

NOTES TO ACCOUNTS

For the Period Ended March 31, 2010

(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 year.

 (ii) *Use of estimates*

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

(a) Fixed assets, 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 period, or reported in previous financial statements, are recognized as income or as expenses in the 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 period/year.

(c) Investments

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

(d) Inventories

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

Inventories are valued at cost or net realizable value, whichever is lower. Cost also includes all charges incurred for bringing the inventories to their present location and condition. Excise and customs duty accrued on production or import of goods, as applicable, is included in the valuation of 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 period/year timing differences between taxable income and accounting income for the period/year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent it has timing differences the reversal of which will result in sufficient income. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

Minimum Alternative Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in the Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of credit to the 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 period/year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period/year. The weighted average number of equity shares outstanding during the period/year are adjusted for events of bonus issue to existing shareholders and share split.

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

(m) Cash and Cash equivalents

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

(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, 2010	As at December 31, 2008
2. SHARE CAPITAL		
AUTHORISED		
250,000,000 (Previous Year – 250,000,000) Equity shares of ₹ 5/- each	1,250.00	1,250.00
1,600,000,000 (Previous Year – Nil) preference shares of ₹ 5/- each	8,000.00	–
	9,250.00	1,250.00
ISSUED, SUBSCRIBED AND PAID UP		
109,435,903 (Previous Year – 109,435,903) Equity shares of ₹ 5/- each fully paid	547.18	547.18
424,163,605 (Previous Year – Nil) Optionally Convertible Cumulative Redeemable Preference shares of ₹ 5 each fully paid up – Refer Note 27	2,120.82	–
912,994,875 (Previous Year – Nil) Non Convertible Cumulative Redeemable Preference shares of ₹ 5 each fully paid up – Refer Note 27	4,564.97	–
	7,232.97	547.18

Of the above equity shares:

- 70,123,304 (Previous Year – 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).
- 2,400,000 (Previous Year – 2,400,000) fully paid-up equity shares of ₹ 5/- each were allotted pursuant to amalgamation of Wockhardt Veterinary Limited ('WVL') with the Company.
- 69,716,132 (Previous Year – 69,716,132) equity shares of ₹ 5/- fully paid up are held by Khorakiwala Holdings and Investments Private Limited, the holding company.
- 439,200 (Previous Year – 439,200) fully paid equity shares of ₹ 5/- each were allotted pursuant to exercise of stock options.
- 36,431,502 (Previous Year – 36,431,502) equity shares of ₹ 5/- each are allotted as Bonus shares out of Capital Redemption Reserve.

	As at March 31, 2010	As at December 31, 2008
3. 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
General reserve		
Balance as per last account	8,793.59	8,793.59
Less: Transferred to profit and loss account	(8,793.59)	–
	–	8,793.59
	399.48	9,193.07
4. SECURED LOANS		
(A) 10% Redeemable Non-convertible Debentures	2,000.00	2,000.00
(B) TERM LOANS		
(i) From financial institutions	–	530.00
(ii) From banks:		
(a) Foreign currency denominated loans	–	981.30
(b) Rupee denominated loans	8,046.44	1,280.97
(iii) From others:		
Rupee denominated loans	750.00	0.56
(C) Working capital loan from Banks	4,546.85	2,698.64
	15,343.29	7,491.47

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, by way of mortgage of immovable assets at Biotech Park H-14/2, MIDC Waluj, Aurangabad and hypothecation of movable assets situated at all locations (except Baddi and Daman – Kadaiya).
- (II) (a) ₹ 5,952.80 million are secured by way of first charge on movable properties situated at all locations except Baddi and Daman – Kadaiya Unit. In addition to charge on movables, ₹ 500 million is also secured by way of first pari passu charge on current assets and ₹ 1647.50 million is secured by way of first pari passu charge on immovable properties of the Company situated at Ankleshwar.
- (b) ₹ 1,418.40 million are secured by way of third charge on movable properties situated at all locations except Baddi and Daman – Kadaiya Unit.
- (c) Term loans amounting to ₹ 0.24 million (Previous Year – ₹ 2.78 million) are for purchase of vehicles and are secured by hypothecation of vehicles purchased under the agreement.
- The Company is in the process of creating charge on movable properties situated at all locations except Baddi and Daman – Kadaiya Unit to secure term loans amounting to ₹ 675 million.
- (III) As on March 31, 2010, the Company is in the process of creating charge on movable and immovable properties to secure term loans from others amounting to ₹ 750 million.
- (IV) As on March 31, 2010, working capital loan from banks amounting to ₹ 3,312.35 million are secured by way of first charge by hypothecation of inventories and debtors and second charge on movable properties situated at all locations except Baddi and Daman – Kadaiya Unit.
- Balance working capital loan of ₹ 1,234.50 million are secured by way of first charge by hypothecation of inventories and debtors.
- (V) As per approved CDR package dated July 4, 2009, in order to secure the debentures, rupee denominated term loans and working capital loans of ₹ 14,108.55 million, the Company is in the process of creating charge in favour of security trustee on behalf of all CDR lenders on:
- immovable properties of the Company situated at various locations viz. Plot No. 87/A, Bhimpore, Daman, Plot No. L-1, Chikhalthana, Aurangabad, Plot No. D-4, Chikhalthana, Aurangabad, Plot H-14/2 Biotech Park, Waluj, Plot No. 138, Ankleshwar, Gujarat, and
 - current assets of the Company situated at all locations and
 - immovable properties of Vinton Healthcare Limited, a wholly owned subsidiary, situated at Jagraon, Punjab and
 - immovable properties of Wockhardt Infrastructure Development Limited, a wholly owned subsidiary, situated at Shendra, Aurangabad
- (VI) Out of the above, loans of ₹ 14,108.55 million are also secured by irrevocable personal guarantee by H.F. Khorakiwala, Chairman.
- (I) As on December 31, 2008 term loans of Rs. 1,808.75 million were secured as under:**
- (i) loan of ₹ 530 million was secured by first charge on pari-passu basis by way of mortgage and hypothecation of movable and immovable assets at L-1, M.I.D.C. Chikhalthana and D-4, M.I.D.C. Chikhalthana (R&D Centre), Aurangabad.
 - (ii) loan of ₹ 510 million was secured by subservient charge by way of hypothecation of movable assets situated at L-1, M.I.D.C. Chikhalthana, D-4, M.I.D.C. Chikhalthana (R&D Centre), Aurangabad and 87-A Bhimpore, Daman.
 - (iii) loan of ₹ 768.75 million was secured by first charge by way of hypothecation of movable assets situated at Plot No. 138, G.I.D.C. Ankleshwar, S.E.Z. Shendra, Aurangabad and Village Kunjhal, Baddi, Solan.

- (II) As at December 31, 2008 Foreign currency denominated loan (External Commercial Borrowings) was secured by first charge on pari-passu basis by way of mortgage and hypothecation of movable and immovable assets at L-1, M.I.D.C. Chikhalthana, D-4, M.I.D.C. Chikhalthana (R&D Centre), Biotech Park H-14/2, M.I.D.C. Waluj, B-15/2, M.I.D.C. Waluj (Plant & Machinery), Aurangabad, 138, G.I.D.C. Ankleshwar, Bhimpore and Kadiaya, Daman. Subsequently, the charge on above assets has been released and the said loan was secured only by hypothecation on term deposit. The loan was repaid in March 2009.
- (III) Working capital loans from banks are secured by hypothecation of inventories and debtors.

	As at March 31, 2010	As at December 31, 2008
5. UNSECURED LOANS		
Long term		
Sales tax deferral loan	51.77	52.29
[Of the above ₹ 2.17 million (Previous Year – ₹ 0.52 million) is repayable within one year]		
Short term		
Zero Coupon Foreign Currency Convertible Bonds (Refer note below)	4,464.02	5,285.04
From Banks	–	4,515.57
From Others	122.28	862.03
	4,638.07	10,714.93

Note: Zero coupon Foreign Currency Convertible Bonds (FCCBs) along with premium were due for repayment in October, 2009. CDR scheme comprehensively covers FCCB liability and pursuant to it, one of the FCCB holders have been issued preference shares of ₹ 2,085.55 million. Additionally, certain FCCB holders are in negotiation with the Company.

	As at March 31, 2010	As at December 31, 2008
6. DEFERRED TAX (ASSET)/LIABILITY, (net)		
Deferred tax liabilities		
Difference between depreciation on block of assets	2,202.66	1,837.73
Deferred Expenses	–	3.43
Gross deferred tax liabilities	2,202.66	1,841.16
Deferred tax assets		
Provision for Gratuity	49.92	38.35
Provision for Leave Encashment	34.27	28.03
Provision for Bonus	2.09	1.68
Premium on FCCB Loan	495.74	440.14
Provision on marked to market losses on derivative instruments	100.74	1,192.81
Provision for doubtful debts	109.49	140.15
Unabsorbed losses	1,410.41	–
Gross deferred tax assets	2,202.66	1,841.16
	–	–

During the period, 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 01.01.2009	Additions	Deductions	As at 31.03.2010	As at 01.01.2009	For the period	Deductions/ Adjustments	As at 31.03.2010	As at 31.03.2010	As at 31.12.2008
Intangibles										
Trademarks/Technical know-how	337.48	226.84	92.57	471.75	113.63	184.72	46.41	251.94	219.81	223.85
Software	64.49	2.75	–	67.24	19.41	8.33	–	27.74	39.50	45.08
Tangibles										
Freehold land	28.55	–	–	28.55	–	–	–	–	28.55	28.55
Leasehold land	83.41	–	–	83.41	6.87	1.31	–	8.18	75.23	76.54
Buildings	1,020.44	68.43	–	1,088.87	170.50	42.79	–	213.29	875.58	849.94
Plant and Machinery	7,500.18	500.21	0.37	8,000.02	1,818.32	410.16	(66.72)	2,295.20	5,704.82	5,681.86
Furniture and fittings	219.04	6.15	–	225.19	63.74	17.97	–	81.71	143.48	155.30
Office Equipments	55.79	1.37	0.11	57.05	47.16	5.09	0.07	52.18	4.87	8.63
Information Technology Equipments	234.56	25.80	1.37	258.99	165.55	37.34	0.77	202.12	56.87	69.01
Vehicles	45.59	0.23	8.67	37.15	36.55	2.77	5.67	33.65	3.50	9.04
Total	9,589.53	831.78	103.09	10,318.22	2,441.73	710.48	(13.80)	3,166.01	7,152.21	7,147.80
Capital Work-in-Progress (including Capital advances)									4,628.83	3,991.46
Total	9,589.53	831.78	103.09	10,318.22	2,441.73	710.48	(13.80)	3,166.01	11,781.04	11,139.26
Previous Year	7,644.18	1,967.79	22.44	9,589.53	1,946.68	460.28	(34.77)	2,441.73	11,139.26	

Note: Additions to capital work-in-progress includes expenditure incurred during construction period pending allocation aggregating ₹ 993.03 million (Previous Year – ₹ 1,112.82 million). These expenses include Material Consumption ₹ 27.67 million (Previous Year – ₹ 77.74 million), Employee cost aggregating ₹ 342.19 million (Previous Year – ₹ 284.77 million), Interest expenses ₹ 114.19 million (Previous Year – ₹ 55.46 million), Depreciation ₹ 66.81 million (Previous Year – ₹ 50.34 million) and Operating expenses aggregating ₹ 442.17 million (Previous Year – ₹ 644.51 million) [Stores & spares ₹ 30.35 million (Previous Year – ₹ 54.44 million), Power ₹ 45.84 million (Previous Year – ₹ 33.92 million), Travelling ₹ 9.20 million (Previous Year – ₹ 10.67 million), Repairs ₹ 11.56 million (Previous Year – ₹ 8.53 million), General Expenses ₹ 345.22 million (Previous Year – ₹ 536.95 million)].

	As at March 31, 2010	As at December 31, 2008
8. INVESTMENTS		
LONG TERM INVESTMENTS (at cost)		
A. In subsidiary companies (unquoted)		
1,307,368 (Previous Year – 1,307,368) Equity shares of Wockhardt Europe Limited of par value £ 1 each fully paid up (including two fully paid up shares held in the name of nominees of the Company)	83.80	83.80
27,504,823 (Previous Year – 27,504,823) Equity shares of Wockhardt UK Holdings Limited [formerly Wockhardt UK Limited] of 1p each fully paid up	752.66	752.66
18,000,000 (Previous Year – 18,000,000) Equity shares of Wockhardt Biopharm Limited of ₹ 10 each fully paid up (including six fully paid-up share of par value held in the name of the nominees of the Company)	90.00	90.00
44,600 (Previous Year – 41,500) 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	1,965.89
2,000,000 (Previous Year – 2,000,000) Equity Shares of ₹ 10 each fully paid up in Wockhardt Infrastructure Development Limited (including one fully paid-up share of par value held in the name of the nominee of the Company)	35.00	35.00
12,800,000 (Previous Year – 12,800,000) 7% Non-cumulative Redeemable Preference Shares of ₹ 100 each fully paid up of Vinton Healthcare Limited	83.24	83.24
10,000,000 (Previous Year – 10,000,000) Equity Shares of ₹ 10 each fully paid up of Vinton Healthcare Limited (including eighty fully paid up shares of par value held in the name of nominees of the Company)	10.88	10.88
1,000 (Previous Year – 1,000) Stocks of USD 1 each fully paid up of Atlantis USA Inc.	0.04	0.04
B. Other than trade (unquoted)		
443,482 (Previous Year – 443,482) Shares of Bharuch Eco-Aqua Infrastructure Limited of ₹ 10 each fully paid up	4.43	4.43
6,300 (Previous Year – 6,300) Shares of Bharuch Enviro Infrastructure Limited of ₹ 10 each fully paid up	0.06	0.06
Nil (Previous Year – 250) Shares of Kanishka Housing Development Company Limited of ₹ 100 each fully paid up	–	0.03
1,000 (Previous Year – 1,000) Shares of Saraswat Co-Operative Bank Limited of ₹ 10 each fully paid up	0.01	0.01
	3,156.44	3,026.04
9. INVENTORIES		
Raw materials	892.17	685.43
Packing materials	297.42	282.41
Work-in-progress	552.60	364.73
Finished goods	1,211.31	1,109.25
Stores and spares	106.22	129.00
	3,059.72	2,570.82
10. SUNDRY DEBTORS		
Debts outstanding for a period exceeding six months		
Unsecured, Considered good	1,573.71	1,690.90
Unsecured, Considered doubtful	325.71	412.32
	1,899.42	2,103.22
Provision for doubtful debts	(325.71)	(412.32)
	1,573.71	1,690.90
Other debts		
Unsecured, Considered good	3,062.20	2,903.60
	4,635.91	4,594.50

	As at March 31, 2010	As at December 31, 2008
11. CASH AND BANK BALANCES		
Cash on hand	1.96	1.32
Balances with scheduled banks		
– on current accounts	656.54	261.22
– on margin accounts*	328.80	1,921.74
– on deposit accounts** [including unutilised amount of FCCB ₹ Nil (Previous Year – ₹ 129.36 million)]	2.22	2,556.51
	989.52	4,740.79
* Out of the above, ₹ 328.80 million (Previous Year – ₹ 1,921.44 million) are under lien.		
** Out of the above, ₹ Nil (Previous Year – ₹ 2,456.13 million) are under lien.		
12. OTHER LOANS AND ADVANCES		
(Unsecured and considered good unless otherwise stated)		
Loans/Advances to employees [Refer note (a) below]	69.23	33.65
Loans to companies	0.31	983.76
Advances recoverable in cash or in kind or for value to be received [Refer note (b) below]	3,292.10	3,787.80
Balance with customs and excise authorities	121.86	171.75
Other deposits	133.43	98.53
Minimum Alternative Tax (MAT) credit entitlement	199.16	199.16
Advance tax, net of provision for tax	444.49	350.62
	4,260.58	5,625.27
(a) Loans/advances to employees include excess remuneration paid to directors ₹ 50.69 million (Previous Year – ₹ 23.12 million) [maximum amount outstanding during the period ₹ 50.69 million (Previous Year – ₹ 23.12 million)]. An application was made to Central Government for approval for payment of managerial remuneration to Mr. H. F. Khorakiwala, Chairman aggregating to ₹ 15.20 million and Mr. Rajiv Gandhi, Director – Corporate Finance and Information aggregating ₹ 7.92 million for the financial year ended 31st December, 2008. The Ministry of Corporate Affairs ("the Central Government") vide their letter in March 2010, approved managerial remuneration upto the permissible limit under Schedule XIII of the Companies Act, 1956 and directed that remuneration received by them in excess of Schedule XIII was required to be refunded to the Company. An application has been made to the Central Government for review and reconsideration of that decision, which is currently pending. The applications for approval of payment of managerial remuneration to Mr. H. F. Khorakiwala, Chairman, Dr. Murtaza Khorakiwala, Managing Director, Mr. Huzaifa Khorakiwala, Executive Director and Mr. Rajiv Gandhi, Director – Corporate Finance and Information for the financial period 2009-10 were submitted to Central Government. The Ministry of Corporate Affairs ("the Central Government") vide their letter in March 2010, approved managerial remuneration upto the permissible limit under Schedule XIII of the Companies Act, 1956. An application has been made to the Central Government for review and reconsideration, which is currently pending.		
(b) Advances recoverable in cash or in kind includes deposit/advance given to Carol Info Services Limited, the Company under same management ₹ 475.52 million (Previous Year – ₹ 275 million) [maximum outstanding during the period ₹ 475.52 million (Previous Year – ₹ 275 million)].		
13. CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Acceptances	145.22	45.90
Sundry creditors – Micro and Small enterprises [Refer Note 20(k)]	38.93	152.71
– Subsidiary companies	233.87	143.96
– Others	2,331.66	2,677.57
Security deposits	142.35	164.17
Investor Education and Protection Fund shall be credited as and when due by the following amounts:		
– Unclaimed dividends	12.31	13.58
Interest accrued but not due	75.76	174.46
Other liabilities	932.24	798.77
	3,912.34	4,171.12
PROVISIONS		
Provision on Marked to Market Losses on Derivative Instruments	303.26	4,256.32
Provision for premium payable on Foreign Currency Convertible Bonds	–	1,294.91
Provision for Retirement benefits (Refer Note 29)	219.94	195.28
Other Provision (Refer Note 31)	105.41	92.24
	628.61	5,838.75
	4,540.95	10,009.87

	For the period ended March 31, 2010	For the year ended December 31, 2008
14. OTHER INCOME		
Dividend on investments	0.01	0.02
Interest [TDS ₹ 53.62 million (Previous Year – ₹ 57.19 million)]	260.86	313.11
Miscellaneous income (Refer note below)	73.00	102.85
	333.87	415.98
Miscellaneous income to the extent of ₹ 25.37 million (Previous Year – ₹ Nil) is net of liabilities no more payable ₹ 26.33 million (Previous Year – ₹ Nil) and advances no more recoverable ₹ 0.96 million (Previous Year – ₹ Nil).		
15. MATERIAL CONSUMED AND PURCHASE OF GOODS		
Consumption of raw and packing materials	6,437.13	4,668.27
Purchase of finished goods	2,559.61	1,954.84
	8,996.74	6,623.11
16. (INCREASE)/DECREASE IN INVENTORIES		
Inventories as at December 31, 2008		
Finished goods	1,109.25	1,163.69
Work-in-progress	364.73	459.98
Less: Excise Duty on opening stock	(12.62)	(22.12)
Inventories as at March 31, 2010		
Finished goods	(1,211.31)	(1,109.25)
Work-in-progress	(552.60)	(364.73)
Less: Excise Duty on closing stock	10.27	12.62
	(292.28)	140.19
17. OPERATING AND OTHER EXPENSES		
Salaries, wages and bonus	1,315.80	1,169.49
Retirement benefits	81.17	52.31
Contribution to provident and other funds	86.48	78.57
Staff welfare expenses	85.58	120.93
Travelling and conveyance	375.21	386.36
Freight and forwarding charges	374.63	393.72
Selling and distribution	373.28	393.25
Commission on sales	237.42	180.66
Power and fuel	394.55	364.14
Rent	105.69	85.30
Rates and taxes	27.15	22.89
Repairs and maintenance:		
Plant & Machinery	75.38	62.40
Buildings	20.00	24.08
Others	63.70	45.63
Stores and spare parts consumed	164.93	140.93
Insurance	65.53	44.94
Bad debts	273.88	27.86
Provision for doubtful debts	(69.70)	—
Product development expenses written off	74.79	76.45
Legal and Professional Charges	278.39	72.28
Miscellaneous expenses	661.11	658.43
	5,064.97	4,400.62

	For the period ended March 31, 2010	For the year ended December 31, 2008
18. RESEARCH AND DEVELOPMENT EXPENSES		
Chemicals and consumables	41.53	42.72
Employee cost	245.11	132.45
Travelling expenses	22.36	26.75
Power and fuel	16.83	8.64
Repair and maintenance	6.79	4.88
Printing and stationery	4.94	7.01
Communication expenses	6.60	7.72
Clinical trial expenses	8.53	11.02
Analysis expenses	1.08	1.86
Legal and professional expenses	10.97	8.43
Other Research and Development expenses	34.34	48.20
	399.08	299.68
19. FINANCIAL EXPENSES		
Interest		
On Term Loans	418.75	165.61
On Debentures	272.95	99.34
Others	1,628.03	951.76
	2,319.73	1,216.71
20. SUPPLEMENTARY STATUTORY INFORMATION		
(a) Remuneration to Directors:		
(i) Salary	34.99	16.48
Contribution to Provident Fund	1.74	1.39
Other Perquisites	12.91	11.44
	49.64	29.31
As the future liability for gratuity and leave encashment is provided on the actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable and, therefore, not included in above.		
The applications for approval of payment of managerial remuneration to Mr. H. F. Khorakiwala, Chairman, Dr. Murtaza Khorakiwala, Managing Director, Mr. Huzaifa Khorakiwala, Executive Director and Mr. Rajiv Gandhi, Director – Corporate Finance and Information for the financial period 2009-10 were submitted to Central Government. The Ministry of Corporate Affairs ("the Central Government") vide their letter in March 2010, approved managerial remuneration upto the permissible limit under Schedule XIII of the Companies Act, 1956. An application has been made to the Central Government for review and reconsideration, which is currently pending. Hence, the amount of ₹ 27.57 million paid to Directors in excess of limits prescribed under Schedule XIII is shown as recoverable.		
(ii) Computation of net profit in accordance with Section 349 of Companies Act, 1956 for calculation of commission payable to Directors		
Net profit before tax	(7,933.40)	(4,570.78)
Add : Depreciation	710.48	460.28
Add : Director's fees	1.48	0.56
Add : Directors' remuneration (as charged to P & L)	22.07	6.19
Add : (Profit)/Loss on sale of Fixed Assets & Division	(1,727.67)	1.07
Add : Bad debts written off against provision for doubtful debts	(273.88)	(27.86)
Add : Provision for doubtful debts	69.70	27.62
Less : Depreciation under Section 350	(710.48)	(460.28)
Adjusted net profit as per Section 349 of the Companies Act, 1956	(9,841.70)	(4,563.20)
(b) Capital Expenditure on Research and Development	799.58	804.95
	799.58	804.95

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

	For the period ended March 31, 2010		For the year ended December 31, 2008	
	Value	%	Value	%
(i) Materials				
Imported	1,443.62	22.43	869.21	18.62
Indigenously Procured	4,993.51	77.57	3,799.06	81.38
	6,437.13	100.00	4,668.27	100.00
(ii) Stores and Spare Parts				
Imported	22.28	12.08	33.03	21.26
Indigenously Procured	162.12	87.92	122.37	78.74
	184.40	100.00	155.40	100.00

(d) Raw Material and Packing Material Consumed

Material Description	Unit of Measurement	For the period ended March 31, 2010		For the year ended December 31, 2008	
		Quantity	Value (₹ in Million)	Quantity	Value (₹ in Million)
1. Raw milk	Kgs	17,927,588	334.22	11,387,684	185.21
2. Paracetamol	Kgs	811,878	184.73	590,234	114.59
3. P-Methoxy Phenyl Acetic Acid	Kgs	192,750	122.78	120,750	86.78
4. Product B	Kgs	260,800	110.78	166,400	62.59
5. Cyclohexenylethylamine	Kgs	145,205	103.91	90,965	66.16
6. Lisinopril	Kgs	4,437	94.64	398	8.89
7. Ropinirole Hcl	Kgs	170	88.52	50	25.14
8. Gentamicin sulphat IP	Kgs	13,500	75.45	7,100	38.62
9. 7-Amino Cephalosporanic Acid	Kgs	14,620	74.66	17,575	81.09
10. Dexamethasone	Gms	867,234	66.34	454,784	23.93
11. D-Mandelic Acid	Kgs	58,686	53.91	38,075	32.20
12. Gliciazide BP	Kgs	5,640	51.93	2,715	24.68
13. ECPP alanine	Kgs	8,000	45.78	6,400	39.18
14. Povidone Iodine	Kgs	55,868	44.17	43,172	27.10
15. Ranitidine Base	Kgs	37,200	43.15	45,600	50.43
16. Ketorolac tromethamine hcl	Kgs	206	39.81	135	21.88
17. Azithromycin	Kgs	4,545	38.15	3,933	32.73
18. Isopropyl alcohol	Kgs	475,433	29.39	567,454	39.23
19. Cefprozil	Kgs	272	9.73	896	33.13
20. Others			4,825.08		3,674.71
			6,437.13		4,668.27

(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 (262,000)	123,369 (277,887)	1,619,743 (1,443,441)	920.65 (617.74)	131,185 (270,465)	181.02 (229.64)	113,562 (131,185)	170.47 (181.02)	1,760,735 (1,860,608)	2,363.60 (2,180.28)
2. Liquids & Solutions	Ltrs.	3,000,000 (3,000,000)	2,595,586 (2,151,487)	4,749,307 (4,099,292)	582.14 (416.52)	807,241 (903,786)	91.70 (94.72)	777,499 (807,241)	100.96 (91.70)	7,374,635 (6,347,324)	1,769.65 (1,488.85)
3. Tablets & Capsules	Nos. in Lacs	54,475 (54,475)	75,551 (48,575)	12,750 (9,556)	919.04 (642.73)	2,916 (5,411)	212.42 (274.50)	6,029 (2,916)	310.17 (212.42)	85,188 (60,626)	9,110.78 (6,844.53)
4. Ointments	Kgs.	160,000 (160,000)	130,304 (82,151)	70,679 (83,971)	15.59 (22.67)	31,247 (36,322)	21.74 (38.83)	35,733 (31,247)	21.82 (21.74)	196,497 (171,197)	346.62 (242.11)
5. Powder	Kgs.	– (160,000)	7,336,044 (5,088,057)	807,446 (1,096,631)	95.04 (96.96)	695,196 (1,101,255)	106.31 (130.68)	985,379 (695,196)	204.43 (106.31)	7,853,307 (6,590,747)	2,590.34 (1,892.73)
6. Bulk Drugs	Kgs.	490,400 (460,400)	564,120 (420,074)	– (1,385)	– (120.87)	51,137 (62,019)	480.37 (391.24)	50,208 (51,137)	392.91 (480.37)	565,049 (432,341)	1,633.46 (1,245.64)
7. Other goods	Nos. in Lacs	–	–	–	27.15 (37.35)	–	15.69 (4.08)	–	10.55 (15.69)	–	483.40 (339.72)
8. Processing charges											3.49 (2.74)
9. Distribution income											27.70 (3.39)
10. Management fees											206.76 (145.87)
11. Export Incentive											194.04 (145.43)
					2,559.61 (1,954.84)		1,109.25 (1,163.69)		1,211.31 (1,109.25)		18,729.84 (14,531.29)

(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 year comparatives.

	For the period ended March 31, 2010	For the year ended December 31, 2008
(f) Auditor's Remuneration (including service tax):		
Audit Fees	3.03	3.09
Tax Audit Fees	1.79	1.83
Other services	2.08	2.06
Out of pocket expenses	0.03	0.15
	6.93	7.13
(g) Value of Imports on C.I.F. Basis		
Raw Materials, Packing Materials, components & spares	1,937.35	1,217.62
Capital Goods	308.12	783.92
	2,245.47	2,001.54
(h) Expenditure in Foreign Currency (Accrual Basis)		
Travelling	13.48	13.01
Professional fees	372.13	131.73
Royalty	40.01	46.18
Interest	7.85	108.57
Others	280.29	428.43
	713.76	727.92
(i) Earnings in Foreign Exchange (Accrual Basis)		
Exports of goods on F.O.B. basis	6,863.95	5,233.10
Management fees	197.45	145.86
Royalty	28.54	85.05
Interest	72.58	172.67
	7,162.52	5,636.68

(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 USA LLC amounting to ₹ Nil (Previous Year – ₹ Nil) [maximum amount outstanding during the period ₹ Nil (Previous Year – ₹ 85.66 million)], esparma GmbH amounting to ₹ Nil (Previous Year – ₹ 202.97 million) [maximum amount outstanding during the period ₹ 202.97 million (Previous Year – ₹ 204.21 million)], Wockhardt Infrastructure Development Limited ₹ 461.01 million (Previous Year – ₹ 383.25 million) [maximum amount outstanding during the period ₹ 461.01 million (Previous Year – ₹ 383.25 million)], Vinton Healthcare Limited ₹ 1,067.02 million (Previous Year – ₹ 786.54 million) [maximum outstanding during the period ₹ 1,067.02 million (Previous Year – ₹ 786.54 million)], Wockhardt EU Operations (Swiss) AG ₹ 110.48 million (Previous Year – ₹ 1,042.70 million) [maximum outstanding during the period ₹ 1,042.70 million (Previous Year – ₹ 1,068.13 million)], Atlantis USA Inc. ₹ Nil (Previous Year – ₹ Nil) [maximum outstanding during the period ₹ Nil (Previous Year – ₹ 0.03 million)], Morton Grove Pharmaceuticals, Inc. ₹ Nil (Previous Year – ₹ 97.42 million) [maximum outstanding during the period ₹ 97.42 million (Previous Year – ₹ 100.14 million)], Wockhardt Holding Corp ₹ 516.90 million (Previous Year – ₹ 779.37 million) [maximum outstanding during the period ₹ 779.84 million (Previous Year – ₹ 801.12 million)].

	For the period ended March 31, 2010	For the year ended December 31, 2008
(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.	39.88	159.98
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.	0.95	7.27
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		
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 for the period	(7,942.14)	(3,487.58)
Less: Preference dividends	(0.12)	-
Net profit/(Loss) for calculation of basic/diluted EPS	(7,942.26)	(3,487.58)
	Shares	Shares
Weighted average number of shares for EPS	109,435,903	109,435,903
Earnings per share (nominal value ₹ 5/- each)	₹	₹
Earnings per share – Basic and diluted	(72.57)	(31.87)
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 ascertained as conversion price would be determined as per the SEBI formula on conversion date.		
22. Exceptional items mainly comprises of Marked to Market/Realised loss of ₹ 10,986.96 million (Previous Year – ₹ 4,438.33 million), profit on sale of animal health division ₹ 1,570.97 million, profit on sale of intangible assets ₹ 156.43 million, gain on settlement of loan liability of ₹ 17.32 million.		
23. SEGMENTAL REPORTING		
As the Company's annual report contains both Consolidated Financial Statement and this financial statement, Segmental information is presented only on the basis of Consolidated Financial Statement. (Refer Note 23 of Consolidated Financial statement).		
24. Product Development Expenses of ₹ 900.15 million (Previous Year – ₹ 1,002.56 million) incurred during the period are considered as capital expenditure to be capitalized as intangible assets.		
25. The Company has taken office premises on operating lease. These lease and licence agreements are 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. Following are the details of operating leases: Annual commitments under non-cancellable operating leases are as follows:		
	For the period ended March 31, 2010	For the year ended December 31, 2008
Less than one year	12.73	9.36
More than 1 year but less than five years	26.49	37.35
More than five years	1.45	2.72

26. In view of the losses incurred by the Company, capital redemption reserve has not been created for preference shares redeemable at premium at future dates.

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

- (a) During the period, Company has increased authorised share capital to ₹ 9,250 million from ₹ 1,250 million in the nature of Preference Share Capital.
- (b) During the period under review, 1,337,158,480 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) 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) 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) 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) 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) 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) 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) 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

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

Holding company

Khorakiwala Holdings and Investments Private Limited

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

Enterprises over which Key Managerial Personnel exercising significant influence

Palanpur Holdings and Investments Private Limited

Wockhardt Hospitals Limited

Merind Limited

Fellow Subsidiary

Carol Info Services Limited

Key management personnel

H. F. Khorakiwala, Chairman

Huzaifa Khorakiwala, Executive Director w.e.f. March 31, 2009

Murtaza Khorakiwala, Managing Director w.e.f. March 31, 2009

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

(c) Transactions with related parties during the period

	For the period ended March 31, 2010 ₹ in million	For the year ended December 31, 2008 ₹ in million
Holding company		
Dividend Paid	–	174.29
Subsidiary companies		
Purchase of Raw material [CP Pharmaceuticals Limited ₹ Nil (Previous Year – ₹ 31.61 million), Girex S.A.S. ₹ Nil (Previous Year – ₹ 0.27 million), Pinewood Laboratories Limited ₹ Nil (Previous Year – ₹ 4.72 million)]	–	36.60
Purchase of fixed assets [CP Pharmaceuticals Limited ₹ Nil (Previous Year – ₹ 23.45 million), Morton Grove Pharmaceuticals, Inc. ₹ 11.77 million (Previous Year – ₹ 3.60 million)]	11.77	27.05
Management fees [CP Pharmaceuticals Limited ₹ 12 million (Previous Year – ₹ 13.55 million), Wockhardt USA LLC ₹ 35.16 million (Previous Year – ₹ 40.63 million), esparma GmbH ₹ 4.17 million (Previous Year – ₹ 6.73 million), Wockhardt EU Operations (Swiss) AG ₹ 23.78 million (Previous Year – ₹ 21.29 million), Pinewood Laboratories Limited ₹ 32.18 million (Previous Year – ₹ 36.03 million), Wockhardt France (Holdings) S.A.S. ₹ 13.88 million (Previous Year – ₹ 10.79 million), Morton Grove Pharmaceuticals, Inc. ₹ 3.76 million (Previous Year – ₹ 16.84 million), Laboratoires Negma S.A.S. ₹ 72.52 million (Previous Year – ₹ Nil)]	197.45	145.86
Royalty expense [Wockhardt Biopharm Limited ₹ 13.29 million (Previous Year – ₹ 14.46 million), Wockhardt EU Operations (Swiss) AG ₹ 37.01 million (Previous Year – ₹ 25.19 million)]	50.30	39.65
Sales [Wockhardt USA LLC ₹ 3,112.02 million (Previous Year – ₹ 2,224.58 million), CP Pharmaceuticals Limited ₹ 23.59 million (Previous Year – ₹ 15.01 million), esparma GmbH ₹ 9.47 million (Previous Year – ₹ 50.37 million), Wockhardt EU Operations Swiss AG ₹ 1,844.87 million (Previous Year – ₹ 1,237.54 million), Pinewood Laboratories Limited ₹ 3.65 million (Previous Year – ₹ 4.87 million)]	4,993.60	3,532.37
Interest Income [esparma GmbH ₹ 8.07 million (Previous Year – ₹ 24.76 million), Vinton Healthcare Limited ₹ 68.15 million (Previous Year – ₹ 40.61 million), Wockhardt Holding Corp ₹ 40.01million (Previous Year – ₹ 53.36 million), Morton Grove Pharmaceuticals, Inc. ₹ 0.97 million (Previous Year – ₹ 6.67 million), Wockhardt EU Operations (Swiss) AG ₹ 23.53 million (Previous Year – ₹ 18.05 million), Wockhardt Infrastructure Development Limited ₹ 31.56 million (Previous Year – ₹ 16.78 million)]	172.29	160.23
Royalty received [esparma GmbH ₹ 28.54 million (Previous Year – ₹ 60.07 million)]	28.54	60.07
Lease Rent Paid [Wockhardt Infrastructure Development Limited ₹ 1.18 million (Previous Year – ₹ 1.25 million)]	1.18	1.25
Maintenance expenses paid [Wockhardt Infrastructure Development Limited ₹ 0.10 million (Previous Year – ₹ 0.11 million)]	0.10	0.11
Capital expenditure recovered [Laboratoires Negma S.A.S. ₹ 34.46 million (Previous Year – ₹ Nil),	34.46	6.52

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

	For the period ended March 31, 2010 ₹ in million	For the year ended December 31, 2008 ₹ in million
Wockhardt France (Holdings) S.A.S. ₹ Nil (Previous Year – ₹ 6.52 million)]		
Expenses recovered [esparma GmbH ₹ 0.03 million (Previous Year – ₹ Nil), Pinewood Laboratories Limited ₹ 0.46 million (Previous Year – ₹ 4.18 million), Wockhardt USA LLC ₹ Nil (Previous Year – ₹ 0.62 million), Wockhardt EU Operations (Swiss) AG ₹ 0.08 million (Previous Year – ₹ 1.99 million), Wockhardt France (Holding) S.A.S. ₹ Nil (Previous Year – ₹ 9.06 million), CP Pharmaceuticals Limited ₹ 0.34 million (Previous Year – ₹ 1.99 million), Wockhardt UK Limited ₹ 0.15 million (Previous Year – ₹ 0.17 million), Morton Grove Pharmaceuticals, Inc. ₹ Nil (Previous Year – ₹ 0.52 million)]	1.06	18.53
Reimbursement of expenses [Morton Grove Pharmaceuticals, Inc. ₹ 0.01 million (Previous Year – ₹ Nil), Pinewood Laboratories Limited ₹ 0.06 million (Previous Year – ₹ 3.93 million)]	0.07	3.93
Service charges paid [Atlantis USA Inc., ₹ 18.48 million (Previous Year – ₹ 25.43 million)]	18.48	25.43
Increase in investments [Wockhardt EU Operations (Swiss) AG ₹ 130.43 million (Previous Year – ₹ Nil)]	130.43	–
Swapping of investments against shares of Wockhardt EU Operations (Swiss) AG esparma GmbH ₹ Nil (Previous Year – ₹ 197.38 million)]	–	197.38
Loans/Advances given [Wockhardt Infrastructure Development Limited ₹ 83.03 million (Previous Year – ₹ 348.89 million), Vinton Healthcare Limited ₹ 280.49 million (Previous Year – ₹ 502.31 million), Wockhardt EU Operations (Swiss) AG ₹ Nil (Previous Year – ₹ 783.65 million)]	363.52	1,634.85
Loans/Advances recovered [esparma GmbH ₹ 202.97 million (Previous Year – ₹ Nil), Wockhardt USA LLC ₹ Nil (Previous Year – ₹ 88.65 million), Wockhardt Infrastructure Development Limited ₹ 5.28 million (Previous Year – ₹ 4.62 million), Vinton Healthcare Limited ₹ Nil (Previous Year – ₹ 8.82 million), Morton Grove Pharmaceuticals, Inc. ₹ 97.28 million (Previous Year – ₹ Nil), Wockhardt Holding Corp. ₹ 223.86 million (Previous Year – ₹ Nil), Wockhardt EU Operations (Swiss) AG ₹ 783.92 million (Previous Year – ₹ Nil), Atlantis USA Inc. ₹ Nil (Previous Year – ₹ 0.03 million)]	1,313.31	102.12
Commission recovered on Corporate Guarantee [CP Pharmaceuticals Limited ₹ 0.69 million (Previous Year – ₹ 6.18 million)]	0.69	6.18
Corporate guarantee given [Wockhardt UK Limited ₹ Nil (Previous Year – ₹ 282.56 million)]	–	282.56
Advance against investment/Share Application money given [Wockhardt EU Operations ₹ Nil (Previous Year – ₹ 130.43 million)]	–	130.43
Advance taken [Laboratoires Negma S.A.S. ₹ Nil (Previous Year – ₹ 269.99 million)]	–	269.99
Advance adjusted [Laboratoires Negma S.A.S. ₹ 106.97 million (Previous Year – ₹ Nil)]	106.97	–
Security deposit given [Wockhardt Infrastructure Development Limited ₹ Nil (Previous Year – ₹ 4.70 million)]	–	4.70
Fellow Subsidiary		
Loan Licensee paid [Carol Info Services Limited ₹ 174.78 million (Previous Year – ₹ 89.59 million)]	174.78	89.59
Rent paid [Carol Info Services Limited ₹ 66.78 million (Previous Year – ₹ 54.31 million)]	66.78	54.31
Security deposit given [Carol Info Services Limited ₹ Nil (Previous Year – ₹ 275 million)]	–	275.00
Advance given [Carol Info Services Limited ₹ 200.52 million (Previous Year – Nil)]	200.52	–
Key management personnel		
Remuneration paid	49.64	29.31
Remuneration to Chairman ₹ 27.53 million (Previous Year – ₹ 18.46 million), Remuneration to Whole Time Director ₹ 13.79 million (Previous Year – ₹ 10.85 million), Remuneration paid to Managing Director ₹ 4.16 million (Previous Year – ₹ Nil), Remuneration paid to Executive Director ₹ 4.16 million (Previous Year – ₹ Nil)]		
Irrevocable personal guarantee given by Chairman ₹ 14,108.55 million (Previous Year – ₹ Nil)	14,108.55	–

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

	For the period ended March 31, 2010 ₹ in million	For the year ended December 31, 2008 ₹ in million
Enterprise over which Key Managerial Personnel exercising significant influence		
Rent paid [Palanpur Holdings and Investments Private Limited ₹ 0.98 million (Previous Year – ₹ 1.08 million), Merind Limited ₹ 1.77 million (Previous Year – ₹ 1.42 million)]	2.75	2.50
Sales [Wockhardt Hospitals Limited ₹ 2.02 million (Previous Year – ₹ 1.70 million)]	2.02	1.70
Reimbursement of Expenses [Merind Limited ₹ 31.48 million (Previous Year – ₹ 33.28 million)]	31.48	33.28
Purchase of Fixed Assets [Merind Limited ₹ 4.62 million (Previous Year – ₹ 7.03 million)]	4.62	7.03
Security Deposit Given [Merind Limited ₹ Nil (Previous Year – ₹ 280 million)]	–	280.00
Security Deposit received back [Merind Limited ₹ Nil (Previous Year – ₹ 280 million)]	–	280.00
Corporate guarantee given by Palanpur Holdings and Investments Private Limited ₹ 14,108.55 (Previous Year – ₹ Nil)	14,108.55	–
(d) Related party balances		
Receivable from wholly owned subsidiary companies [esparma GmbH ₹ 0.65 million (Previous Year – ₹ 602.23 million), Wockhardt USA LLC ₹ 2,595.87 million (Previous Year – ₹ 2,378.33 million), Vinton Healthcare Limited ₹ 1,067.03 million (Previous Year – ₹ 786.54 million), Wockhardt EU Operations (Swiss) AG ₹ 726.51 million (Previous Year – ₹ 1,004.10 million), Wockhardt Infrastructure Development Limited ₹ 465.71 million (Previous Year – ₹ 387.95 million), Pinewood Laboratories Limited ₹ 10.92 million (Previous Year – ₹ 12.29 million), Wockhardt France (Holdings) S.A.S. ₹ 16.30 million (Previous Year – ₹ 16.43 million), Morton Grove Pharmaceuticals, Inc. ₹ Nil (Previous Year – ₹ 102.19 million), Wockhardt Holding Corp. ₹ 526.43 million (Previous Year – ₹ 793.02 million)]	5,409.42	6,083.08
Payable to wholly owned subsidiary companies [Wockhardt Biopharm Limited ₹ 56.58 million (Previous Year – ₹ 39.54 million), CP Pharmaceuticals Limited ₹ 89.94 million (Previous Year – ₹ 55.49 million), Wockhardt UK Limited ₹ 10.52 million (Previous Year – ₹ 20.17 million), Atlantis USA Inc., ₹ 1.59 million (Previous Year – ₹ 10.47 million), Laboratoires Negma S.A.S. ₹ 147.21 million (Previous Year – ₹ 269.99 million), Girex S.A.S. ₹ 0.24 million (Previous Year – ₹ 0.27 million) Morton Grove Pharmaceuticals, Inc. ₹ 5.52 million (Previous Year – ₹ Nil)]	(311.60)	(395.93)
Receivable from fellow subsidiary [Carol Info Services Limited ₹ 472.52 million (Previous Year – ₹ 252.99 million)]	475.52	252.99
Payable to enterprise over which key managerial personnel exercising significant influence [Palanpur Holdings and Investments Private Limited ₹ Nil (Previous Year – ₹ 0.08 million), Merind Limited ₹ 4.89 million (Previous Year – ₹ 0.62 million)]	(4.89)	(0.70)
Receivable from enterprise over which key managerial personnel exercising significant influence [Wockhardt Hospitals Limited ₹ 0.40 million (Previous Year – ₹ 0.19 million)]	0.40	0.19
Enterprises over which Key Managerial Personnel exercising significant influence		
Security Deposit receivable [Palanpur Holdings and Investments Private Limited ₹ 27.50 million (Previous Year – ₹ 27.50 million)]	27.50	27.50
Receivable from Key management personnel [Chairman ₹ 35.65 million (Previous Year – ₹ 15.20 million), Whole Time Director ₹ 15.04 million (Previous Year – ₹ 7.92 million)]	50.69	23.12

29. EMPLOYEE BENEFITS
(A) Defined benefit plans:

	For the period ended March 31, 2010 Gratuity (Non-funded)	For the year ended December 31, 2008 Gratuity (Non-funded)
I. Expenses recognised:		
1. Current Service Cost	27.75	18.50
2. Interest cost	11.60	8.69
3. Actuarial Losses/(Gains)	(26.19)	(0.05)
Total Expenses	13.16	27.14
II. Net Asset/(Liability) recognised:		
1. Present value of defined benefit obligation	110.04	112.82
2. Net Asset/(Liability)	(110.04)	(112.82)
III. Reconciliation of Net Asset/(Liability) recognised:		
1. Net Asset/(Liability) at the beginning of period	(112.82)	(94.62)
2. Expense as per (I) above	13.16	27.14
3. Employer contributions	15.94	8.94
4. Net asset/(liability) at the end of the period	(110.04)	(112.82)
IV. Actuarial Assumptions:		
1. Discount rate	7.50%	7.00%
2. Expected rate of salary increase which has been determined taking into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market	6.00%	6.00%
3. Mortality	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
4. Attrition rate	2%	2%

Notes:

(a) Amounts recognized as an expense and included in the Schedule 17 and 18:

"Retirement benefits" are gratuity ₹ 13.44 million (Previous Year – ₹ 26.50 million), Leave Encashment ₹ 69.22 million (Previous Year – ₹ 28.15 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 ₹ 93.95 million (Previous Year – ₹ 83.63 million).

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

	For the period ended March 31, 2010	For the year ended December 31, 2008	For the year ended December 31, 2007
Defined benefit obligation	(110.04)	(112.82)	(94.62)
Surplus/(deficit)	(110.04)	(112.82)	(94.62)
Experience adjustment on plan liabilities (gain)/loss	(6.89)	0.09	5.76

(D) The actuarial valuation of liability with respect to gratuity as on March 31, 2010, is carried out considering the existing upper limit of ₹ 3.50 lakhs. Gratuity limit has been enhanced to ₹ 10 lakhs w.e.f. May 24, 2010 vide amendment to Payment of Gratuity Act, 1972. The impact on profit and loss, during the period due to such change is not quantifiable.

30. DISCLOSURE REGARDING DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

The details of outstanding derivative contracts as on March 31, 2010 has been stated as per information available with the Company. Premium paid in respect of such contracts aggregating to ₹ 1,843.79 million included under Advances recoverable in cash or kind is unconfirmed and relevant documents in respect of such contracts are being put in place.

- (a) The company enters into forward exchange contract being derivative instrument, which are not intended for trading, or speculative purposes, but for hedging purpose, to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables.

No. of contracts	As at March 31, 2010		As at December 31, 2008	
	Amt. in Foreign Currency (in Millions)	₹ in Millions	Amt. in Foreign Currency (in Millions)	₹ in Millions
	-	-	1	
USD	-	-	20.00	981.30

- b) Outstanding derivative contracts details (other than forward exchange contracts stated above):

No. of contracts	As at March 31, 2010		As at December 31, 2008	
	Amt. in Foreign Currency (in Millions), net	₹ in Millions, net	Amt. in Foreign Currency (in Millions), net	₹ in Millions, net
	32		135	
USD	390.25	17,540.72	1,210.55	58,965.89
EUR	143.00	8,658.94	401.80	27,012.61
GBP	60.00	4,082.94	106.00	7,487.84
JPY	-	-	4,130.00	2,207.07
CHF	-	-	10.00	452.13
AUD	-	-	10.00	333.63

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

Particulars	Currency	As at March 31, 2010		As at December 31, 2008	
		Amt. in Foreign Currency (in Millions)	₹ in Millions	Amt. in Foreign Currency (in Millions)	₹ in Millions
Loan Aailed	USD	2.30	103.38	13.60	662.39
Interest Payable	USD	0.13	5.87	0.07	3.32
Sundry Debtors	ACU	0.07	3.16	0.05	2.47
	AUD	0.01	0.57	0.01	0.46
	CHF	0.76	32.12	0.43	19.54
	EUR	1.08	65.28	-	-
	GBP	8.60	585.51	-	-
	USD	75.45	3,391.24	24.85	1,210.48
Loans and Advances	EUR	1.09	66.00	3.21	215.70
	USD	15.24	685.07	-	-
	CHF	0.04	1.74	0.05	2.25
	GBP	0.04	2.58	0.02	1.75
	JPY	1.49	0.72	6.41	3.42
	SEK	-	-	0.23	1.45
	USD	12.33	554.11	-	-
Sundry Creditors	ACU	0.001	0.07	0.001	0.03
	SGD	0.001	0.04	-	-
	CAD	-	-	0.01	0.27
	CHF	1.24	52.60	0.02	0.69
	EUR	4.65	281.64	-	-
	GBP	1.73	117.86	1.77	125.07
	JPY	13.35	6.43	3.05	1.63
	SEK	-	-	0.23	1.45
	USD	12.33	554.11	-	-
	Foreign Currency Convertible Bonds	USD	-	-	108.50
Bank Balances	USD	0.11	5.03	0.15	7.24
Time Deposit	USD	-	-	2.66	129.36

31. Provision for Sales Return on date Expiry – Opening Balance ₹ 92.24 million (Previous Year – ₹ 75 million), Additions during the period ₹ 120.29 million (Previous Year – ₹ 109.26 million), Utilised during the period ₹ 107.12 million (Previous Year – ₹ 92.02 million), Closing balance ₹ 105.41 million (Previous Year – ₹ 92.24 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 being restructured under the aegis of Corporate Debt Restructuring (CDR) Scheme. As required under the Scheme the Master Restructuring Agreement (MRA) and other necessary documents have been executed and effective. The CDR scheme comprehensively covers the FCCB liabilities and crystallized derivatives/hedging liabilities.
33. Estimated amount of Contracts remaining to be executed on capital account not provided for ₹ 43.65 million (Previous Year – ₹ 242.77 million) after deducting advance on capital account of ₹ 57.68 million (Previous Year – ₹ 62.82 million).
34. As per legal advice obtained, provisions of Sick Industrial Companies (Special Provisions) Act, 1985 are not applicable to the Company. During the year, the Company has transferred balance of General Reserve to Profit and Loss Account.

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 Year – ₹ 84.97 million).
- (b) Demand by Income tax authorities ₹ 815.90 million (Previous Year – ₹ 661.07 million) disputed by the Company.
- (c) Corporate Guarantee given on behalf of various subsidiaries in respect of bank facilities amounts to ₹ 12,452.95 million (Previous Year – ₹ 13,739.04 million). This includes corporate guarantee given by the Company and Wockhardt UK Holdings Limited against loan of USD 250 million taken by Wockhardt EU Operations (Swiss) AG in earlier years. The said loan is also secured by a first pari-passu charge on the Baddi and Daman (Kadaiya) units of the Company and second pari passu charge on the current assets of the Company.
- (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 ₹ 0.07 million and Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) Series 1 to 2 of ₹ 0.05 million, has been made by the Company.
- (e) Certain derivative/hedging contracts have been unilaterally cancelled by the banks. The Company has treated the demand of ₹ 8,483.22 million (Previous Year – ₹ 4,895.24 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 Company as debts.

36. Winding up petitions are filed by certain lenders/banks in 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 sub-judice and outcome of which cannot be currently ascertained.

37. PREVIOUS YEAR COMPARATIVES

The Board of Directors had approved a change in accounting year of the Company to commence from 1st April every year and to end on 31st March of the following year. Consequently, as a transitional arrangement, the current year annual accounts and reports of the Company are for a period of 15 months commencing from January 1, 2009 and ending on March 31, 2010. The figures in respect of the previous year, however, relate to 12 months ended December 31, 2008 and hence are not comparable.

As per our attached report of even date

For Haribhakti & Co.
Chartered Accountants

Shailesh Haribhakti
Partner

Place: Mumbai
Date : May 20, 2010

J. B. Manmadkar
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

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, 2010

(b) Capital raised during the year:

Public Issue	:	Nil
Rights Issue	:	Nil
Bonus Issue	:	Nil
Private Placement	:	6,685.79
Employment stock option	:	Nil

(c) Position of mobilisation and deployment of funds:

Total liabilities and shareholders funds	:	27,613.81
Total assets	:	27,613.81

Sources of funds

Paid-up capital	:	7,232.97
Reserves and surplus	:	399.48
Secured loans	:	15,343.29
Unsecured loans	:	4,638.07
Deferred tax liability	:	–

Application of funds

Net fixed assets	:	7,152.21
Capital work in progress including advances	:	4,628.83
Investments	:	3,156.44
Net current assets	:	10,560.19
Accumulated losses	:	2,116.14

(d) Performance of company:

Turnover	:	19,018.93
Total expenditure	:	26,952.33
Profit/(Loss) before tax	:	(7,933.40)
Profit/(Loss) after tax	:	(7,942.14)
Earnings per share	:	(72.57)
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

Sr. No.	Name of subsidiary Company	Financial year to which accounts relates	Holding Company's interest as at the close of financial year of subsidiary company		Currency	Net aggregate amount of subsidiary company's profits after deducting its losses or vice-versa, so far as it concerns members of Holding Company which are not dealt within the Company's accounts		Net Aggregate amount of the Profits/(Losses) of the Subsidiary so far as dealt with or provision is made for those losses in Holding Company's Accounts	
			(i) Shareholding	(ii) Extent of Holding (%age)		For the current financial year (in Millions)	For the previous financial year/period since it became a subsidiary (in Millions)	For the subsidiary's financial year end December 31, 2008 (in Millions)	For the previous financial years till it became the subsidiary (in Million)
1.	Wockhardt Biopharm Limited	31-Mar-10	18,000,000 Equity shares of ₹ 10/- each fully paid up	100%	₹	9.76	10.59	0.00	0.00
2.	Vinton Healthcare Limited	31-Mar-10	10,000,000 Equity shares of ₹ 10/- each fully paid up 12,800,000 7% Non-Cumulative Redeemable Preference Shares of ₹ 100/- each fully paid up	100%	₹	(54.90)	(48.89)	0.00	0.00
3.	Wockhardt Infrastructure Development Limited	31-Mar-10	2,000,000 Equity shares of ₹ 10/- each fully paid up	100%	₹	(0.64)	(0.02)	0.00	0.00
4.	Z & Z Services GmbH@	31-Mar-10	Euro 3,625,000*	100%	Euro (€)	(132.11)	(3.35)	0.00	0.00
5.	Wockhardt Europe Limited	31-Mar-10	1,307,368 Ordinary shares of £1 each	100%	STG (£)	(0.43)	(0.01)	0.00	0.00
6.	Wockhardt Nigeria Limited@	31-Mar-10	1,500,000 Ordinary Shares of Naira 10 each fully paid up	100%	USD	0.00	0.00	0.00	0.00
7.	Wockhardt UK Holdings Limited	31-Mar-10	27,504,823 Ordinary shares of 1p each fully paid up	100%	STG (£)	0.00	0.00	0.00	0.00
8.	CP Pharmaceuticals Limited@	31-Mar-10	570,000 Ordinary Shares of £ 1 each 1,862,549 'A' Ordinary Shares of £ 1 each	100%	STG (£)	113.51	0.17	0.00	0.00
9.	CP Pharmaceuticals (Schweiz) AG.@	31-Mar-10	250 shares of CHF 1,000 each	100%	GBP	13.61	0.25	0.00	0.00
10.	Wallis Group Limited @	31-Mar-10	1,408,667 Ordinary shares of £ 1 each	100%	STG (£)	0.00	0.00	0.00	0.00
11.	The Wallis Laboratory Limited @	31-Mar-10	4,040 Ordinary Shares of £ 1 each	100%	STG (£)	0.00	0.00	0.00	0.00
12.	Wockhardt Farmaceutica do Brasil Ltda@	31-Mar-10	748,466.20 quotas of Brazilian Ria 1 each	100%	USD	(0.53)	(0.01)	0.00	0.00
13.	Wallis Licensing Limited@	31-Mar-10	1 Ordinary shares of £ 1 each	100%	STG (£)	0.00	0.00	0.00	0.00
14.	Wockhardt USA LLC.@	31-Mar-10	2,000,000 Equity shares of \$ 1 each	100%	USD	(678.01)	0.83	0.00	0.00
15.	Wockhardt EU Operations (Swiss) AG	31-Mar-10	44,600 shares of CHF 1,000 each	100%	CHF	93.55	12.25	0.00	0.00
16.	Wockhardt UK Limited@	31-Mar-10	50,000 Ordinary Shares of £ 1 each	100%	STG (£)	116.84	1.37	0.00	0.00

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES (Contd.)

Sr. No.	Name of subsidiary Company	Financial year to which accounts relates	Holding Company's interest as at the close of financial year of subsidiary company	(ii) Extent of Holding (%)	Currency	Net aggregate amount of subsidiary company's profits after deducting its losses or vice-versa, so far as it concerns members of Holding Company which are not dealt within the Company's accounts		Net Aggregate amount of the Profits/(Losses) of the Subsidiary so far as dealt with or provision is made for those losses in Holding Company's Accounts	
			(i) Shareholding			For the current financial year (in Millions)	For the previous financial year/ period since it became a subsidiary (in Millions)	For the subsidiary's financial year end December 31, 2008 (in Millions)	For the previous financial years till it became the subsidiary (in Million)
17.	Wockhardt Cyprus Limited@	31-Mar-10	1,000 Ordinary shares of CY £ 1 each	100%	USD	(0.03)	(0.01)	0.00	0.00
18.	Wockpharma Ireland Limited@	31-Mar-10	10,001,000 Ordinary shares of € 1 each	100%	Euro (€)	51.56	0.43	0.00	0.00
19.	Nonash Limited@	31-Mar-10	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) 1,000 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) 2,000 G ordinary Shares of Euro 0.32 each 9) 2,500 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 (€)	62.94	0.78	0.00	0.00
20.	Pinewood Laboratories Limited @	31-Mar-10	2,985,128 Ordinary shares of € 0.125 each 120"A" Ordinary shares of € 1.25 each	100%	Euro (€)	113.17	5.80	0.00	0.00
21.	Atlantis USA Inc.	31-Mar-10	1,000 Ordinary shares of \$ 1 each	100%	USD	0.61	0.02	0.00	0.00
22.	Esparma AG@	31-Mar-10	100,000 Shares of CHF 1 each	100%	CHF	(0.39)	0.02	0.00	0.00
23.	Wockhardt Holding Corp.@	31-Mar-10	1,100 Ordinary Shares of US\$ 1 each	100%	USD	(0.14)	0.00	0.00	0.00
24.	Morton Grove Pharmaceuticals Inc.@	31-Mar-10	100 Ordinary Shares of US\$ 0.01 each	100%	USD	751.20	9.54	0.00	0.00
25.	MGP Inc.@	31-Mar-10	100 Ordinary Shares of US\$ 0.01 each	100%	USD	0.00	0.00	0.00	0.00
26.	Wockhardt France (Holdings) S.A.S.@	31-Mar-10	601,000 Shares of € 100 each	100%	Euro (€)	395.73	(12.03)	0.00	0.00
27.	Girex S.A.S.@	31-Mar-10	78,820 Shares of € 16 each	100%	Euro (€)	(7.65)	2.69	0.00	0.00
28.	Laboratoires Pharma 2,000 S.A.S.@	31-Mar-10	11,400 Shares of € 16 each	100%	Euro (€)	(83.11)	(2.03)	0.00	0.00
29.	Laboratoires Negma S.A.S.@	31-Mar-10	275,409 Shares of € 153 each	100%	Euro (€)	770.52	8.09	0.00	0.00
30.	DMH S.A.S.@	31-Mar-10	6,000 Shares of € 16 each	100%	Euro (€)	53.22	0.21	0.00	0.00
31.	Scomedica S.A.S.@	31-Mar-10	2,500 Shares of € 16 each	100%	Euro (€)	32.96	(0.10)	0.00	0.00
32.	Niverpharma S.A.S.@	31-Mar-10	10,000 Shares of € 16 each	100%	Euro (€)	62.56	(0.15)	0.00	0.00
33.	Negma Benulex S.A.S.@	31-Mar-10	2,976 Shares of € 25 each	100%	Euro (€)	1.19	0.14	0.00	0.00
34.	Phytex S.A.S.@	31-Mar-10	7,000 Shares of € 153 each	100%	Euro (€)	9.14	0.29	0.00	0.00
35.	Mazal Pharmaceutique S.A.R.L.@	31-Mar-10	5,670 Shares of € 16 each	100%	Euro (€)	1.75	(3.07)	0.00	0.00
36.	Cap Dermatology S.A.R.L.@	31-Mar-10	313 Shares of € 16 each	100%	Euro (€)	(15.56)	(0.31)	0.00	0.00
37.	Hariphar S.C.@	31-Mar-10	100 shares of € 152.45 each	100%	Euro (€)	14.25	0.17	0.00	0.00
38.	S.C.I. Salome@	31-Mar-10	100 shares of € 15 each	100%	Euro (€)	2.01	0.07	0.00	0.00
39.	Laboratoires Lerads S.A.S. @	31-Mar-10	740 shares of € 50 each	100%	Euro (€)	(0.02)	(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.

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 20, 2010

J. B. Manmadkar
Company Secretary

FINANCIAL DETAILS OF THE SUBSIDIARY COMPANIES

For the Period Ended March 31, 2010

Sr. No.	Name of the Subsidiary	Currency	Closing Exchange rate against Indian ₹ as on March 31, 2010	₹ In Million								
				Paid Up Capital	Reserves	Total Assets including investments	Total Liabilities	Turnover	Profit/(Loss) before taxation	Provision for taxation	Profit/(Loss) after taxation	Proposed dividend
1.	Wockhardt Biopharm Limited	₹	–	180.00	(102.01)	79.97	1.98	13.29	11.87	2.11	9.76	–
2.	Vinton Healthcare Limited	₹	–	1,380.00	(634.85)	1,843.97	1,098.82	–	(54.90)	–	(54.90)	–
3.	Wockhardt Infrastructure Development Limited	₹	–	20.00	13.33	517.04	483.71	–	(0.64)	–	(0.64)	–
4.	Z & Z Services GmbH @	Euro (€)	60.55	1.51	(1.41)	16.55	16.44	678.25	(126.12)	5.99	(132.11)	–
5.	Wockhardt Europe Limited	STG (£)	68.05	88.97	(18.11)	71.02	0.17	–	(0.43)	–	(0.43)	–
6.	Wockhardt Nigeria Limited @	USD	44.95	3.60	(3.08)	0.51	–	–	0.00	–	0.00	–
7.	Wockhardt UK Holdings Limited #	STG (£)	68.05	18.71	961.01	1,161.76	182.03	–	–	–	–	–
8.	CP Pharmaceuticals Limited @	STG (£)	68.05	165.57	792.04	1,700.44	742.84	2,514.60	129.98	16.47	113.51	–
9.	CP Pharmaceuticals (Schweiz) AG. @	STG (£)	68.05	17.01	(23.82)	20.42	27.22	23.82	13.61	–	13.61	–
10.	Wallis Group Limited @	STG (£)	68.05	95.86	113.27	209.20	0.07	–	–	–	–	–
11.	The Wallis Laboratory Limited @	STG (£)	68.05	0.27	(0.27)	11.51	11.51	–	–	–	–	–
12.	Wockhardt Farmaceutica do Brazil Ltda @ #	USD	44.95	14.20	(13.96)	0.29	0.05	–	(0.53)	–	(0.53)	–
13.	Wallis Licensing Limited @	STG (£)	68.05	–	(63.47)	210.35	273.82	–	–	–	–	–
14.	Wockhardt USA LLC @	USD	44.95	89.89	(1,043.06)	2,421.91	3,375.07	6,798.39	(674.95)	3.06	(678.01)	–
15.	Wockhardt EU Operations (Swiss) AG #	CHF	42.36	1,889.22	2,635.80	17,742.76	13,217.74	10,182.00	111.69	18.13	93.55	–
16.	Wockhardt UK Limited @	STG (£)	68.05	3.40	293.50	2,687.17	2,390.27	5,288.60	162.84	46.00	116.84	–
17.	Wockhardt Cyprus Limited @	USD	44.95	0.09	(1.13)	–	1.04	–	(0.03)	–	(0.03)	–
18.	Wockpharma Ireland Limited @	Euro (€)	60.55	605.59	(122.26)	6,713.58	6,230.25	–	51.56	–	51.56	–
19.	Nonash Limited @	Euro (€)	60.55	2.75	132.97	136.23	0.51	–	62.94	–	62.94	–
20.	Pinewood Laboratories Limited @	Euro (€)	60.55	22.60	1,282.83	2,695.88	1,390.45	4,321.55	95.15	(18.02)	113.17	–
21.	Atlantis USA Inc.	USD	44.95	0.04	2.15	3.01	0.82	–	0.82	0.21	0.61	–
22.	Esparma AG @	CHF	42.36	4.24	(1.24)	3.10	0.11	–	(0.39)	–	(0.39)	–
23.	Wockhardt Holding Corp @	USD	44.95	0.05	1,168.77	1,865.76	696.94	–	(0.14)	–	(0.14)	–
24.	Morton Grove Pharmaceuticals Inc @	USD	44.95	0.00	277.36	3,147.43	2,870.07	2,959.41	629.07	(122.13)	751.20	–
25.	MGP Inc @	USD	44.95	–	–	–	–	–	–	–	–	–
26.	Wockhardt France Holdings S.A.S @	Euro (€)	60.55	3,639.24	(643.93)	13,042.36	10,047.05	174.15	135.82	(259.92)	395.73	–
27.	Girex S.A.S @	Euro (€)	60.55	76.36	620.21	1,077.68	381.11	1,885.22	(31.49)	(23.83)	(7.65)	–
28.	Laboratoires Pharma 2000 S.A.S @	Euro (€)	60.55	11.04	(204.16)	606.57	799.69	1,073.20	(83.11)	–	(83.11)	–
29.	Laboratoires Negma S.A.S @	Euro (€)	60.55	2,551.56	922.10	5,396.17	1,922.51	7,831.43	1,183.14	412.62	770.52	–
30.	DMH S.A.S @	Euro (€)	60.55	5.81	54.61	526.60	466.19	1,476.50	94.01	40.79	53.22	–
31.	Scomedia S.A.S @	Euro (€)	60.55	2.42	11.11	625.27	611.73	618.68	55.18	22.23	32.96	–
32.	Niverpharna S.A.S @	Euro (€)	60.55	9.69	(12.39)	21.44	24.14	(0.17)	62.56	–	62.56	–
33.	Negma Beneulex S.A.S @	Euro (€)	60.55	4.51	3.89	8.83	0.44	–	1.45	0.26	1.19	–
34.	Phytex S.A.S @	Euro (€)	60.55	64.85	15.67	91.36	10.83	–	13.75	4.62	9.14	–
35.	Mazal Pharmaceuticals S.A.R.L. @	Euro (€)	60.55	5.49	(2.59)	288.69	285.78	656.68	(2.15)	(3.90)	1.75	–
36.	Cap Dermatology S.A.R.L. @	Euro (€)	60.55	0.30	(55.08)	0.26	55.04	(0.01)	(15.56)	–	(15.56)	–
37.	Hariphar S.C @	Euro (€)	60.55	0.92	14.25	15.75	0.58	18.68	14.25	–	14.25	–
38.	S.C.I. Salome @	Euro (€)	60.55	0.09	2.01	2.77	0.67	2.86	2.01	–	2.01	–
39.	Laboratoires Lerads S.A.S @	Euro (€)	60.55	2.24	(1.25)	43.10	42.11	54.49	(0.02)	–	(0.02)	–

The investments made by Wockhardt EU Operations (Swiss) AG is ₹ 829.05 millions (₹ 15.12 millions – 300 shares of SKR 100 each of Jederstorm Pharmaceuticals AB and ₹ 813.93 millions – 19,215,000 equity shares of Swiss Biosciences AG.)

The investments made by Wockhardt Farmaceutica Do Brazil Ltda and Wockhardt UK Holdings Limited is ₹ 0.08 millions and ₹ 0.07 millions respectively. (68 shares of 103R\$ each of Banco Real, Brazil.)

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.