangibles										
Trademarks/Technical know-how	471.75	194.17	–	**665.92**	251.94	177.03	–	**428.97**	**236.95**	219.81
Software	67.24	16.92	–	**84.16**	27.74	8.53	–	**36.27**	**47.89**	39.50
Tangibles										
Freehold land (Refer Note 2 below & 33)	28.55	602.02	–	**630.57**	–	–	–	**–**	**630.57**	28.55
Leasehold land	83.41	–	–	**83.41**	8.18	1.05	–	**9.23**	**74.18**	75.23
Buildings	1,088.87	22.33	6.92	**1,104.28**	213.29	35.99	0.62	**248.66**	**855.62**	875.58
Plant and Machinery (Refer Note 2 below & 33)	8,000.02	446.88	224.95	**8,221.95**	2,295.20	339.47	7.13	**2,627.54**	**5,594.41**	5,704.82
Furniture and fittings	225.19	5.26	4.14	**226.31**	81.71	15.69	1.38	**96.02**	**130.29**	143.48
Office Equipments	57.05	1.54	2.87	**55.72**	52.18	2.63	2.52	**52.29**	**3.43**	4.87
Information Technology Equipments	258.99	27.51	8.44	**278.06**	202.12	34.17	7.81	**228.48**	**49.58**	56.87
Vehicles	37.15	0.52	6.40	**31.27**	33.65	1.22	5.11	**29.76**	**1.51**	3.50
Total	**10,318.22**	**1,317.15**	**253.72**	**11,381.65**	**3,166.01**	**615.78**	**24.57**	**3,757.22**	**7,624.43**	**7,152.21**
Capital Work-in-Progress (including Capital advances) (Refer Note 2 below & 33)									**7,805.59**	4,628.83
Total	**10,318.22**	**1,317.15**	**253.72**	**11,381.65**	**3,166.01**	**615.78**	**24.57**	**3,757.22**	**15,430.02**	**11,781.04**
Previous Period	9,589.53	831.78	103.09	10,318.22	2,441.73	710.48	(13.80)	3,166.01	11,781.04	

Note 1: Addition to capital work-in-progress includes expenditure incurred during construction period pending allocation aggregating ₹ 1,078.70 million (Previous Period – ₹ 993.03 million). These expenses include Material Consumption ₹ 51.74 million (Previous Period – ₹ 27.67 million), Employee cost aggregating ₹ 242.21 million (Previous Period – ₹ 342.19 million), Interest expenses ₹ 116.53 million (Previous Period – ₹ 114.19 million), Depreciation ₹ 50.71 million (Previous Period – ₹ 66.81 million) and Operating expenses aggregating ₹ 617.51 million (Previous Period – ₹ 442.17 million) [Stores & spares ₹ 32.89 million (Previous Period – ₹ 30.35 million), Power ₹ 24.70 million (Previous Period – ₹ 45.84 million), Travelling ₹ 6.42 million (Previous Period – ₹ 9.20 million), Repairs and Maintenance ₹ 11.97 million (Previous Period – ₹ 11.56 million), General Expenses ₹ 541.53 million (Previous Period – ₹ 345.22 million)].

Note 2: The Hon'ble High Court of Delhi vide its order dated April 28, 2011 sanctioned the Scheme of Arrangement U/s. 391 to 394 of the Companies Act, by way of demerger of Nutrition Business of Vinton Healthcare Limited (a wholly owned subsidiary of Wockhardt Limited) in to Wockhardt Limited resulting in addition to fixed assets – Freehold Land ₹ 602.02 million, Plant and Machinery ₹ 0.88 million and Capital Work in Progress ₹ 2,348 million.

	As at March 31, 2011	As at March 31, 2010
8. INVESTMENTS		
LONG TERM INVESTMENTS (at cost)		
A. In subsidiary companies (unquoted)		
1,307,368 (Previous Period – 1,307,368) Equity Shares of Wockhardt Europe Limited of par value £1 each fully paid up (including two fully paid-up shares held in the name of nominees of the Company)	**83.80**	83.80
27,504,823 (Previous Period – 27,504,823) Equity Shares of Wockhardt UK Holdings Limited [formerly Wockhardt UK Limited] of 1p each fully paid-up	**752.66**	752.66
18,000,000 (Previous Period – 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)	**90.00**	90.00
44,600 (Previous Period – 44,600) shares of Wockhardt EU Operations (Swiss) AG of CHF 1000 each fully paid-up (including one fully paid-up share of par value held in the name of the nominee of the Company)	**2,096.32**	2,096.32
2,000,000 (Previous Period – 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)	**35.00**	35.00
981,819 (Previous Period – 12,800,000) 7% Non-cumulative Redeemable Preference Shares of ₹ 100 each fully paid-up of Vinton Healthcare Limited – Refer Note 33	**6.38**	83.24
10,000,000 (Previous Period – 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)	**10.88**	10.88
Nil (Previous Period – 1,000) Stocks of USD 1 each fully paid-up of Atlantis USA Inc.	**–**	0.04
B. Other than trade (unquoted)		
443,482 (Previous Period – 443,482) Shares of Bharuch Eco-Aqua Infrastructure Limited of ₹ 10 each fully paid-up	**4.43**	4.43
6,300 (Previous Period – 6,300) Shares of Bharuch Enviro Infrastructure Limited of ₹ 10 each fully paid-up	**0.06**	0.06
1,000 (Previous Period – 1,000) Shares of Saraswat Co-Operative Bank Limited of ₹ 10 each fully paid-up	**0.01**	0.01
	3,079.54	3,156.44
9. INVENTORIES		
Raw materials	**1,051.79**	892.17
Packing materials	**306.40**	297.42
Work-in-progress	**440.32**	552.60
Finished goods	**1,137.80**	1,211.31
Stores and spares	**114.44**	106.22
	3,050.75	3,059.72
10. SUNDRY DEBTORS		
Debts outstanding for a period exceeding six months		
Unsecured, Considered good	**347.86**	1,573.71
Unsecured, Considered doubtful	**394.98**	325.71
	742.84	1,899.42
Provision for doubtful debts	**(394.98)**	(325.71)
	347.86	1,573.71
Other debts		
Unsecured, Considered good	**2,769.54**	3,062.20
	3,117.40	4,635.91

	As at March 31, 2011	As at March 31, 2010
11. CASH AND BANK BALANCES		
Cash on hand	**0.76**	1.96
Balances with scheduled banks:		
– on current accounts	**1,579.54**	656.54
– on margin accounts*	**34.23**	328.80
– on deposit accounts	**2.22**	2.22
	1,616.75	989.52
* Out of the above, ₹ 34.23 million (Previous Period – ₹ 328.80 million) are under lien being margin on Letter of Credits (LCs) and guarantees.		
12. OTHER LOANS AND ADVANCES		
(Unsecured and considered good unless otherwise stated)		
Loans/Advances to employees [Refer note (a) below]	**15.06**	69.23
Loans to others	**–**	0.31
Advances recoverable in cash or in kind or for value to be received	**920.74**	3,017.10
Balance with customs and excise authorities	**188.62**	121.86
Other deposits [Refer note (b) below]	**624.52**	408.43
Minimum Alternative Tax (MAT) credit entitlement	**199.16**	199.16
Advance tax, net of provision for tax	**460.92**	444.49
	2,409.02	4,260.58

(a) Loans/advances to employees include remuneration paid to directors ₹ 8.07 million (Previous Period – ₹ 50.69 million) [maximum amount outstanding during the year ₹ 53.40 million (Previous Period – ₹ 50.69 million)].

The Company had made application to Central Government for payment of remuneration in excess of limits specified in Schedule XIII of the Companies Act, 1956, to Dr. H F Khorakiwala – Chairman. The Ministry of Corporate Affairs has approved a remuneration of ₹ 17.60 million per annum, payable to Dr. H F Khorakiwala during the three year period commencing from January 1, 2009 to December 31, 2011. As the said approval is not in line with remuneration proposed and approved by the shareholders, the Company has once again made an application to the Central Government for re-consideration of the same. Accordingly, the remuneration paid to Dr. H F Khorakiwala in excess of the above approval for the fifteen months ended March 31, 2010 and financial year ended March 31, 2011 amounting to ₹ 8.07 million has been shown as recoverable under loans/advances to employees.

As on March 31, 2010 an amount of ₹ 50.69 million was recoverable. The said amount pertained to the excess remuneration paid to Dr. H F Khorakiwala and Mr. Rajiv Gandhi for the financial year ended December 31, 2008 and fifteen months period ended March 31, 2010. The Company has received approval from the Central Government for waiver of the excess amount paid during the year ended December 31, 2008 to Dr. H F Khorakiwala and Mr. Rajiv Gandhi. For the fifteen months period ended March 31, 2010 the Central Government has approved the remuneration proposed to be paid to Mr. Rajiv Gandhi.

(b) Other Deposits includes deposit given to Carol Info Services Limited, the Company under same management ₹ 465 million (Previous Period – deposit/advance ₹ 475.52 million) [maximum outstanding during the year ₹ 475.52 million (Previous Period – ₹ 475.52 million)].

	As at March 31, 2011	As at March 31, 2010
13. CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Acceptances	**118.67**	145.22
Sundry creditors – Micro and Small enterprises [see Note 20(k)]	**62.36**	38.93
– Subsidiary companies	**358.70**	233.87
– Others	**2,471.02**	2,331.66
Security deposits	**154.15**	142.35
Investor Education and Protection Fund shall be credited as and when due by the following amounts:		
– Unclaimed dividends	**11.31**	12.31
Interest accrued but not due	**22.77**	75.76
Other liabilities	**737.54**	932.24
	3,936.52	3,912.34
PROVISIONS		
Provision on Marked to Market Losses on Derivative Instruments	**–**	303.26
Provision for gratuity (Refer Note 29)	**140.34**	110.04
Provision for leave encashment	**124.84**	109.90
Other Provision (Refer Note 31)	**108.37**	105.41
	373.55	628.61
	4,310.07	4,540.95

		For the year ended March 31, 2011		For the period ended March 31, 2010
14. OTHER INCOME				
Dividend income on investments – others		**0.01**		0.01
Interest [TDS ₹ 14.24 million (Previous Period – ₹ 53.62 million)]		**121.42**		260.86
Miscellaneous income (Refer note below)		**49.50**		73.00
		170.93		333.87
Miscellaneous income includes liabilities no more payable of ₹ 7.59 million (Previous Period – ₹ 26.33 million)				
15. MATERIAL CONSUMED AND PURCHASE OF GOODS				
Consumption of raw and packing materials		**5,805.28**		6,437.13
Purchase of finished goods		**2,229.19**		2,559.61
		8,034.47		8,996.74
16. (INCREASE)/DECREASE IN INVENTORIES				
Opening Inventories				
Finished goods		**1,211.31**		1,109.25
Work-in-progress		**552.60**		364.73
Less: Excise Duty on opening stock		**(10.27)**		(12.62)
Closing Inventories				
Finished goods		**(1,137.80)**		(1,211.31)
Work-in-progress		**(440.32)**		(552.60)
Less: Excise Duty on closing stock		**8.52**		10.27
		184.04		(292.28)
17. OPERATING AND OTHER EXPENSES				
Salaries, wages and bonus		**1,299.68**		1,315.80
Retirement benefits		**68.05**		81.17
Contribution to provident and other funds		**75.06**		86.48
Staff welfare expenses		**127.57**		85.58
Travelling and conveyance		**360.04**		375.21
Freight and forwarding charges		**419.04**		374.63
Selling and distribution		**357.36**		373.28
Commission on sales		**209.57**		237.42
Power and fuel		**410.59**		394.55
Rent		**82.77**		105.69
Rates and taxes		**36.98**		27.15
Repairs and maintenance				
Plant & Machinery		**98.24**		75.38
Buildings		**38.48**		20.00
Others		**77.85**		63.70
Stores and spare parts consumed		**126.19**		164.93
Insurance		**45.10**		65.53
Bad debts	**46.93**		273.88	
Provision for doubtful debts	**69.29**	**116.22**	(69.70)	204.18
Product development expenses written off		**211.61**		74.79
Legal and Professional Charges		**254.26**		278.39
Miscellaneous expenses		**658.40**		661.11
		5,073.06		5,064.97

	For the period ended March 31, 2011	For the period ended March 31, 2010
18. RESEARCH AND DEVELOPMENT EXPENSES		
Chemicals and consumables	**47.37**	41.53
Employee cost	**148.98**	245.11
Travelling expenses	**25.84**	22.36
Power and fuel	**15.40**	16.83
Repair and maintenance	**9.22**	6.79
Printing and stationery	**4.95**	4.94
Communication expenses	**4.52**	6.60
Clinical trial expenses	**6.35**	8.53
Analysis expenses	**16.49**	1.08
Legal and professional expenses	**5.61**	10.97
Other Research and Development expenses	**48.05**	34.34
	332.78	399.08
19. FINANCIAL EXPENSES		
Interest		
On Term Loans	**944.44**	904.79
On Debentures	**219.80**	272.95
Others	**866.65**	1,141.99
	2,030.89	2,319.73
20. SUPPLEMENTARY STATUTORY INFORMATION		
(a) Remuneration to Directors:		
Salary	**16.80**	34.99
Contribution to Provident Fund	**1.44**	1.74
Other Perquisites	**9.22**	12.91
	27.46	49.64

The above figures do not include provision for gratuity and leave encashment payable to directors, as the same is determined on an actuarial basis for the Company as a whole.

The Company had made application to Central Government for payment of remuneration in excess of limits specified in Schedule XIII of the Companies Act, 1956, to Dr. H. F. Khorakiwala – Chairman, Dr. Huzaifa Khorakiwala – Executive Director and Dr. Murtaza Khorakiwala – Managing Director. The Company has received approval for payment of remuneration to Dr. H. F. Khorakiwala – Chairman upto ₹ 17.60 million per annum. As the said approval is not in line with remuneration proposed and approved by the shareholders, the Company has once again made an application to the Central Government for re-consideration of the same. However, as the remuneration of ₹ 3.62 million paid to Dr. H. F. Khorakiwala during the year 2010-2011 is in excess of the approval received from Central Government the same is shown as recoverable. Presently, the Company has paid remuneration to Dr. Huzaifa Khorakiwala and Dr. Murtaza Khorakiwala as per limits specified in Schedule XIII of the Companies Act, 1956. The applications made for payment of remuneration to Dr. Huzaifa Khorakiwala – Executive Director and Dr. Murtaza Khorakiwala – Managing Director are pending before the Central Government.

(b) Capital Expenditure on Research and Development	**769.23**	799.58

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

	For the year ended March 31, 2011		For the period ended March 31, 2010	
	Value	**%**	Value	%
(i) Materials				
Imported	**1,449.28**	**24.96**	1,443.62	22.43
Indigenously Procured	**4,356.00**	**75.04**	4,993.51	77.57
	5,805.28	**100.00**	6,437.13	100.00
(ii) Stores and Spare Parts				
Imported	**21.15**	**14.60**	22.28	12.08
Indigenously Procured	**123.75**	**85.40**	162.12	87.92
	144.90	**100.00**	184.40	100.00

(d) Raw Material and Packing Material Consumed

Material Description	Unit of Measurement	For the year ended March 31, 2011 Quantity	Value (₹ in Million)	For the period ended March 31, 2010 Quantity	Value (₹ in Million)
1. Raw Milk	**Kgs**	**14,104,789**	**310.27**	17,927,588	334.22
2. Cyclohexenylethylamine	**Kgs**	**88,140**	**69.76**	145,205	103.91
3. Gentamicin sulphat IP	**Kgs**	**10,000**	**57.33**	13,500	75.45
4. Ranitidine Base	**Kgs**	**15,600**	**17.94**	37,200	43.15
5. Ketorolac tromethamine hcl	**Kgs**	**134**	**22.63**	206	39.81
6. Lisnopril	**Kgs**	**4,582**	**79.09**	4,437	94.64
7. Ropinirole Hcl	**Kgs**	**148**	**62.22**	170	88.52
8. P-Methoxy Phenyl Acetic Acid	**Kgs**	**117,000**	**69.80**	192,750	122.78
9. 7-Amino Cephalosporanic Acid	**Kgs**	**16,800**	**98.13**	14,620	74.66
10. Povidone Iodine	**Kgs**	**50,408**	**38.50**	55,868	44.17
11. Paracetamol	**Kgs**	**615,059**	**128.30**	811,878	184.73
12. D-Mandelic Acid	**Kgs**	**34,043**	**30.90**	58,686	53.91
13. Gliciazide BP	**Kgs**	**5,829**	**39.25**	5,640	51.93
14. Dexamethasone	**Gms**	**713,371**	**56.37**	867,234	66.34
15. Azithromycin	**Kgs**	**3,493**	**35.97**	4,545	38.15
16. Product B	**Kgs**	**153,600**	**66.11**	260,800	110.78
17. Isoproplyl alcohol	**Kgs**	**389,892**	**28.05**	475,433	29.39
18. Metoprolol Succinate	**Kgs**	**21,929**	**64.08**	–	–
19. Prosolv Smcc	**Kgs**	**67,936**	**50.28**	–	–
20. Valproic Acid	**Kgs**	**53,740**	**82.51**	–	–
21. Cefprozil	**Kgs**	**–**	**–**	272	9.73
22. ECPP alanine	**Kgs**	**–**	**–**	8,000	45.78
23. Others			**4,397.79**		4,825.08
			5,805.28		6,437.13

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

Particulars	Unit of Measurement	Installed Capacity Per Annum Quantity	Production Quantity	Purchase		Stock at Commencement		Stock at close		Turnover	
				Quantity	₹ in Million Value	Quantity	₹ in Million Value	Quantity	₹ in Million Value	Quantity	₹ in Million Value
1. Injections	Ltrs.	**262,000**	**116,862**	**791,169**	**771.29**	**113,562**	**170.47**	**77,612**	**184.69**	**943,981**	**2,193.63**
		(262,000)	(123,369)	(1,619,743)	(920.65)	(131,185)	(181.02)	(113,562)	(170.47)	(1,760,735)	(2,363.60)
2. Liquids & Solutions	Ltrs.	**3,000,000**	**2,411,848**	**4,491,681**	**564.64**	**777,499**	**100.96**	**799,802**	**103.07**	**6,881,226**	**1,657.26**
		(3,000,000)	(2,595,586)	(4,749,307)	(582.14)	(807,241)	(91.70)	(777,499)	(100.96)	(7,374,635)	(1,769.65)
3. Tablets & Capsules	Nos. in Lacs	**83,240**	**70,997**	**10,994**	**827.88**	**6,029**	**310.17**	**6,447**	**360.74**	**81,573**	**9,380.78**
		(54,475)	(75,551)	(12,750)	(919.04)	(2,916)	(212.42)	(6,029)	(310.17)	(85,188)	(9,110.78)
4. Ointments	Kgs.	**160,000**	**93,595**	**74,591**	**22.49**	**35,733**	**21.82**	**26,890**	**18.43**	**177,029**	**307.08**
		(160,000)	(130,304)	(70,679)	(15.59)	(31,247)	(21.74)	(35,733)	(21.82)	(196,497)	(346.62)
5. Powder	Kgs.	**–**	**5,878,639**	**81,006**	**12.74**	**985,379**	**204.43**	**983,734**	**195.08**	**5,961,290**	**2,308.82**
		–	(7,336,044)	(807,446)	(95.04)	(695,196)	(106.31)	(985,379)	(204.43)	(7,853,307)	(2,590.34)
6. Bulk Drugs	Kgs.	**520,400**	**360,403**	**–**	**–**	**50,208**	**392.91**	**34,223**	**261.52**	**376,388**	**1,072.98**
		(490,400)	(564,120)	–	–	(51,137)	(480.37)	(50,208)	(392.91)	(565,049)	(1,633.46)
7. Other goods	Nos. in Lacs				**30.15**		**10.55**		**14.27**		**337.09**
					(27.15)		(15.69)		(10.55)		(483.40)
8. Processing charges											**0.98**
											(3.49)
9. Distribution income											**14.45**
											(27.70)
10. Management fees/R&D Services											**135.38**
											(206.76)
11. Export Incentive											**180.62**
											(194.04)
					2,229.19		**1,211.31**		**1,137.80**		**17,589.07**
					(2,559.61)		(1,109.25)		(1,211.31)		(18,729.84)

(i) Production and Sale figures include trade incentives.
(ii) Turnover includes sale of traded goods.
(iii) Installed capacity is on a single shift basis, and is as certified by the management and not verified by the auditors.
(iv) Production includes quantities manufactured by loan licensees.
(v) Figures in brackets represent prior period comparatives.

		For the year ended March 31, 2011	For the period ended March 31, 2010
(f)	**Auditor's Remuneration (including service tax):**		
	Audit Fees	**3.03**	3.03
	Tax Audit Fees	**1.79**	1.79
	Other services	**4.15**	2.08
	Out of pocket expenses	**0.70**	0.03
		9.67	6.93
(g)	**Value of Imports on C.I.F. Basis**		
	Raw Materials, Packing Materials, components & spares	**1,576.34**	1,937.35
	Capital Goods	**213.09**	308.12
		1,789.43	2,245.47
(h)	**Expenditure in Foreign Currency (Accrual Basis)**		
	Travelling	**4.71**	13.48
	Professional fees	**395.15**	372.13
	Royalty	**34.90**	40.01
	Interest	**305.65**	276.15
	Others	**394.53**	280.29
		1,134.94	982.06
(i)	**Earnings in Foreign Exchange (Accrual Basis)**		
	Exports of goods on F.O.B. basis	**6,748.70**	6,863.95
	Management and Technical fees	**140.00**	197.45
	Royalty	**6.16**	28.54
	Interest	**28.69**	72.58
	R&D Services	**54.22**	–
		6,977.77	7,162.52

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

Loans and advances to subsidiaries in the nature of loans comprises of amounts recoverable from Wockhardt Infrastructure Development Limited ₹ 535.82 million (Previous Period – ₹ 461.01 million) [maximum amount outstanding during the year ₹ 535.82 million (Previous Period – ₹ 461.01 million)], Vinton Healthcare Limited ₹ Nil (Previous Period – ₹ 1,067.02 million)] [maximum outstanding during the year ₹ 1,164.18 million (Previous Period – ₹ 1,067.02 million)], Wockhardt EU Operations (Swiss) AG ₹ 243.72 million (Previous Period – ₹ 110.48 million) [maximum outstanding during the year ₹ 256.73 million (Previous Period – ₹ 1,042.70 million)], Wockhardt Holding Corp ₹ 513.01 million (Previous Period – ₹ 516.90 million) [maximum outstanding during the year ₹ 540.79 million (Previous Period – ₹ 779.84 million), Z&Z Service GmbH ₹ Nil (Previous Period – ₹ Nil) [maximum amount outstanding during the year ₹ Nil (Previous Period – ₹ 202.97 million)], Morton Grove Pharmaceuticals, Inc. ₹ Nil (Previous Period – ₹ Nil) [maximum amount outstanding during the year ₹ Nil (Previous Period – ₹ 97.42 million)].

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

	As at March 31, 2011	As at March 31, 2010
(k) Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006:		
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	**63.37**	39.88
The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	**–**	–
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	**–**	–
The amount of interest accrued and remaining unpaid at the end of each accounting year.	**1.01**	0.95
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowances as a deductible expenditure under section 23.	**–**	–
The above information is given to the extent available with the Company and relied upon by the auditor.		

21. EARNINGS PER SHARE

	For the year ended March 31, 2011	For the period ended March 31, 2010
The calculations of earnings per share (basic and diluted) are based on the earnings and number of shares as computed below:		
Reconciliation of earnings		
Profit/(Loss) after tax	**(1,320.62)**	(7,942.14)
Add: Dividend payable on preference shares	**(0.69)**	(0.12)
Net profit/(Loss) for calculation of basic/diluted EPS	**(1,321.31)**	(7,942.26)
	No. of Shares	No. of Shares
Weighted average number of shares in calculating Basic and Diluted EPS	**109,435,903**	109,435,903
Earnings per share (nominal value ₹ 5/- each)	**₹**	₹
Earnings per share – Basic and diluted	**(12.07)**	(72.57)

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.

22. Exceptional items comprise of settlement of loans and disputed derivatives ₹ 1,130.05 million, crystallized derivative losses of ₹ 1,843.79 million, reversal of marked to market provision ₹ 303.26 million, amounts received on release of escrow on divestment of Animal Health Business ₹ 37.50 million and aggregate of ₹ 295.67 million towards provisions and loss of assets. Exceptional items of previous period mainly comprises of Marked to Market/crystallised losses of ₹ 10,986.96 million, profit on sale of animal health division ₹ 1,570.97 million, profit on sale of intangible assets ₹ 156.43 million and gain on settlement of loan liability of ₹ 17.32 million.

23. 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 23 of Consolidated Financial statement).

24. Product Development Expenses of ₹ 929.93 million (Previous Period – ₹ 900.15 million) incurred during the year are considered as capital expenditure to be capitalized as intangible assets.

25. The Company has taken office premises on operating lease. These leave 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.

Annual commitments under non-cancellable operating leases are as follows:

	For the year ended March 31, 2011	For the period ended March 31, 2010
Less than one year	**57.41**	12.73
More than one year but less than five years	**71.52**	26.49
More than five years	**0.43**	1.45

26. In view of the losses incurred by the Company during the year, debenture redemption reserve has not been created and premium on redemption of preference shares has not been provided for.

27. ISSUE OF PREFERENCE SHARES AS PER CORPORATE DEBT RESTRUCTURING (CDR) SCHEME:

(a) During the year, the Company has increased its authorised Preference Share Capital to ₹ 10,000 million from ₹ 8,000 million.

(b) During the year under review, 153,275,327 preference shares of ₹ 5/ - each fully paid up were issued pursuant to approved CDR package against various liabilities of the Company as per the details given below:

(i) Nil (Upto Previous Period - 208,555,274) 0.01% Optionally Convertible Cumulative Redeemable Preference shares (OCCRPS Series 1), on the following terms and conditions:

The Preference Share holders shall have the right to convert OCCRPS Series 1, along with accumulated dividend, into fully paid equity shares of the Company, in one or more tranches, commencing October 25, 2015 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. The Deemed Date of allotment is 25th October 2009.

(ii) 22,386,344 (Upto Previous Period - 215,608,331) 0.01% Optionally Convertible Cumulative Redeemable Preference shares (OCCRPS Series 2), 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.

(iii) Nil (Upto Previous Period - 208,555,274) 0.01% Non-Convertible Cumulative Redeemable Preference shares (NCRPS Series 1), which shall be redeemed at a premium of 38% of the face value along with cumulative dividend on December 31, 2018.

(iv) 12,758,074 (Upto Previous Period - 19,507,036) 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.

(v) 52,234,803 (Upto Previous Period - 503,086,106) 0.01% Non-Convertible Cumulative Redeemable Preference shares (NCRPS Series 3), which shall be redeemed at a redemption premium calculated at 4% p.a. on simple basis along with cumulative dividend on December 31, 2018.

(vi) 45,896,106 (Upto Previous Period - 41,846,459) 0.01% Non-Convertible Cumulative Redeemable Preference shares (NCRPS Series 4), which shall be redeemed along with cumulative dividend on September 30, 2018. However, in case the Company exits CDR, the Preference Shares shall be redeemed at the point of exit.

(vii) 20,000,000 (Upto Previous Period - 140,000,000) 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.

28. RELATED PARTY DISCLOSURES

(a) Parties where control exists

Wholly owned subsidiary companies (including step down subsidiaries)

1. Wockhardt UK Holdings Limited (formerly, Wockhardt UK Limited)
2. CP Pharmaceuticals Limited
3. CP Pharma (Schweiz) AG
4. Wallis Group Limited
5. The Wallis Laboratory Limited
6. Wockhardt Farmaceutica Do Brazil Ltda
7. Wallis Licensing Limited
8. Wockhardt Biopharm Limited
9. Vinton Healthcare Limited
10. Wockhardt Infrastructure Development Limited
11. Z&Z Services GmbH (formerly, esparma GmbH)
12. Wockhardt Europe Limited
13. Wockhardt Nigeria Limited
14. Wockhardt USA LLC w.e.f. October 3, 2008 (formerly, Wockhardt USA Inc.,)
15. Wockhardt EU Operations (Swiss) AG
16. Wockhardt UK Limited
17. Wockhardt Cyprus Limited
18. Wockpharma Ireland Limited
19. Pinewood Laboratories Limited
20. Nonash Limited
21. Atlantis USA Inc., (Dissolved on April 30, 2010)
22. Laboratoires Negma S.A.S. (formerly, Negma Lerads S.A.S.)
23. Wockhardt France (Holdings) S.A.S.
24. esparma AG
25. Wockhardt Holding Corp
26. Morton Grove Pharmaceuticals, Inc.
27. MGP Inc.
28. Girex S.A.S.
29. Mazal Pharmaceutique S.A.R.L.
30. Laboratoires Pharma 2000 S.A.S. (formerly, Pharma 2000 S.A.S.)
31. Hariphar S.C.
32. Niverpharma S.A.S.
33. Cap Dermatology S.A.R.L (merged with Niverpharma S.A.S. on November 2, 2010)
34. Negma Beneulex S.A.
35. S.C.I. Salome
36. DMH S.A.S. (Liquidated on March 25, 2011)
37. Phytex S.A.S.
38. Scomedia S.A.S.
39. Laboratoires Lerads S.A.S.

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
Wockhardt Hospitals Limited
Merind Limited

Fellow Subsidiary

Carol Info Services Limited

Key managerial personnel

Dr. H F Khorakiwala, Chairman
Dr. Huzaifa Khorakiwala, Executive Director
Dr. Murtaza Khorakiwala, Managing Director
Rajiv B. Gandhi, Whole Time Director (upto March 31, 2010)

(c) Transactions with related parties during the year

	For the year ended March 31, 2011 ₹ in million	For the period ended March 31, 2010 ₹ in million
Holding Company		
Issue of 20 million (Previous Period – 140 million) 0.01% Non-Convertible Cumulative Redeemable Preference Shares of ₹ 5 each fully paid up	**100.00**	**700.00**
Subsidiary Companies		
Purchase of Raw material [Vinton Healthcare Limited ₹ 88.05 million (Previous Period – ₹ Nil), Pinewood Laboratories ₹ 5.29 million (Previous Period – ₹ Nil), Morton Grove Pharmaceuticals, Inc ₹ 0.46 million (Previous Period – ₹ Nil)]	**93.80**	–
Purchase of fixed assets [CP Pharmaceuticals Limited ₹ 2.02 million (Previous Period – ₹ Nil), Morton Grove Pharmaceuticals, Inc. ₹ Nil (Previous Period – ₹ 11.77 million)]	**2.02**	11.77
Management and Technical fees [CP Pharmaceuticals Limited ₹ 7.40 million (Previous Period – ₹ 12 million), Wockhardt USA LLC ₹ 24.41 million (Previous Period – ₹ 35.16 million), Z&Z Services GmbH ₹ Nil (Previous Period – ₹ 4.17 million), Wockhardt EU Operations (Swiss) AG ₹ 86.64 million (Previous Period – ₹ 23.78 million), Pinewood Laboratories Limited ₹ 17.04 million (Previous Period – ₹ 32.18 million), Wockhardt France S.A.S. ₹ 4.51 million (Previous Period – ₹ 13.88 million), Morton Grove Pharmaceuticals, Inc. ₹ Nil (Previous Period – ₹ 3.76 million), Laboratoires Negma S.A.S ₹ Nil (Previous Period – ₹ 72.52 million)]	**140.00**	197.45
Royalty expense [Wockhardt Biopharm Limited ₹ 15.33 million (Previous Period – ₹ 13.29 million), Wockhardt EU Operations (Swiss) AG ₹ 34.89 million (Previous Period – ₹ 37.01 million)]	**50.22**	50.30
Sales [Wockhardt USA LLC ₹ 2,779.08 million (Previous Period – ₹ 3,112.02 million), CP Pharmaceuticals Limited ₹ 15.77 million (Previous Period – ₹ 23.59 million), Z&Z Services GmbH ₹ Nil (Previous Period – ₹ 9.47 million), Wockhardt EU Operations (Swiss) AG ₹ 2,619.33 million (Previous Period – ₹ 1,844.87 million), Pinewood Laboratories Limited ₹ 2.83 million (Previous Period – ₹ 3.65 million)]	**5,417.01**	4,993.60
Interest Income [Z&Z Services GmbH ₹ Nil (Previous Period – ₹ 8.07 million), Vinton Healthcare Limited ₹ 49.65 million (Previous Period – ₹ 68.15 million), Wockhardt Holding Corp ₹ 22.09 million (Previous Period – ₹ 40.01 million), Morton Grove Pharmaceuticals, Inc. ₹ Nil (Previous Period – ₹ 0.97 million), Wockhardt EU Operations (Swiss) AG ₹ 6.60 million (Previous Period – ₹ 23.53 million), Wockhardt Infrastructure Development Limited ₹ 29.46 million (Previous Period – ₹ 31.56 million)]	**107.80**	172.29
Royalty received [Z&Z Services GmbH ₹ Nil (Previous Period – ₹ 28.54 million)]	**–**	28.54
Lease Rent Paid [Wockhardt Infrastructure Development Limited ₹ 0.94 million (Previous Period – ₹ 1.18 million)]	**0.94**	1.18
Maintenance expenses paid [Wockhardt Infrastructure Development Limited ₹ 0.08 million (Previous Period – ₹ 0.10 million)]	**0.08**	0.10
Capital expenditure recovered [Laboratoires Negma S.A.S. ₹ Nil (Previous Period – ₹ 34.46 million)]	**–**	34.46

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

	For the year ended March 31, 2011 ₹ in million	For the period ended March 31, 2010 ₹ in million
Outstanding balances written off [Laboratoires Negma S.A.S. ₹ 21.70 million (Previous Period – ₹ Nil)]	**21.70**	–
Expenses recovered [Z&Z Services GmbH ₹ Nil (Previous Period – ₹ 0.03 million), Pinewood Laboratories Limited ₹ 0.15 million (Previous Period – ₹ 0.46 million), Wockhardt USA LLC ₹ 0.40 million (Previous Period – ₹ Nil), Wockhardt EU Operations (Swiss) AG ₹ Nil (Previous Period – ₹ 0.08 million), Wockhardt France (Holding) S.A.S. ₹ 0.02 million (Previous Period – ₹ Nil), CP Pharmaceuticals Limited ₹ 0.03 million (Previous Period – ₹ 0.34 million), Wockhardt UK Limited ₹ 0.33 million (Previous Period – ₹ 0.15 million)]	**0.93**	1.06
Reimbursement of expenses [Morton Grove Pharmaceuticals, Inc. ₹ 0.10 million (Previous Period – ₹ 0.01 million), Pinewood Laboratories Limited ₹ Nil (Previous Period – ₹ 0.06 million), Wockhardt EU Operations (Swiss) AG ₹ 2 million (Previous Period – ₹ Nil), Wockhardt France (Holdings) S.A.S ₹ 10.75 million (Previous Period – ₹ Nil) ,CP Pharmaceuticals Limited ₹ 7.82 million (Previous Period – ₹ 27.49 million), Wockhardt UK Limited ₹ 7.67 million (Previous Period – ₹ Nil), Wockhardt USA LLC ₹ 32.87 million (Previous Period – ₹ 0.07 million)]	**61.21**	27.63
Service charges paid [Atlantis USA Inc., ₹ Nil (Previous Period – ₹ 18.48 million)]	**–**	18.48
Increase in investments [Wockhardt EU Operations (Swiss) AG ₹ Nil (Previous Period – ₹ 130.43 million)]	**–**	130.43
Loans/Advances given [Wockhardt Infrastructure Development Limited ₹ 74.81 million (Previous Period – ₹ 81.75 million), Vinton Healthcare Limited ₹ 78.71 million (Previous Period – ₹ 280.49 million), Wockhardt EU Operations (Swiss) AG ₹ 140.53 million (Previous Period – ₹ Nil)]	**294.05**	362.24
Loans/Advances recovered [Z&Z Services GmbH ₹ Nil (Previous Period – ₹ 202.97 million), Morton Grove Pharmaceuticals, Inc. ₹ Nil (Previous Period – ₹ 97.28 million), Wockhardt Holding Corp ₹ Nil (Previous Period – ₹ 223.86 million), Wockhardt EU Operations (Swiss) AG ₹ Nil (Previous Period – ₹ 783.92 million), Wockhardt Infrastructure Development Limited ₹ Nil (Previous Period – ₹ 4 million]	**–**	1,312.03
Commission recovered on Corporate Guarantee [CP Pharmaceuticals Limited ₹ Nil (Previous Period – ₹ 0.69 million)]	**–**	0.69
Advance adjusted [Laboratoires Negma S.A.S. ₹ Nil (Previous Period – ₹ 106.97 million)]	**–**	106.97
Transactions pertaining to demerger of nutrition business of Vinton Healthcare Limited into Wockhardt Limited – Refer Note 33		
Fellow Subsidiary		
Loan Licensee charges paid	**147.70**	174.78
Rent paid	**53.36**	66.78
Deposit/advance given	**—**	200.52
Key managerial personnel		
Remuneration paid	**27.46**	49.64
[Remuneration to Chairman ₹ 22.08 million (Previous Period – ₹ 27.53 million), Remuneration to Whole Time Director ₹ Nil (Previous Period – ₹ 13.79 million), Remuneration paid to Managing Director ₹ 2.69 million (Previous Period – ₹ 4.16 million), Remuneration paid to Executive Director ₹ 2.69 million (Previous Period – ₹ 4.16 million)]		
Irrevocable personal guarantee given by Chairman	**14,015.19**	14,108.55

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

	For the year ended March 31, 2011 ₹ in million	For the period ended March 31, 2010 ₹ in million
Enterprise over which Key Managerial Personnel exercise significant influence		
Rent paid [Palanpur Holdings and Investments Private Limited ₹ 0.78 million (Previous Period – ₹ 0.98 million), Merind Limited ₹ 1.42 million (Previous Period – ₹ 1.77 million)]	**2.20**	2.75
Sales [Wockhardt Hospitals Limited ₹ Nil (Previous Period – ₹ 2.02 million)]	**—**	2.02
Reimbursement of Expenses [Merind Limited ₹ 18.62 million (Previous Period – ₹ 31.48 million)]	**18.62**	31.48
Purchase of Fixed Assets [Merind Limited ₹ Nil (Previous Period – ₹ 4.62 million)]	–	4.62
Corporate guarantee given by Palanpur Holdings and Investments Private Limited	**14,015.19**	14,108.55
(d) Related party balances		
Receivable from wholly owned subsidiary companies	**2,814.52**	5,409.42
[Z&Z Services GmbH ₹ 0.65 million (Previous Period – ₹ 0.65 million), Wockhardt USA LLC ₹ 908.39 million (Previous Period – ₹ 2,595.87 million), Vinton Healthcare Limited ₹ 0.71 million (Previous Period – ₹ 1,067.03 million), Wockhardt EU Operations (Swiss) AG ₹ 815.31 million (Previous Period – ₹ 726.51 million), Wockhardt Infrastructure Development Limited ₹ 540.52 million (Previous Period – ₹ 465.71 million), Pinewood Laboratories Limited ₹ 26.76 million (Previous Period – ₹ 10.92 million), Wockhardt France (Holdings) S.A.S. ₹ Nil (Previous Period – ₹ 16.30 million), Wockhardt Holding Corp ₹ 522.18 million (Previous Period ₹ 526.43 million)]		
Payable to wholly owned subsidiary companies	**(210.49)**	(311.60)
[Wockhardt Biopharm Limited ₹ 70.37 million (Previous Period – ₹ 56.58 million), CP Pharmaceuticals Limited ₹ 102.74 million (Previous Period – ₹ 89.94 million), Wockhardt UK Limited ₹ 18.77 million (Previous Period – ₹ 10.52 million), Atlantis USA Inc., ₹ Nil (Previous Period – ₹ 1.59 million), Laboratoires Negma S.A.S. ₹ 1.01 million (Previous Period – ₹ 147.21 million), Girex S.A.S. ₹ 0.25 million (Previous Period – ₹ 0.24 million) Morton Grove Pharmaceuticals, Inc. ₹ 6.02 million (Previous Period – ₹ 5.52 million), Wockhardt France (Holdings) S.A.S. ₹ 11.33 million (Previous Period – ₹ Nil)]		
Payable to fellow subsidiary	**(1.77)**	–
Receivable from fellow subsidiary	**465.00**	475.52
Payable to enterprise over which key managerial personnel exercise significant influence Merind Limited ₹ 9.20 million (Previous Period – ₹ 4.89 million)	**(9.20)**	(4.89)
Receivable from enterprise over which key managerial personnel exercise significant influence [Wockhardt Hospitals Limited ₹ Nil (Previous Period – ₹ 0.40 million)]	**—**	0.40
Enterprises over which Key Managerial Personnel exercise significant influence Security Deposit receivable [Palanpur Holdings and Investments Private Limited ₹ 27.50 million (Previous Period – ₹ 27.50 million)]	**27.50**	27.50
Receivable from Key managerial personnel [Chairman ₹ 8.07 million (Previous Period – ₹ 35.65 million), Whole Time Director ₹ Nil (Previous Period – ₹ 15.04 million)]	**8.07**	50.69

29. EMPLOYEE BENEFITS

(A) Defined benefit plans:

(₹ in million)

	2011 Gratuity (Non-funded)	2010 Gratuity (Non-funded)
I. Expenses recognised during the year/period:		
1. Current Service Cost	**20.21**	27.75
2. Interest cost	**9.15**	11.60
3. Actuarial Losses/(Gains)	**17.57**	(26.19)
Total Expenses	**46.93**	13.16
II. Net Asset/(Liability) recognised as at balance sheet date		
1. Present value of defined benefit obligation	**140.34**	110.04
2. Net Asset/(Liability)	**(140.34)**	(110.04)
III. Reconciliation of Net Asset/(Liability) recognised as at balance sheet date		
1. Net Asset/(Liability) at the beginning of year	**(110.04)**	(112.82)
2. Expense as per (I) above	**46.93**	13.16
3. Employer contributions	**16.63**	15.94
4. Net asset/(liability) at the end of the year	**(140.34)**	(110.04)
IV. Actuarial Assumptions:		
1. Discount rate	**8.25%**	7.50%
2. Expected rate of salary increase	**8.00%**	6.00%
3. Mortality	**LIC (1994-96) Ultimate**	LIC (1994-96) Ultimate
4. Attrition rate	**2.00%**	2.00%

Notes:

(a) Amounts recognized as an expense:

"Retirement benefits" are gratuity ₹ 44.36 million (Previous Period – ₹ 13.44 million), Leave Encashment ₹ 48.50 million (Previous Period – ₹ 69.22 million).

(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.

(B) Defined contribution plan:

Amount recognised as an expense and included in the Schedule 17 and 18 – "Contribution to provident and other funds" of Profit and Loss Account ₹ 80.06 million (Previous Period – ₹ 93.95 million).

(C) Details for the current and previous four years are as follows:

(₹ in million)

	April 2010 – March 2011	January 2009 – March 2010	January 2008 – December 2008	January 2007 – December 2007	January 2006 – December 2006
Defined benefit obligation	**(140.34)**	(110.04)	(112.82)	(94.62)	(94.20)
Surplus/(deficit)	**(140.34)**	(110.04)	(112.82)	(94.62)	(94.20)
Experience adjustment on plan liabilities (gain)/loss	**7.36**	(6.89)	0.09	5.76	4.90

30. DISCLOSURE REGARDING DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

Premium paid in respect of derivative contracts which was unconfirmed during pervious period, aggregating to ₹ 1,843.79 million has been charged to profit and loss account and included under exceptional items.

(a) Details of outstanding derivative contracts:

	As at March 31, 2011		As at March 31, 2010	
No. of contracts	–		32	
Notional principal in Foreign Currency	**Amt. in Foreign Currency (in million), net**	**₹ in million, net**	Amt. in Foreign Currency (in million), net	₹ in million, net
USD	–	–	390.25	17,540.72
EUR	–	–	143.00	8,658.94
GBP	–	–	60.00	4,082.94

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

		As at March 31, 2011		As at March 31, 2010	
Particulars	**Currency**	**Amt. in Foreign Currency (in million)**	**₹ in million**	Amt. in Foreign Currency (in million)	₹ in million
Loan Availed	**USD**	–	–	2.30	103.38
Interest Payable	**USD**	–	–	0.13	5.87
Sundry Debtors	**ACU**	**0.23**	**10.04**	0.07	3.16
	AUD	**0.01**	**0.64**	0.01	0.57
	CHF	**0.90**	**43.83**	0.76	32.12
	EUR	**1.47**	**92.69**	1.08	65.28
	GBP	**5.17**	**369.42**	8.60	585.51
	USD	**47.86**	**2,135.22**	75.45	3,391.24
Loans and Advances	**EUR**	**0.93**	**58.63**	1.09	66.00
	USD	**18.52**	**826.23**	15.24	685.07
	CHF	**0.04**	**2.08**	0.04	1.74
	GBP	**0.12**	**8.74**	0.04	2.58
	JPY	**3.14**	**1.68**	1.49	0.72
Sundry Creditors	**ACU**	**0.001**	**0.06**	0.001	0.07
	AUD	**0.007**	**0.30**	–	–
	SGD	**0.001**	**0.04**	0.001	0.04
	CAD	**0.01**	**0.40**	–	–
	CHF	**1.89**	**91.77**	1.24	52.60
	EUR	**4.11**	**259.19**	4.65	281.64
	GBP	**1.86**	**132.54**	1.73	117.86
	JPY	**21.11**	**11.30**	13.35	6.43
	SEK	**0.19**	**1.35**	–	–
	USD	**15.41**	**687.51**	12.33	554.11
Foreign Currency Convertible Bonds	**USD**	**102.85**	**4,588.23**	–	–
Bank Balances	**USD**	**0.10**	**4.55**	0.11	5.03

31. Provision for Sales Return on Date Expiry – opening balance ₹ 105.41 million (Previous Period – ₹ 92.24 million), additions during the year ₹ 106.24 million (Previous Period – ₹ 120.29 million), utilised during the year ₹ 103.28 million (Previous Period – ₹ 107.12 million), closing balance ₹ 108.37 million (Previous Period – ₹ 105.41 million).

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

32. Corporate Debt Restructuring (CDR) Scheme is effective from April 15, 2009. The outstanding liabilities of the Company are substantially restructured under the aegis of CDR Scheme, which extends till 2018. The CDR Scheme comprehensively covers the FCCB liabilities and crystallized derivative/hedging liabilities.

33. Pursuant to approval of the Board vide resolution dated January 12, 2011 and of the Hon'ble High Court of Delhi vide its order dated April 28, 2011, the Scheme of Arrangement u/s. 391 to 394 of the Companies Act, by way of demerger of Nutrition Business of Vinton Healthcare Limited (a wholly owned subsidiary of Wockhardt Limited) in to Wockhardt Limited has been accordingly given effect to. The appointed date for the Scheme was January 1, 2011. As per the Scheme of Demerger, Wockhardt Limited – (1) acquired certain assets (₹ 2,954.14 million) and liabilities (₹ 4.42 million) of Vinton Healthcare Limited at book value (2) cancelled proportionate investments in preference shares (₹ 76.86 million) of Vinton Healthcare Limited (3) adjusted loan given to Vinton Healthcare Limited of ₹ 1,164.18 million and (4) credited, excess of book value of net assets acquired over adjusted value of investments/loans, to general reserve amounting to ₹ 1,752.76 million.

34. Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 328.67 million (Previous Period – ₹ 43.65 million) after deducting advance on capital account of ₹ 88.19 million (Previous Period – ₹ 57.68 million).

35. CONTINGENT LIABILITIES NOT PROVIDED FOR:

(a) Demands by Central Excise authorities in respect of Classification/ Valuation/Cenvat Credit related disputes; stay orders have been obtained by the Company in case of demands which have been confirmed ₹ 51.80 million (Previous Period – ₹ 51.80 million).

(b) Demand by Income tax authorities ₹ 773.53 million (Previous Period – ₹ 815.90 million) disputed by the Company.

(c) Corporate Guarantee given on behalf of various subsidiaries in respect of bank facilities amounts to ₹ 12,374.93 million (Previous Period – ₹ 12,452.95 million).

This includes corporate guarantee given by the Company and Wockhardt UK Holdings Limited against loan of USD 250 million (₹ 11,152.50 million) taken by Wockhardt EU Operations (Swiss) AG in earlier years. The said loan is being rescheduled and lenders aggregating 69% of the loan value have acceded to the reschedulement.

Out of ₹ 11,152.50 million loan availed by a subsidiary, loan of ₹ 4,505.61 million is secured by:

(i) first ranking pari-passu charge on movable and immovable properties of Wockhardt Limited situated at Kadaiya in Daman and Baddi in Himachal Pradesh;

(ii) second ranking charge by way of hypothecation on all the inventories and book debts of Wockhardt Limited;

(iii) subservient charge on movable properties of Wockhardt Limited situated at Bhimpore (Daman), Ankleshwar, L-1, D-4, Chikhalthana and Biotech Park, Waluj Aurangabad (except book debts & current assets);

(iv) subservient charge on movable properties of Wockhardt Infrastructure Development Limited situated at Shendra, Aurangabad;

and balance loan of ₹ 6,646.89 million is secured by:

(i) first ranking pari-passu charge on movable and immovable properties of Wockhardt Limited situated at Kadaiya in Daman and Baddi in Himachal Pradesh;

(ii) second ranking charge by way of hypothecation on all the inventories and book debts of Wockhardt Limited.

(d) In view of the losses incurred by the Company, no provision for dividend on Non Convertible Cumulative Redeemable Preference shares (NCRPS) Series 1 to 5 of ₹ 0.55 million and Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) Series 1 to 2 of ₹ 0.26 million, has been made by the Company as on March 31, 2011.

(e) Certain derivative/hedging contracts entered into prior to March 31, 2010 had been unilaterally terminated by the banks/financial institutions. The Company has disputed the same and continues to treat the demand of ₹ 3,322.51 million [including a demand of ₹ 669.15 million as guarantor for derivatives contracts executed in a subsidiary] (Previous Period – ₹ 8,483.22 million) as a contingent liability and has not acknowledged as a debt, since the liability cannot be currently ascertained even on a best effort basis till the final outcome of the matter.

The Company is of the view that these are contingent liabilities as these arise from past events and existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company and therefore, has not acknowledged these claims against Company as debts.

(f) 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.

36. Winding-up petitions have been filed by certain lenders/banks in the Bombay High Court and the Company has filed affidavit in reply. ICICI Bank, as empowered by CDR and Employee Union have filed intervention application against the winding-up. The matter is subjudice and outcome of which cannot be currently ascertained.

37. Zero Coupon Foreign Currency Convertible Bonds (FCCBs) along with premium were due for repayment in October, 2009. On March 11, 2011 the Hon'ble High Court of Bombay, admitted the winding-up petition filed by the Trustees to the Foreign Currency Convertible Bonds (FCCBs) issued by the Company. Pursuant to an appeal filed by the Company the divisional bench of the Hon'ble Bombay High Court has granted an ad-interim relief while requiring the Company to deposit a sum of ₹ 1,150 million with the Court, which has been complied with.

38. PREVIOUS YEAR COMPARATIVES

The current year annual accounts and reports of the Company are for a period of 12 months commencing from April 1, 2010 and ending on March 31, 2011. The figures in respect of the previous period relate to 15 months ended March 31, 2010. Further, as referred to in Note No. 33, the figures for the year ended March 31, 2011 are after considering the effect of the demerger of Nutrition Business of Vinton Healthcare Limited. Hence, figures for the two periods are not comparable.

39. Previous period figures have been regrouped to confirm to current year's presentation.

For and on behalf of the Board of Directors

H. F. Khorakiwala
Chairman

Huzaifa Khorakiwala
Executive Director

Murtaza Khorakiwala
Managing Director

Shekhar Datta
Abid Hussain
Aman Mehta
Bharat Patel
R. A. Shah
Directors

V. R. Khetan
Company Secretary

Place : Mumbai
Date : May 19, 2011

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(₹ in millions)

(a)	**Registration details:**		
	Registration No.	:	L24230 MH1999PLC120720
	State Code	:	11
	Balance Sheet Date	:	March 31, 2011
(b)	**Capital raised during the year:**		
	Public Issue	:	Nil
	Rights Issue	:	Nil
	Bonus Issue	:	Nil
	Private Placement	:	766.38
	Employment stock option	:	Nil
(c)	**Position of mobilisation and deployment of funds:**		
	Total liabilities and shareholders funds	:	27,369.96
	Total assets	:	27,369.96
	Sources of funds:		
	Paid-up capital	:	7,999.35
	Reserves and surplus	:	399.48
	Secured loans	:	14,285.69
	Unsecured loans	:	4,685.44
	Deferred tax liability	:	–
	Application of funds:		
	Net fixed assets	:	7,624.43
	Capital work-in-progress including advances	:	7,805.59
	Investments	:	3,079.54
	Net current assets	:	7,176.40
	Accumulated losses	:	1,684.00
(d)	**Performance of company:**		
	Turnover	:	17,720.17
	Total expenditure	:	19,040.79
	Profit/(Loss) before tax	:	(1,320.62)
	Profit/(Loss) after tax	:	(1,320.62)
	Earnings per share	:	(12.07)
	Dividend rate %	:	–
(e)	**Generic names of three principal products/services of the company:**		
	Product Description	:	Spasmoproxyvon
	Product Description	:	Proxyvon
	Product Description	:	Methycobal

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 compay's profits after deducting its losses or vice-versa, so far as it concerns members of Holding Company which are not dealt within the Company's accounts		Net Aggregate amount of the Profits/(Losses) of the Subsidiary so far as dealt with or provision is made for those losses in Holding Company's Accounts	
		(i) Shareholding	(ii) Extent of Holding (%age)		For the current financial year (in Millions)	For the previous financial year/ period since it became a subsidiary (in Millions)	For the subsidiary's fianancial year ended March 31, 2010 (in Millions)	For the previous financial years till it became the subsidiary (in Million)
Wockhardt Biopharm Limited	31-Mar-11	18,000,000 Equity shares of ₹ 10/- each fully paid up	100%	₹	10.68	9.76	0.00	0.00
Vinton Healthcare Limited	31-Mar-11	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%	₹	(12.08)	(54.90)	0.00	0.00
Wockhardt Infrastructure Development Limited	31-Mar-11	2,000,000 Equity shares of ₹ 10/- each fully paid up	100%	₹	(3.39)	(0.64)	0.00	0.00
Z & Z Service GmbH@	31-Mar-11	Euro 3,625,000 *	100%	Euro (€)	(7.19)	(132.11)	0.00	0.00
Wockhardt Europe Limited	31-Mar-11	1,307,368 Ordinary shares of £1 each	100%	STG (£)	(0.42)	(0.43)	0.00	0.00
Wockhardt Nigeria Limited @	31-Mar-11	1,500,000 Ordinary Shares of Naira 10 each fully paid up	100%	USD	2.39	0.00	0.00	0.00
Wockhardt UK Holdings Limited	31-Mar-11	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-11	570,000 Ordinary Shares of £1 each 1,862,549 'A' Ordinary Shares of £1 each	100%	STG (£)	8.78	113.51	0.00	0.00
CP Pharmaceuticals (Schweiz) AG.n@	31-Mar-11	250 shares of CHF 1000 each	100%	GBP	10.35	13.61	0.00	0.00
Wallis Group Limited @	31-Mar-11	1,408,667 Ordinary shares of £1 each	100%	STG (£)	0.00	0.00	0.00	0.00
The Wallis Laboratory Limited @	31-Mar-11	4,040 Ordinary Shares of £1 each	100%	STG (£)	0.00	0.00	0.00	0.00
Wockhardt Farmaceutica do Brasil Ltda @	31-Mar-11	798,583.38 quotas of Brazilian Ria 1 each	100%	USD	(0.46)	(0.53)	0.00	0.00
Wallis Licensing Limited @	31-Mar-11	1 Ordinary shares of £ 1 each	100%	STG (£)	0.00	0.00	0.00	0.00
Wockhardt USA LLC. @	31-Mar-11	2,000,000 Equity shares of $ 1 each	100%	USD	(672.92)	(678.01)	0.00	0.00
Wockhardt EU Operations (Swiss) AG	31-Mar-11	44,600 shares of CHF 1,000 each	100%	CHF	5,440.14	93.55	0.00	0.00
Wockhardt UK Limited @	31-Mar-11	50,000 Ordinary Shares of £ 1 each	100%	STG (£)	53.70	116.84	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 compay's profits after deducting its losses or vice-versa, so far as it concerns members of Holding Company which are not dealt within the Company's accounts		Net Aggregate amount of the Profits/(Losses) of the Subsidiary so far as dealt with or provision is made for those losses in Holding Company's Accounts	
		(i) Shareholding	(ii) Extent of Holding (%age)		For the current financial year (in Millions)	For the previous financial year/ period since it became a subsidiary (in Millions)	For the subsidiary's fianancial year ended March 31, 2010 (in Millions)	For the previous financial years till it became the subsidiary (in Million)
Wockhardt Cyprus Limited@	31-Mar-11	1000 Ordinary shares of CY£1 each	100%	USD	(0.81)	(0.03)	0.00	0.00
Wockpharma Ireland Limited@	31-Mar-11	10,001,000 Ordinary shares of € 1 each	100%	Euro (€)	106.67	51.56	0.00	0.00
Nonash Limited@	31-Mar-11	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 (€)	40.33	62.94	0.00	0.00
Pinewood Laboratories Limited @	31-Mar-11	2,985,128 Ordinary shares of € 0.125 each 120"A" Ordinary shares of € 1.25 each	100%	Euro (€)	295.19	113.17	0.00	0.00
Atlantis USA Inc. **	31-Mar-11	1,000 Ordinary shares of $ 1 each	100%	USD	(2.18)	0.61	0.00	0.00
Esparma AG @	31-Mar-11	100,000 Shares of CHF 1 each	100%	CHF	(0.33)	(0.39)	0.00	0.00
Wockhardt Holding Corp. @	31-Mar-11	1,100 Ordinary Shares of US$ 1 each	100%	USD	(0.11)	(0.14)	0.00	0.00
Morton Grove Pharmaceuticals Inc. @	31-Mar-11	100 Ordinary Shares of US$ 0.01 each	100%	USD	80.94	751.20	0.00	0.00
MGP Inc. @	31-Mar-11	100 Ordinary Shares of US$ 0.01 each	100%	USD	0.00	0.00	0.00	0.00
Wockhardt France (Holdings) S.A.S. @	31-Mar-11	601,000 Shares of € 100 each	100%	Euro (€)	187.68	395.73	0.00	0.00
Girex S.A.S. @	31-Mar-11	78,820 Shares of € 16 each	100%	Euro (€)	(924.41)	(7.65)	0.00	0.00
Laboratoires Pharma 2000 S.A.S. @	31-Mar-11	11,400 Shares of € 16 each	100%	Euro (€)	(14.91)	(83.11)	0.00	0.00
Laboratoires Negma S.A.S.@	31-Mar-11	275,409 Shares of € 153 each	100%	Euro (€)	(581.82)	770.52	0.00	0.00
DMH S.A.S. @ **	31-Mar-11	6,000 Shares of € 16 each	100%	Euro (€)	(351.26)	53.22	0.00	0.00
Scomedia S.A.S. @	31-Mar-11	2,500 Shares of € 16 each	100%	Euro (€)	(8.55)	32.96	0.00	0.00
Niverpharma S.A.S. @	31-Mar-11	10,000 Shares of € 16 each	100%	Euro (€)	(54.68)	62.56	0.00	0.00
Negma Benulex S.A S. @	31-Mar-11	2,976 Shares of € 25 each	100%	Euro (€)	0.91	1.19	0.00	0.00
Phytex S.A.S. @	31-Mar-11	7,000 Shares of € 153 each	100%	Euro (€)	(76.15)	9.14	0.00	0.00
Mazal Pharmaceutique S.A.R.L. @	31-Mar-11	5,670 Shares of € 16 each	100%	Euro (€)	(631.60)	1.75	0.00	0.00
Cap Dermatology S.A.R.L. @ **	31-Mar-11	313 Shares of € 16 each	100%	Euro (€)	0.00	0.00	0.00	0.00
Hariphar S.C. @	31-Mar-11	100 shares of € 152.45 each	100%	Euro (€)	10.14	14.25	0.00	0.00
S.C.I. Salome @	31-Mar-11	100 shares of € 15 each	100%	Euro (€)	0.83	2.01	0.00	0.00
Laboratoires Lerads S.A.S @	31-Mar-11	740 shares of € 50 each	100%	Euro (€)	(14.25)	(0.02)	0.00	0.00

* 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.

** During the year DMH S.A.S. [a direct subsidiary of Wockhardt France (Holding) S.A.S.] got liquidated as on 25th March, 2011, Atlantis USA, Inc. got dissolved and Cap Dermatology S.A.R.L. got merged with Niverpharma S.A.S.

For and on behalf of the Board of Directors

H. F. Khorakiwala
Chairman

Huzaifa Khorakiwala
Executive Director

Murtaza Khorakiwala
Managing Director

Shekhar Datta
Abid Hussain
Aman Mehta
Bharat Patel
R. A. Shah
Directors

Place : Mumbai
Date : May 19, 2011

V. R. Khetan
Company Secretary

FINANCIAL DETAILS OF THE SUBSIDIARY COMPANIES

For the Year Ended March 31, 2011

Sr. No.	Name of the Subsidiary	Currency	Closing Exchange rate against Indian ₹ as on March 31, 2011	₹ In Million								
				Paid Up Capital	Reserves	Total Assets including investments	Total Liablilities	Turnover	Profit/ (Loss) before taxation	Provision for taxation	Profit / (Loss) after taxation	Proposed dividend
1.	Wockhardt Biopharm Limited	₹	–	180.00	(91.33)	90.69	2.02	15.33	13.35	2.67	10.68	–
2.	Vinton Healthcare Limited	₹	–	198.28	2.58	202.44	1.58	88.05	(12.08)	–	(12.08)	–
3.	Wockhardt Infrastructure Development Limited	₹	–	20.00	9.93	589.23	559.29	–	(0.96)	2.43	(3.39)	–
4.	Z&Z Services GmbH	Euro (€)	63.09	1.58	(8.65)	7.08	14.15	–	(7.19)	–	(7.19)	–
5.	Wockhardt Europe Limited	STG (£)	71.41	93.36	(19.42)	74.11	0.18	–	(0.42)	–	(0.42)	–
6.	Wockhardt Nigeria Limited @	USD	44.61	3.57	(0.71)	2.86	–	–	2.39	–	2.39	–
7.	Wockhardt UK Holdings Limited	STG (£)	71.41	19.64	1,081.39	1,292.04	191.01	–	–	–	–	–
8.	CP Pharmaceuticals Limited@	STG (£)	71.41	173.73	904.09	1,769.76	691.94	1,790.18	4.07	(4.71)	8.78	–
9.	CP Pharmaceuticals (Schweiz) AG@	STG (£)	71.41	17.85	(10.62)	25.22	17.99	31.57	10.45	0.11	10.35	–
10.	Wallis Group Limited @	STG (£)	71.41	100.59	118.37	219.03	0.07	–	–	–	–	–
11.	The Wallis Laboratory Limited @	STG (£)	71.41	0.29	(0.29)	12.98	12.98	–	–	–	–	–
12.	Wockhardt Farmaceutica do Brazil Ltda @	USD	44.61	14.99	(14.29)	0.75	0.05	–	(0.46)	–	(0.46)	–
13.	Wallis Licensing Limited @	STG (£)	71.41	–	(66.60)	220.72	287.33	–	–	–	–	–
14.	Wockhardt USA LLC @	USD	44.61	89.22	(883.42)	6,141.55	6,935.75	10,059.86	151.81	–	151.81	–
15.	Wockhardt EU Operations (Swiss) AG #	CHF	48.55	2,165.44	8,461.32	25,594.77	14,968.01	14,676.51	5,785.53	345.39	5,440.14	–
16.	Wockhardt UK Limited @	STG (£)	71.41	3.57	361.68	2,998.89	2,633.64	5,210.65	76.48	22.78	53.70	–
17.	Wockhardt Cyprus Limited @	USD	44.61	0.09	(1.76)	0.09	1.76	–	(0.81)	–	(0.81)	–
18.	Wockpharma Ireland Limited @	Euro (€)	63.09	630.98	(20.72)	6,987.42	6,377.16	–	106.67	–	106.67	–
19.	Nonash Limited @	Euro (€)	63.09	2.87	162.49	169.82	4.46	–	44.17	3.84	40.33	16.37
20.	Pinewood Laboratories Limited @	Euro (€)	63.09	23.55	1,244.23	2,999.68	1,731.90	3,804.48	314.70	19.51	295.19	387.57
21.	Atlantis USA Inc. *	USD	44.61	–	–	–	–	–	(2.15)	0.04	(2.18)	–
22.	Esparma AG @	CHF	48.55	4.86	(1.75)	3.28	0.18	–	(0.33)	–	(0.33)	–
23.	Wockhardt Holding Corp. @	USD	44.61	0.05	1,159.88	1,851.75	691.82	–	(0.11)	–	(0.11)	–
24.	Morton Grove Pharmaceuticals Inc @	USD	44.61	1,523.83	1,423.41	3,961.57	1,014.33	1,782.14	80.94	52.82	28.12	–
25.	MGP Inc. @	USD	44.61	–	–	–	–	–	–	–	–	–
26.	Wockhardt France (Holdings) S.A.S. @	Euro (€)	63.09	3,791.82	(1,546.84)	10,552.37	8,307.38	56.95	187.68	–	187.68	–
27.	Girex S.A.S. @	Euro (€)	63.09	79.57	(283.12)	683.20	886.75	711.79	(924.41)	–	(924.41)	–
28.	Laboratoires Pharma 2000 S.A.S. @	Euro (€)	63.09	11.51	(227.63)	64.33	280.45	620.57	(14.91)	–	(14.91)	–
29.	Laboratoires Negma S.A.S. @	Euro (€)	63.09	2,658.54	(123.59)	4,310.05	1,775.10	3,975.66	(581.82)	–	(581.82)	–
30.	DMH S.A.S. *	Euro (€)	63.09	–	–	–	–	953.47	(351.26)	–	(351.26)	–
31.	Scomedia S.A.S. @	Euro (€)	63.09	2.52	23.51	521.75	495.72	471.67	(8.55)	–	(8.55)	–
32.	Niverpharma S.A.S. @	Euro (€)	63.09	10.09	(67.59)	(30.94)	26.56	6.27	(54.68)	–	(54.68)	–
33.	Negma Beneulex S.A.S. @	Euro (€)	63.09	4.69	4.96	10.43	0.77	–	1.26	0.36	0.91	–
34.	Phytex S.A.S. @	Euro (€)	63.09	67.57	(69.53)	72.61	74.57	–	(76.15)	–	(76.15)	–
35.	Mazal Pharmaceuticals S.A.R. L. @	Euro (€)	63.09	5.72	(636.08)	(8.15)	622.21	385.66	(631.60)	–	(631.60)	–
36.	Hariphar S.C. @	Euro (€)	63.09	0.96	13.49	14.61	0.16	13.17	10.14	–	10.14	–
37.	S.C.I. Salome @	Euro (€)	63.09	0.09	0.61	1.11	0.40	1.26	0.83	–	0.83	–
38.	Laboratoires Lerads S.A.S. @	Euro (€)	63.09	2.33	(15.55)	1.30	14.52	29.46	(14.25)	–	(14.25)	–
39.	Cap Dermatology S.A.R.L. *	Euro (€)	63.09	–	–	–	–	–	–	–	–	–

* During the year DMH S.A.S. [a direct subsidiary of Wockhardt France (Holdings) S.A.S.] got liquidated as on 25th March, 2011, Atlantis USA Inc. got dissolved as on 30th April, 2010 and Cap Dermatology S.A.R.L. got merged with Niverpharma S.A.S.

\# The investments made by Wockhardt EU Operations (Swiss) AG is ₹ 950.26 million (₹ 17.33 million – 300 shares of SKR 100 each of Jederstorm Swiss and ₹ 932.93 million – 19,215,000 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.

ANNEXURE 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, 2011.

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:

- Ejector system to generate vacuum for separation of capsules in Capsule filing machine instead of compressed air.
- Cooling tower fan operation with thermostatic control.
- Commissioning of Condensate Recovery System.
- Effimax system installed for boiler resulting into fuel savings.
- Frequency drive installed at air compressor.
- CT Ensaver installed on process & utility tower fan.
- Motors taking less than 50% load and having low factor are switched from delta to star connection.
- PLC based Automation system for Chilling plant implemented.
- Installed separate cooling tower for utility with low head pumps.
- Energy Saving Device and temperature controllers installed for optimizing the running time of the cooling towers.
- Installation and commissioning of variable frequency drive for equipments like Reactors etc.
- Installation of energy saving lights & Street light auto control on timers.
- Replaced cooling tower (conventional casting) blades with ABS (Acrylo Nitrile Butyl Styrene) blades.
- Installation of Pressure Reducing Valve (PRV) Station for Low pressure Steam Headers.
- Automation of Vacuum System with Solenoid Operated Valves and Steam Lines with Ph Meters.
- Maintained power factor at 0.99.

(2) Additional investments and proposals being implemented for reduction of energy consumption

- Express Feeder Project (continuous water supply) being implemented at the Company's manufacturing unit at Waluj. This will reduce consumption of HSD 700 DG set and there would be uninterrupted water supply.

(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 31-03-2011	Fifteen Months Ended 31-03-2010
A. Power & Fuel Consumption		
1. Electricity		
a. Purchased		
Units (in million)	**48.23**	51.89
Total Amount (₹ in millions)	**254.64**	258.24
Rate/Unit (₹)	**5.28**	4.98
b. Own Generation		
(i) Through Diesel Generator		
Units (in million)	**0.81**	1.07
Units per litre of Diesel oil	**3.29**	3.20
Cost/Unit (₹)	**12.08**	10.99

	Year Ended 31-03-2011	Fifteen Months Ended 31-03-2010
(ii) Through Gas Generator		
Units (in million)	**3.91**	7.99
Units per M^3 of Gas	**2.65**	2.99
Cost/Unit (₹)	**6.93**	4.59
2. Furnace Oil, LSHS, LDO & HSD		
Quantity (Kilo-litres)	**2,236.03**	2,981.23
Total Amount (₹ in millions)	**72.05**	63.20
Average Rate (in litres)	**32.22**	21.20
3. Natural Gas		
Quantity (unit NM^3)(in million)	**1.47**	2.67
Total Amount (₹ in millions)	**92.98**	87.41
Average Rate (₹/100NM^3)	**1,707.00**	1,374.00

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

Innovation is a hallmark at Wockhardt. Today the Company has a multi-disciplinary, multi-location R&D programme of global dimension with more than 500 scientists, including 100 doctorates applying their technical expertise in a variety of research endeavour.

Novel Drug Delivery Systems

Wockhardt has proved its technological excellence by developing and marketing modified release formulations not only in India but also in regulated markets of Europe and USA. To name a few, we introduced Divalproex Sodium ER tablets, Tamsulosin ER Capsules, Metoprolol Succinate ER Tablets and Pantoprazole DR Tablets in US and Tamsulosin ER Capsules, Venlafaxine ER Capsules and Pantoprazole DR Tablets in Europe in the last two years. We have a robust pipeline for more technologically difficult products.

Research Efforts for Unique ANDAs Pipeline

Wockhardt invests heavily in its R&D, particularly for the US market, the potential of which is very significant. The Company actively pursues its research activities in filing Abbreviated New Drug Applications (ANDAs) for US FDA approvals. Differentiation is one of the rudiments that success thrives on and the Company strategically selects difficult to develop, high technology products and niche markets to get ANDA approvals. This becomes one of the important growth drivers for the Company in the United States. Moreover, this facilitates in gaining significant market shares in the specialised therapy and has relatively less competition. During the financial year ended March 31, 2011, we received 7 ANDA approvals from US FDA. Currently the Company markets over 60 products in the US. The technologically challenging area is Para IV filing in USA wherein ANDA submission is done by challenging Innovator's patents. We are first to file for 9 Para IV ANDA's and follow on for many more. The research work done by Wockhardt was duly recognised by Govt. of India (Pharmaceutical Export Promotion Council) by awarding Pharmexil Award for maximum number of patent filing and grants for consecutively 2 years. In Year 2010 we also received award from Amity International for Intellectual Property Management.

Biotechnology & Genomics Research

- First mover in India in Biotechnology & Genomics Research. Its growth in the field of biotechnology has been unrivalled in pace and dimension.
- With increasing concern for diabetes in India Wockhardt is first in Asia and also first outside US and Europe to manufacture and market its own recombinant Human Insulin-Wosulin. Wosuline has been approved in 31 countries and is also available in the form of reusable and disposable pen, an innovative and patented delivery device patented by the Company, for the convenience of diabetic patients.
- Yet another breakthrough in the field of biotechnology for the company is the development and launch in India of the long acting insulin analogue glargine, under the brand name Glaritus. The company is first in the world after innovator, to have developed and launched this product.

New Drug Discovery Programme

The New Drug Discovery programme of anti-infectives has progressed further as the US Phase 1 studies have very recently commenced for the parenteral NCE WCK 771 and the oral partner drug WCK 2349. WCK 2349 Phase 2 study also has very recently started in India. Besides, the Company also has in the pipeline new lead molecules in the advanced pre-clinical studies, particularly noteworthy are an Oxazolidinone NCE WCK 4086 with PK and safety advantage and a Ketolide NCE WCK 4873 which has successfully completed regulatory IND enabling toxicology studies at a GLP CRO.

Patents

The Company's efforts in innovative research globally is well reflected in the number of patents filed so far, which is 1,362. During the year under review, the Company filed 131 Patents out of which 15 were granted. As of now, 110 Patents have been granted.

Technology Improvement in Fermentation, 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. **Future plan of action:**

   (a) Development of formulations on new molecules belonging to various categories.

   (b) Research in the field of herbal medicines will enable the Company to introduce herbal Ayurvedic drugs in the treatment of diseases for which allopathic treatments are not availbale or side effects are too many.

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

(₹ in million)

	Year Ended 31-03-2011	Fifteen Months Ended 31-03-2010
Wockhardt Limited – Standalone		
(a) Capital	**769.36**	799.58
(b) Revenue	**332.78**	399.08
(c) Total	**1,102.14**	1,198.66
(d) Total R&D expenditure as a percentage of total turnover	**6.28%**	6.42%
Wockhardt Limited – Consolidated (including subsidiaries)		
(a) Capital	**835.91**	954.75
(b) Revenue	**482.95**	667.63
(c) Total	**1,318.86**	1,622.38
(d) Total R&D expenditure as a percentage of total turnover	**3.52%**	3.60%

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 & OUTGOING:

The export income for the current year amounted to ₹ 6,749 million (previous period – ₹ 6,864 million). The major export markets in which the Company is represented is USA and Western European countries.

(₹ in million)

	Year Ended 31-03-2011	Fifteen Months Ended 31-03-2010
(A) Foreign Exchange used		
(i) On input of raw materials, spare parts & capital goods	**1,789.43**	2,245.47
(ii) Expenditure in foreign currency for professional fees, business travels, books and periodicals membership subscription, commission on sales & R & D expenses	**1,014.87**	982.06
(B) Total Foreign Exchange Earned	**6,961.37**	7,162.52
(C) Net Foreign Exchange Earned	**4,157.07**	3,934.99

For and on behalf of the Board

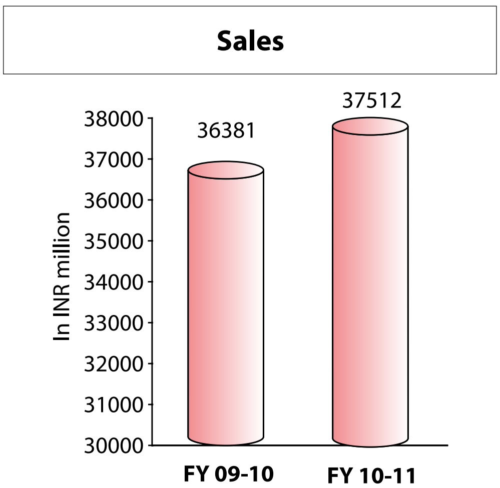
DR. H. F. KHORAKIWALA
Chairman

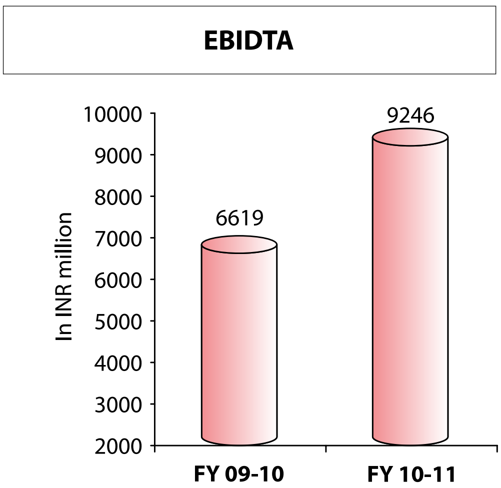
Mumbai, May 19, 2011

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

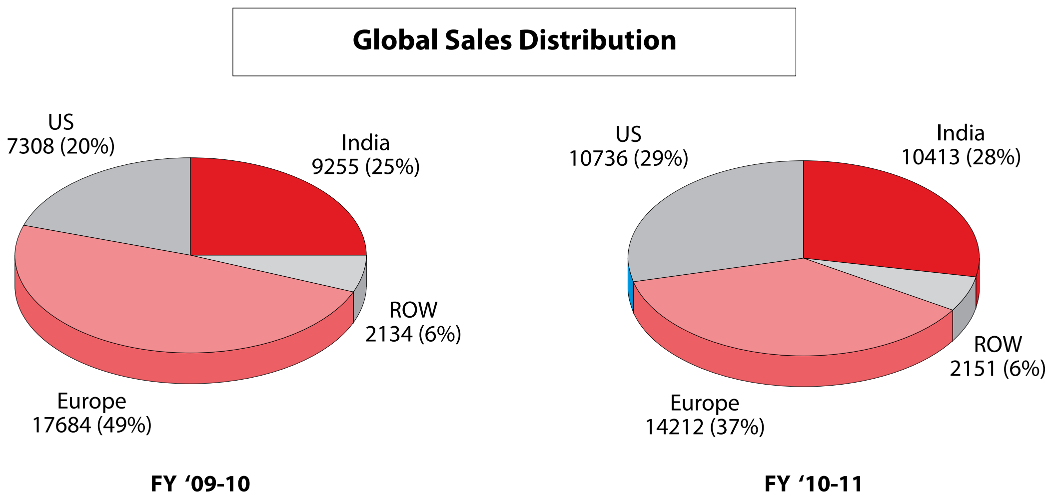
2010 was a key year for Wockhardt for a number of reasons that included the surge of its USA operations, continued momentum of India operations and increased profitability. Focus on R&D, manufacturing and product availability were the key proponents that ensured organization's overall successful performance. The company successfully adhered to the terms of the Corporate Debt Restructuring plan which was approved earlier.

There was a significant improvement in the financial performance of the company with EBITDA showing an increase of 39.7% to ₹ 9,246 million compared to ₹ 6,619 million during the twelve months period ending March 2010. The net sales grew by 3.1% to ₹ 37,512 million due to lower income from France and Ireland. The company achieved 24.6% EBITDA to sales compared to 18.2% in similar period during 2009-10. The business turnaround helped the company in achieving net profits of ₹ 906 million against loss of ₹ 9,906 million during the twelve months period ending March, 2010.





The revenue split was lead by the European operations at 37%, (compared to 49% as in 2009-10); however USA operations contributions increased significantly to 29% (compared to 20% in 2009-10); India and Rest of the World contributing 34% (compared to 31% in 2009-10)



Key business highlights: Regionwise Sales

1. The US business achieved revenues of ₹ 10,736 million
2. The European operations achieved revenues of ₹ 14,212 million
3. The Indian business achieved revenues of ₹ 10,413 million
4. The RoW business achieved revenues of ₹ 2,151 million

US business – new products introduction

Company's differentiated strategy of developing technologically complex products paid rich dividends as new product launches were the key driver of the USA business. The portfolio of new launches and existing products ensured that the USA operations deliver a highly profitable business growth. The company has ensured strong manufacturing capacities to manage increased market demand in future.

Its other subsidiary, Morton Grove Pharmaceuticals, continued on its planned growth path of branded generics and generic products including new launches.

The company received 7 US ANDA approvals this year.

The company has plans to launch 12 to 15 products in US markets during the financial year 2011-12

Indian Operations – entering new therapies and workforce expansion

Indian businesses march to the successful performance was lead by strategic decision making in identifying sectors/ therapies of high growth potential and timely dedicating a workforce or task force to ensure product launch and availability. Following this strategy Company launched a new Cardiology division. There was also significant workforce expansion of over 20% in India in order to cover more geographies and markets.

That Indian market is also in a high growth mode with 15% growth witnessed last year is another reason for the same. The company achieved a market share of 2.05% (IMS-MAT Mar. 2011) in the Indian Pharmaceutical Industry compared to 1.91% the year before.

European Operations – success and challenges

European operations were spearheaded by Wockhardt UK whose performance was significantly higher than the market growth in UK and many of its peers. The company is well recognized in UK Healthcare system with a strong Hospital Business and is the largest Indian Pharmaceutical Company and overall 4th largest generic company in UK. The company plans to launch 9 new products in 2011-12.

Despite a sluggish Irish economy, Pinewood Healthcare delivered a strong business performance due of the strategic move of bolstering its exports business in addition to the existing strong domestic business. Pinewood maintained its top position in Ireland's generic products market. It showed a 5.9% growth while the market had de-growth of over 2%. It plans to launch 19 new products in domestic and exports business in the coming year.

In France the company lost the patent protection to its key product ART50 which resulted in lower than expected business performance. However the company was quick to take remedial steps towards restructuring the business to minimize the impact and is under safeguard process.

In Licensing

In-licensing continued to be one of the growth drivers of our business. These in-licensing deals fulfill our aim to develop breakthrough products in India and also strengthen our existing portfolios. We have in-licensing agreements with number of US and Europe based companies through which we are currently marketing 19 products – 11 of these were launched till 2008; 4 launched in 2009 and another 4 in 2010. These belong to therapeutics like dermatology, osteoarthritis, derma-cosmetology and orthopedics; the sectors on which Wockhardt is focusing.

Financial Restructuring

During the year we have satisfactorily resolved major part of our financial restructuring, hence creating a stable ongoing financial situation. With significant improvement in EBITDA, interest coverage ratio has improved significantly to 4.7.

Opportunities

With the patent expiry of large pool of products, currently worth more than $ 100 billion, coming up by 2015, the markets are going to swing further in emerging markets way as the branded patented product revenues take an impact in regulated markets. Wockhardt is well poised to gain from this opportunity by leveraging its R&D, Sales and Manufacturing capabilities.

Our Pharmaceutical and Biotechnology research plans that are currently underway are in line with their developmental strategy and will be a key business driver in the coming future in US and other regulated markets. In US, we have an excellent range of existing products and expect to add a number of new products in the coming year. In Europe, in addition to the geographies where we currently have operations, we will be reaching out to the entire Europe with our products portfolio and manufacturing capacity through our B2B model. India team has planned to enter newer therapies and has developed task forces with clear focus to gain market traction and expand the product portfolio. This in addition to the expansion of sales force will be driving the growth in India. The management has developed expansion plan in manufacturing facilities for key products in Regulated and Indian markets to ensure uninterrupted product supply.

Continuing on its vision of “More and More with Less and Less”, Wockhardt produced a strong EBITDA profitability of 24.6% to sales and seeks to improve it further in the coming years.

Research

The company has a very strong research base with multidisciplinary programs running in Pharmaceutical research, Biotechnology and Drug discovery in India and abroad. At its Research and Development Centers in India, US and Europe the company has made significant investment in operations, facility and talent which has resulted in a strong portfolio of existing products and a strong pipeline of upcoming products.

The Pharmaceutical research programs aims at development of technologically complex and patented products. Currently the company has filed over 20 products, whose combined current market value is in excess of $ 20 billion, for approvals and subsequent launched for years 2011 and 2012 and has a strong pipeline of products under development for the coming years. In Biotechnology the company’s focus is on Insulin and its analogs as principal area of research. In India it has already launched one of the Insulin analog Glargine, by the name of Glaritus. In drug discovery program, we are focusing on anti-infective mainly due to the fact that very few anti-infective have come into the market in the past few years. The Drug Discovery program of the company is in advanced stages of product development have received US IND approval for 2 of its products.

Challenges

A key challenge for company would be the ability to continue to identify and develop products that have a technological edge like complex extended release products. This would be a strategic differentiator from other competitors as more and more product patents expire or are lost. The current ANDA program is designed to cater to these needs and ensure a strong flow of new product offerings to these markets continues. Another challenge would be its ability to control operational costs particularly in regions which have a lower outlook like France and Ireland. The growth of European operations will also depend on the success of the Business to Business (B2B) model in reaching the new markets.

The growth of Indian market is very robust. Even though urban market is growing fast, rural market is growing even faster. We have considerably extended our Doctor coverage and Market coverage by significantly increasing our sales force operations.

Global Trends and Indian scenario

Globally the pharmaceutical marker stood at $ 830 billion (Source: IMS Market Prognosis) and is projected to grow by 5-6% in 2011. While the world's largest market, USA is expected to have a lower growth projection of around 4-5%, the key drivers of growth will be China which is expected to grow at 25-27% to $ 50 billion with India (11-12%) and other smaller markets to follow.

With the patent expiry of products coming fast, over $ 100 billion of products will be going the generics was in next five years, much of it in USA indicating a flat to low growth expectation. Generics stand to grow significantly during this period and has already achieved $ 91 billion (Generics, Branded Generics and OTC) in sales out of the total of $ 306 billion US market.

The Indian pharmaceutical industry grew at an impressive rate of 15% during the 12 month period in terms of revenues and 8% in terms of units of April 2010 – March 2011 (IMS MAT Mar. 2011). This despite the high inflatory pressures is a positive sign outlining patients attention towards maintaining health and well being. This aspect together with the massive expansion in healthcare insurance sector will continue the market growth in the coming years.

Segment wise performance

The company is exclusively into pharmaceutical business segment.

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 statues. 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 of and effectiveness of the internal controls laid down by management and to suggest improvements.

Human Resources

The context in which Wockhardt operates today thus demands new and dynamic leadership and management responses. Leadership development is therefore a strategic priority for Wockhardt. Alongside our other initiatives to build a learning organization and leverage people potential, we have embarked on a systematic process of developing global leadership capabilities. There is no greater joy for us at Wockhardt than to nurture our more than 7,000 people at the threshold of the opportunities that lie ahead.

At Wockhardt, employee initiatives are constantly updated and modified to mark newer beginnings. Our professional development programs are designed to cover every spectrum of individual development. A competency-based model has been adopted which defines the required competencies and employee development initiatives at various levels and functions.

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's philosophy on Corporate Governance is to conduct its business in a manner, which is ethical and transparent with all the stakeholders in the Company, including shareholders, lenders, creditors and employees. The Company operates in compliance with all regulatory and policy requirements as well as industry ethical standards. Your Company continues its endeavour to enhance its stakeholder's value by protecting their interest by ensuring performance at all levels, and maximizing returns with minimal use of resources in its pursuit of excellence in corporate life.

2. BOARD OF DIRECTORS

(a) Composition and other related matters

The Board consists of an optimal blend of Executive and Non-Executive Directors having in-depth knowledge and experience. The strength of the Board is Eight Directors comprising three Executive Directors and five Non-Executive Independent Directors.

The composition of the Board, Details of other directorships, committee positions as on March 31, 2011 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(1)	Number of committee positions held in other companies(2)		Attendance at	
			Chairman	Member	Board Meetings(3)	Last Annual General Meeting (September 20, 2010)
Dr. H. F. Khorakiwala ***Chairman***	Executive	2	None	None	7	Yes
Mr. Shekhar Datta	Non-Executive Independent	2	None	2	5	Yes
Dr. Abid Hussain	Non-Executive Independent	7	None	4	5	Yes
Mr. Aman Mehta	Non-Executive Independent	6	3	2	4	Yes
Mr. Bharat Patel	Non-Executive Independent	3	1	1	6	Yes
Mr. R. A. Shah	Non-Executive Independent	14	5	4	6	No
Dr. Huzaifa Khorakiwala ***Executive Director***	Executive	3	None	1	6	No
Dr. Murtaza Khorakiwala ***Managing Director***	Executive	3	2	None	7	Yes

(1) *The number of other directorships are calculated as per Section 275 of the Companies Act, 1956. It 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 Shareholders' 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. Shekhar Datta participated through teleconference at the Board Meeting held on January 12, 2011 and March 14, 2011 and Dr. Abid Hussain and Mr. Bharat Patel participated through teleconference at the Board Meeting held on January 12, 2011.*

None of the other Directors are related inter-se except Dr. Huzaifa Khorakiwala and Dr. Murtaza Khorakiwala who are sons of Dr. H. F. Khorakiwala.

(b) Board Meetings

Board meetings are held at least once in every quarter and the time gap between two meetings was not more than four months. During the financial year ended March 31, 2011, Seven Board Meetings were held viz. on May 20, 2010, August 13, 2010, September 20, 2010, November 12, 2010, January 12, 2011, February 2, 2011 and March 14, 2011.

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 quarterly results of the company, the annual operating plans and budgets, capital budgets, performance of various operating divisions are placed before the Board meetings. Further, information regarding recruitment of senior executives, show cause notices which are materially important, default if any, in financial obligations, details of joint ventures & collaborations, labour problems etc. are placed before the Board as and when the same takes place. The compliance reports of applicable laws and the minutes of the meetings of the Audit Committee, Investors Grievance Committee and other board committees are placed before the Board at regular intervals.

(c) Details of Directors seeking re-appointment

The details of the Directors seeking re-appointment at the forthcoming Annual General Meeting as required under clause 49(IV)(G) of the Listing Agreement are provided in the Directors Report.

3. AUDIT COMMITTEE

The Audit Committee comprises of Five Non-Executive Independent Directors. During the financial year ended March 31, 2011, the Audit Committee met four times on May 20, 2010, August 13, 2010, November 12, 2010 and February 2, 2011.

The constitution of the Committee and the particulars of attendance at the committee meetings as on March 31, 2011 are given below:

Name of the Director/Member	Designation	Category	Profession	No. of Meetings Attended
Mr. Shekhar Datta	Chairman	Non-Executive Independent	Business Professional	4
Dr. Abid Hussain	Member	Non-Executive Independent	Consultant	4
Mr. Aman Mehta	Member	Non-Executive Independent	Business Professional	3
Mr. Bharat Patel	Member	Non-Executive Independent	Business Professional	4
Mr. R. A. Shah	Member	Non-Executive Independent	Solicitor	4

Mr. Jayant Manmadkar, Company Secretary was Secretary of the Committee till May 19, 2011. Mr. Vijay Khetan, Company Secretary is Secretary of the Committee w.e.f. May 19, 2011.

The terms of Reference of the Audit Committee are in accordance with Section 292A of the Companies Act, 1956 and the provisions of Clause 49(II) of the listing agreements with the Stock Exchanges which *inter-alia* includes oversight of financial reporting process, reviewing the quarterly results and annual financial statements, recommending appointment/re-appointment of auditors, fixation of audit fees, approval of payment to auditors for any other services, discussion of audit plan, reviewing accounting policies and practices, adequacy of internal controls and internal audit systems, discussions with internal auditors on any significant findings and follow up action, reviewing related party transactions, risk management policies and practices, investments made by subsidiaries and internal audit reports.

The statutory auditors, Head of internal audit and Head of Finance are invited to attend and participate at the meetings from time to time.

4. INVESTORS GRIEVANCE COMMITTEE

The Investors Grievance Committee specifically looks into redressing of shareholders and investors complaints such as transfer of shares, non-receipt of shares, non-receipt of dividends etc. During the financial year ended March 31, 2011, four meetings of the Committee were held on May 20, 2010, August 13, 2010, November 12, 2010 and February 2, 2011.

The constitution of the Committee and the particulars of attendance at the committee meetings as on March 31, 2011 are given below:

Name of the Director/Member	Designation	Category	No. of meetings attended
Mr. Shekhar Datta	Chairman	Non-Executive Independent	4
Dr. Abid Hussain	Member	Non-Executive Independent	4
Mr. Aman Mehta	Member	Non-Executive Independent	3
Mr. Bharat Patel	Member	Non-Executive Independent	4
Mr. R. A. Shah	Member	Non-Executive Independent	4

During the financial year ended March 31, 2011, 31 complaints were received from the shareholders and the same were duly resolved as per the summary given below:

Nature of communication	Received	Resolved
Non-receipt of Dividend Warrants	8	8
Non-receipt of Share Certificates	12	12
Non-receipt of Exchange Share Certificates	2	2
Non-receipt of Bonus Shares	8	8
Non-receipt of Rejected DRF	1	1

As on March 31, 2011, no complaint was pending.

Mr. Vijay Khetan, Company Secretary is the Compliance Officer of the Company.

5. REMUNERATION COMMITTEE

(a) Terms of reference, Composition

The terms of reference of Remuneration Committee includes recommendation for fixation and revision of remuneration packages of Managing Director and Whole time Directors to the Board for approval and review. The Remuneration Committee consists of all Non-Executive Independent directors Viz. Mr. Bharat Patel (Chairman), Mr. Shekhar Datta and Mr. R. A. Shah. During the financial year ended March 31, 2011, no meeting of Remuneration Committee was held.

(b) 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.

(c) 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 to each director for the financial year ended March 31, 2011. During the financial year ended March 31, 2011, 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 director & their relatives	Remuneration for the financial year ended March 31, 2011 (₹ in millions)			
				Sitting fees	Salary & Perquisites	Commission	Total
Dr. H. F. Khorakiwala	Promoter	Upto February 28, 2015	N.A	—	21.22	0.00	21.22
Mr. Shekhar Datta	None	N.A	600	0.26	—	0.00	0.26
Dr. Abid Hussain	None	N.A	Nil	0.26	—	0.00	0.26
Mr. Aman Mehta	None	N.A	Nil	0.20	—	0.00	0.20
Mr. Bharat Patel	None	N.A	Nil	0.28	—	0.00	0.28
Mr. R. A. Shah	None	N.A	45,000	0.28	—	0.00	0.28
Dr. Huzaifa Khorakiwala	Promoter	Upto March 30, 2014	N.A	—	2.40	0.00	2.40
Dr. Murtaza Khorakiwala	Promoter	Upto March 30, 2014	N.A	—	2.40	0.00	2.40

Notes:

1. *No commission is being paid to Executive and Non- Executive Directors, in view of there being no profits during the year ended March 31, 2011.*
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. *No Stock Options have been granted during the year under review to any of the above directors.*

6. GENERAL BODY MEETINGS

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

Financial Year ended	Day, Date and Time of AGM	Location
March 31, 2010	Monday, September 20, 2010 at 3.00 p.m.	Y. B. Chavan Auditorium, Gen. Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai 400021
December 31, 2008	Monday, June 29, 2009 at 3.00 p.m.	Y. B. Chavan Auditorium, Gen. Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai 400021
December 31, 2007	Monday, April 28, 2008 at 3.15 p.m.	Y. B. Chavan Auditorium, Gen. Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai 400021

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

One Special Resolution was passed unanimously by show of hands in the Annual General Meeting held on September 20, 2010 for re-appointment of Dr. Habil F. Khorakiwala, as Whole-Time Director designated as "Chairman" of the Company, for a period of 5 (five) years with effect from March 1, 2010:

Seven special resolutions were passed unanimously by show of hands in the Annual General Meeting held on June 29, 2009 as per the details given below:

- Approval of remuneration paid to Dr. Habil F. Khorakiwala, Chairman for the Financial Year 2008
- Approval of payment of remuneration to Dr. Habil F. Khorakiwala, Chairman for a period of three financial years starting from the Financial Year January 1, 2009
- Appointment of Dr. Huzaifa Khorakiwala as Executive Director and fixation of remuneration payable to him
- Appointment of Dr. Murtaza Khorakiwala as Managing Director and fixation of remuneration payable to him
- Approval of remuneration paid to Mr. Rajiv Gandhi, Director Corporate Finance and Information for the Financial Year 2008
- Approval of payment of remuneration to Mr. Rajiv Gandhi, Director Corporate Finance and Information for a period of three financial years starting from the Financial Year January 1, 2009
- Alteration of Articles of Association of the Company

No special resolution was passed in the Annual General Meeting held on April 28, 2008.

(c) Postal Ballot:

During the financial year ended March 31, 2011, the members of the Company passed following special resolutions through postal ballot:

1. Alteration of Articles of Association of the Company relating to Authorised Share Capital.
2. Preferential Issue of not more than 40 crores Convertible and/or Non-Convertible Redeemable Preference Shares of ₹ 5/- each.
3. Issue of Foreign Currency Convertible Bonds (FCCBs) upto USD 74,087,000 in exchange of existing Foreign Currency Convertible Bonds.

Mr. Virendra G. Bhatt was appointed as the scrutinizer for conducting the Postal Ballot and based on his report, the postal ballot results were declared.

The details of postal ballot procedure, voting process is as under:

The procedure prescribed under Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 has been followed for the Postal Ballot conducted during the year for the resolutions mentioned above.

Mr. Virendra G. Bhatt submitted his report dated September 14, 2010 to the Chairman and based on the said report, results of Postal Ballot were declared on September 14, 2010 as under:

Special Resolution for Alteration of Articles 4 of Articles of Association of the Company relating to Authorised Share Capital

Particulars	Number of Postal Ballot	No. of Shares
Valid Postal Ballot forms received	1,428	89,381,666
Invalid Postal Ballot forms received	216	363,489
Total No. of Postal Ballot forms received	**1,644**	**89,745,155**

Sr. No.	Particulars of Valid Ballots	No. of Postal Ballots	No. of Shares	Percentage (%) of shareholding voted
1.	Number of votes in **favour** of the Resolution (Assent)	1,380	89,373,521	99.99%
2.	Number of votes **against** the Resolution (Dissent)	48	8,145	0.01%
	Total	**1,428**	**89,381,666**	**100.00%**

Special Resolution for Preferential Issue of not more than 40 crores Convertible and/or Non-Convertible Redeemable Preference Shares of ₹ 5/- each.

Particulars	Number of Postal Ballot	No. of Shares
Valid Postal Ballot forms received	1,435	89,383,236
Invalid Postal Ballot forms received	209	361,919
Total No. of Postal Ballot forms received	**1,644**	**89,745,155**

Sr. No.	Particulars of Valid Ballots	No. of Postal Ballots	No. of Shares	Percentage (%) of shareholding voted
1.	Number of votes in **favour** of the Resolution (Assent)	1,380	89,372,577	99.99%
2.	Number of votes **against** the Resolution (Dissent)	55	10,659	0.01%
	Total	**1,435**	**89,383,236**	**100.00%**

Special Resolution for Issue of Foreign Currency Convertible Bonds (FCCBs) in exchange of existing Foreign Currency Convertible Bonds (FCCB's)

Particulars	Number of Postal Ballot	No. of Shares
Valid Postal Ballot forms received	1,424	89,380,060
Invalid Postal Ballot forms received	220	365,095
Total No. of Postal Ballot forms received	**1,644**	**89,745,155**

Sr. No.	Particulars of Valid Ballots	No. of Postal Ballots	No. of Shares	Percentage (%) of shareholding voted
1.	Number of votes in **favour** of the Resolution (Assent)	1,362	89,370,489	99.99%
2.	Number of votes **against** the Resolution (Dissent)	62	9,571	0.01%
	Total	**1,424**	**89,380,060**	**100.00%**

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

7. MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Management Discussion and Analysis Report for the financial year ended March 31, 2011 is published separately in this Annual Report.

8. 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 Directors' remuneration, 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. All Board members and senior management personnel have affirmed compliance with the Code for the year ended March 31, 2011. A declaration to this effect signed by Dr. Murtaza Khorakiwala, Managing Director forms part of this report as Annexure I.

d. CEO/CFO Certification

In terms of requirements of clause 49(V) of the listing agreement, Dr. Murtaza H. Khorakiwala, Managing Director and Mr. Giridhar Sanjeevi, 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 19, 2011.

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 as per the details given in point 5 above and shareholders' rights as per the details given in point 9 below.

9. MEANS OF COMMUNICATION

The Company intimates unaudited as well as audited financial results to the stock exchanges immediately after being approved by the Board. The quarterly, half yearly and annual results of the Company are published in one English daily newspaper (The Free Press Journal) and one Marathi newspaper (Navshakti). In addition to this, the quarterly, half-yearly, annual results and summary of the significant events are sent to all the shareholders by way of Chairman's Letter to the shareholders. The quarterly, half-yearly as well as annual results and official news releases, the presentations, if any, made to institutional investors or to the analysts are also posted on Company's website, www.wockhardt.com

10. 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, 2011 forms part of this report.

GENERAL SHAREHOLDER INFORMATION

1. ANNUAL GENERAL MEETING

— Day, Date and Time : Monday, September 12, 2011 at 3.00 p.m.

— Venue : Y. B. Chavan Auditorium, Gen. Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai 400021

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 2011-12 is as under:

Results of Quarter ending June 30, 2011	On or before August 14, 2011
Results of Quarter ending September 30, 2011	On or before November 14, 2011
Results of Quarter ending December 31, 2011	On or before February 14, 2012
Results for year ending March 31, 2012	On or before May 30, 2012
Annual General Meeting for the year ending March 31, 2012	On or before September 30, 2012

3. BOOK CLOSURE DATE

Monday, September 5, 2011 to Monday, September 12, 2011 (both days inclusive) for the purpose of Annual General Meeting.

4. DIVIDEND PAYMENT DATE

The Board has not recommended any dividend for the year ended March 31, 2011.

5. LISTING ON STOCK EXCHANGES

A) Equity Shares	1. Bombay Stock Exchange Limited (BSE) 2. National Stock Exchange of India Limited (NSE)
B) Global Depository Receipts (GDRs)	Luxembourg Stock Exchange

The Company has paid annual listing fees for the year 2011-2012 to all the above stock exchanges.

6. STOCK CODES

(a) Stock code

Bombay Stock Exchange Limited (BSE) : 532300

National Stock Exchange of India Limited (NSE) : WOCKPHARMA

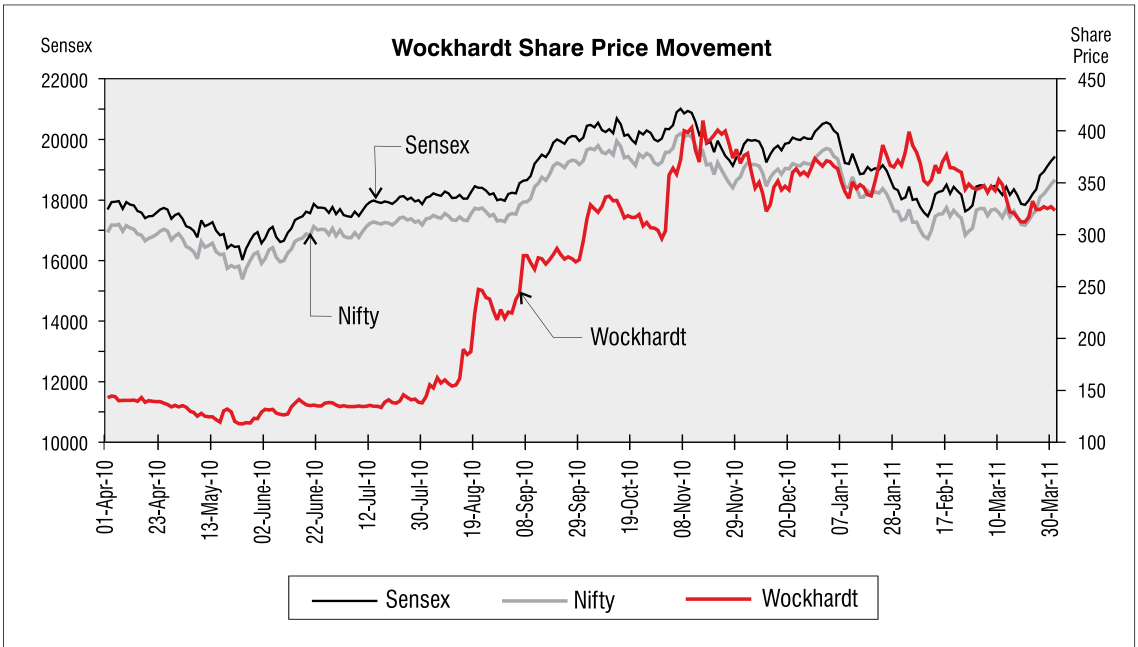
(b) Corporate Identity Number (CIN) : L24230MH1999PLC120720

7. MARKET PRICE DATA: High/Low and number of shares traded during each month in the financial year 2010-2011 on NSE and BSE

Month	NSE			BSE		
	High (₹)	Low (₹)	Monthly Volume	High (₹)	Low (₹)	Monthly Volume
April 2010	146.60	133.50	1,745,065	146.50	131.10	568,915
May 2010	139.00	115.15	2,249,478	138.00	115.00	887,504
June 2010	144.00	120.65	2,770,667	143.50	121.00	1,382,570
July 2010	149.70	132.10	2,326,990	149.35	132.70	1,231,952
August 2010	261.40	136.05	30,568,788	261.25	138.20	13,632,336
September 2010	303.50	220.00	20,026,418	303.60	220.00	9,228,710
October 2010	344.75	291.00	13,279,095	344.95	291.55	7,536,024
November 2010	424.90	296.35	38,106,783	425.60	297.00	18,217,138
December 2010	390.70	311.00	2,886,936	390.90	311.25	1,647,505
January 2011	390.00	320.00	693,630	388.00	331.25	432,968
February 2011	419.30	333.00	825,019	417.90	333.45	492,814
March 2011	371.80	310.00	3,752,957	372.00	303.00	2,728,558

Source: website of BSE and NSE

8. STOCK 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 2594 6970-78
Fax : 022 2594 6969
Email: wockhardt@linkintime.co.in
Website: www.linkintime.co.in

Collection Center (for acceptance of documents):
203, Davar House, Next to Central Camera
197/199, D. N. Road, Fort, Mumbai 400 001
Time: 9.30 a.m – 6.00 p.m
(Monday to Friday except bank holidays)
Contact Person: Mr. Vivek Limaye
Tel: 022 22694127

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 every fortnight. The Share transfer requests received at the Registrars & Transfer Agents are normally processed and delivered within 21 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. DISTRIBUTION OF SHAREHOLDING AS AT MARCH 31, 2011

Number of Equity Shares	No. of Shareholders	% of total Shareholders	Amount in ₹	% of total amount
1 – 500	40,506	86.40	4,326,680	3.95
501 – 1000	4,902	10.46	3,202,625	2.93
1001 – 2000	817	1.74	1,194,515	1.09
2001 – 3000	210	0.45	545,025	0.50
3001 – 4000	88	0.19	319,245	0.29
4001 – 5000	66	0.14	312,631	0.29
5001 – 10000	112	0.24	818,809	0.75
Above 10000	179	0.38	98,716,373	90.20
TOTAL	**46,880**	**100.00**	**109,435,903**	**100.00**

SHAREHOLDING PATTERN AS ON MARCH 31, 2011

Categories	Number of shares	Amount in ₹	% to total paid-up capital
Promoters	80,585,382	402,926,910	73.64
Directors/relatives of Directors	55,600	2,78,000	0.05
Financial Institutions	96,403	482,015	0.09
Banks	132,130	660,650	0.12
Mutual Funds	1,665	8,325	0.00
Insurance Companies	8,434,559	42,172,795	7.71
Foreign Institutional Investors	1,930,730	9,653,650	1.76
Bodies Corporates	2,049,503	10,247,515	1.87
Non Resident Indians	360,964	1,804,820	0.33
Shares Representing GDRs	458,500	2,292,500	0.42
Public	15,148,835	75,744,175	13.85
Clearing Member	178,782	893,910	0.16
Trusts	2,850	14,250	0.00
TOTAL	**109,435,903**	**547,179,515**	**100.00**

12. 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, 2011, 107,548,315 equity shares representing 98.27% of the Company's total paid-up capital were held in dematerialized mode. Out of public holding of 28,392,021 equity shares, 26,958,873 equity shares representing 94.95% of public holding is in dematerialized mode. The International Securities Identification Number (ISIN) assigned to company's equity shares is INE049B01025.

13. 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, 2011 are 458,500 representing 458,500 equity shares of Rs. 5/- each constituting 0.418% of paid-up capital of the Company. As on March 31, 2011, 208,555,274 Optionally Convertible Cumulative Redeemable Preference Shares (Series 1) and 237,994,675 Optionally Convertible Cumulative Redeemable Preference Shares (Series 2) allotted pursuant to the approved CDR package are outstanding. The Series 1 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 October 25, 2015 till December 31, 2018, at a price to be calculated as per the SEBI pricing formula prevalent at the time where the Preference Shareholders are entitled for conversion. 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 where the Preference Shareholders are entitled for conversion. The Series 1 & 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 where 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.

14. 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 400078; Tel no. 022 2594 6970-78, Email: wockhardt@linkintime.co.in

Shareholders may also contact Mr. Viay Khetan, Company Secretary at the Registered Office of the Company at Wockhardt Towers, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051 for any assistance. Tel nos. 022 26534444; Fax: 022 26534242 ; 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.

15. PLANT LOCATIONS

Formulation Plants

- L-1, MIDC Area Chikalthana, Aurangabad-431 210 Maharashtra
- Survey No. 106/4,5,7 Daman Industrial Estate Kadaiya, Nani Daman-396 210
- MIDC, Shendra Aurangabad-431 210 Maharashtra
- Plot No. H-14/2, Waluj Industrial Area MIDC, Waluj, Aurangabad, Maharashtra
- Plot No. 87-A, Silver Industrial Estate Patiala Road, Bhimpore, Nani Daman-396 210
- 57, Kunjhal, Barotiwala, Nalagarh, District Solan, Himachal Pradesh-174 103

Bulk Drugs

- Plot No. 138, GIDC Industrial Estate Ankleshwar-393 002 Dist. Bharuch, Gujarat, India (including Chepalosporin Bulk)

For and on behalf of Board of Directors

Dr. H. F. Khorakiwala
Chairman

Mumbai, May 19, 2011

ANNEXURE I TO CORPORATE GOVERNANCE REPORT

AFFIRMATION OF COMPLIANCE WITH CODE OF CONDUCT AND BUSINESS ETHICS

Pursuant to the requirements of clause 49(I) (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, 2011 from all the Board Members and the Senior Management Personnel.

For **WOCKHARDT LIMITED**

Dr. Murtaza Khorakiwala
Managing Director

Mumbai, May 19, 2011

CERTIFICATE ON 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, 2011**, as stipulated in clause 49 of the Listing Agreement of the Company with 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 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 19, 2011

CONSOLIDATED FINANCIAL HIGHLIGHTS

(₹ in millions)

YEAR-END FINANCIAL POSITION	2010-11	2009-10	2008	2007	2006	2005	2004	2003	2002	2001
Net Fixed Assets (incl. CWIP)	34,676	32,370	36,297	30,713	17,067	7,881	6,598	5,364	2,692	2,038
Deferred Tax Assets/(Liabilties)	748	477	415	(921)	(921)	(618)	(600)	(450)	(360)	–
Investments	896	948	932	709	3	3	3	–	–	90
TOTAL	36,320	33,795	37,644	30,501	16,149	7,266	6,001	4,914	2,332	2,128
Current Assets	20,732	21,719	29,636	20,109	20,024	13,605	12,538	5,765	3,088	3,049
Current Liabilities	9,126	8,621	14,752	8,875	5,808	3,645	3,459	2,751	1,454	1,510
Net Current Assets	11,606	13,098	14,884	11,234	14,216	9,960	9,079	3,014	1,634	1,539
Sub-Total	47,926	46,893	52,528	41,735	30,365	17,226	15,080	7,928	3,966	3,667
Foreign Currency Translation Reserve	1,833	1,578	1,439	269	(72)	(81)	(118)	(143)	(118)	(99)
Profit & Loss Account		57								
TOTAL CAPITAL EMPLOYED	**49,759**	**48,528**	**53,967**	**42,004**	**30,293**	**17,145**	**14,962**	**7,785**	**3,848**	**3,568**
Capital										
– Equity	547	547	547	547	547	547	545	363	363	363
– Preference	7,452	6,686	–	–	–	–	–	–	–	150
TOTAL	7,999	7,233	547	547	547	547	545	363	363	513
Reserves	3,265	1,120	11,069	12,457	10,043	7,533	5,503	4,120	2,986	2,510
Net Worth	11,264	8,353	11,616	13,004	10,590	8,080	6,048	4,483	3,349	3,023
Borrowings										
– Secured	33,792	35,522	31,608	23,440	14,751	4,124	4,082	3,254	459	513
– Unsecured	4,703	4,653	10,743	5,560	4,952	4,941	4,832	48	40	32
TOTAL	38,495	40,175	42,351	29,000	19,703	9,065	8,914	3,302	499	545
TOTAL SOURCES	**49,759**	**48,528**	**53,967**	**42,004**	**30,293**	**17,145**	**14,962**	**7,785**	**3,848**	**3,568**
Summary of Operations										
Sales (Excluding Excise)	37,512	45,014	35,898	24,909	17,290	14,130	12,516	9,421	8,091	7,338
Other Income	159	295	356	2,083	190	180	158	74	15	58
TOTAL INCOME	**37,671**	**45,309**	**36,254**	**26,992**	**17,480**	**14,310**	**12,674**	**9,495**	**8,106**	**7,396**
Material Consumed	15,162	19,725	13,604	9,928	6,679	5,771	5,218	4,132	3,517	3,194
Personnel Cost	5,497	7,353	6,320	4,578	2,692	2,097	1,893	1,341	785	676
Other expenses	7,766	9,704	8,119	5,635	3,917	2,976	2,706	2,153	2,387	2,051
EBIDTA	9,246	8,527	8,211	6,851	4,192	3,466	2,857	1,869	1,417	1,475
Interest Expense/(Income)	1,304	3,953	3,780	1,324	26	95	(16)	4	76	142
Depreciation	1,166	1,481	1,130	785	621	426	368	268	182	166
Profit Before Tax & Exceptional Items	6,776	3,093	3,301	4,742	3,545	2,945	2,505	1,597	1,159	1,167
Exceptional Items	5,732	(12,949)	(5,810)	–	(604)	–	–	–	–	–
PBT	1,044	(9,856)	(2,509)	4,742	2,941	2,945	2,505	1,597	1,159	1,167
Tax (Expense)/Credit	(87)	(167)	916	(917)	(529)	(374)	(371)	(171)	(108)	(104)
PAT	**957**	**(10,023)**	**(1,593)**	**3,825**	**2,412**	**2,571**	**2,134**	**1,426**	**1,051**	**1,063**
Share in Profit of Associate Companies	-52	16	205	33	–	–	–	–	–	–
IMPORTANT RATIOS										
Current Assets : Liabilities	2.27	2.50	2.01	2.27	3.45	3.73	3.62	2.10	2.12	2.02
Debt : Equity	3.42	4.81	3.65	2.23	1.86	1.12	1.47	0.74	0.15	0.18
PBT/Turnover %	2.8%	-21.9%	-7.0%	19.0%	17.0%	20.8%	20.0%	17.0%	14.3%	15.9%
Return (PBIT) on Capital Employed %	4.9%	-12.6%	2.4%	14.5%	9.8%	17.6%	16.5%	20.2%	31.1%	35.7%
No. of Equity Shares (in millon)	109.44	109.44	109.44	109.44	109.44	109.44	109.00	36.29	36.26	36.26
Dividend (per share)	–	–	–	11.25	5.00	5.00	5.00	7.50	6.50	6.50
Earning (per share)	8.3	(91.4)	(12.7)	35.3	22.04	23.5	19.6	39.3	28.8	28.9
Net Worth (per share)	102.9	76.3	106.1	118.8	96.8	73.8	55.3	123.5	92.4	83.4

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 fifteen month period ended March 31, 2010.

NOTES

CSR conclave thought leaders

Wockhardt Foundation's ground breaking CSR initiative, the Thought Leadership Conclave, held in February 2011 was the first of its kind in India.

Speakers included Nobel Peace Laureates His Holiness The Dalai Lama and Prof. Muhammad Yunus.

Seen here at the inauguration of the India Shining Star Awards are (from left to right) Wockhardt Chairman, Dr. Habil Khorakiwala, Hon'ble Union Cabinet Minister for Water Resources and Minority Affairs, Shri Salman Khurshid, Nobel Peace Laureate Prof. Muhammad Yunus and Dr. Huzaifa Khorakiwala, CEO, Wockhardt Foundation.

WOCKHARDT WORLDWIDE

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WOCKHARDT

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