
Auditors' Report

The Board of Directors,
Wockhardt Limited,
Wockhardt Towers,
Bandra Kurla Complex,
Bandra (W), Mumbai 400051.

Gentlemen:

Re: Wockhardt Farmaceutica Do Brazil Ltda
– Audit of accounts for the year ended March 31, 2015

Two subsidiaries of Wockhardt Limited (WL) (namely, *The Wallis Labs UK* and *Wockhardt Europe Ltd*) together hold 100% of the equity of *Wockhardt Farmaceutica Do Brazil Ltda* (WBL). WBL also is therefore a subsidiary of WL. For the purpose of compiling the Consolidated Financial Statements (CFS) of WL in relation to the year ended March 31, 2015, we have been requested by the management of WL to issue a suitable audit report on the financial statements of WBL in relation to the year ended March 31, 2015.

In this behalf, we have audited the attached balance sheet of WBL as at March 31, 2015 and the related profit and loss account for the year ended March 31, 2015 on the basis of accounting returns received from the office of WBL at Brazil (not visited by us) and information and explanations furnished and on the basis of such checks as were considered appropriate, and in the light of materiality and applicable accounting standards issued by the Institute of Chartered Accountants of India.

These financial statements are the responsibility of the managements of WBL. And they have prepared the same on the basis of accounts maintained separately by WBL at Brazil. As an additional presentation, these audited financial statements (in US Dollars), have also been translated by the management in Indian Rupees (INR) at the exchange rate on the date of the Balance Sheet.

Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. We believe that our audit provides a reasonable basis for our opinion.

For the purpose of our audit, though we have not visited the foreign office of WBL, in our opinion, proper returns for the purpose of our audit have been received from WBL at Brazil.

Based on our audit and the fact that we have conducted our audit on the basis of accounting returns received from WBL whose office has not been visited by us, and to the best of our information and according to the explanations given to us, we are of the opinion that the financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the said balance sheet, of the state of affairs of WBL as at 31st March, 2015; and
- (b) in the case of its profit and loss account, of the loss for the year ended March 31, 2015.

For J.L. Thakkar & Co.
Firm Regn No. 110898W
Chartered Accountants

J.L. Thakkar – M.No. 32318
Proprietor

Mumbai : May 5, 2015

WOCKHARDT FARMACEUTICA DO BRAZIL LTD

NOTES TO ACCOUNTS

Significant Accounting Policies

Basis of preparation

The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

a) Fixed assets, depreciation/amortisation and impairment

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.

Intangible assets:

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

b) 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.

c) Inventories

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. 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.

d) 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.

e) 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.

WOCKHARDT FARMACEUTICA DO BRAZIL LTDA

BALANCE SHEET AS AT MARCH 31, 2015

(All amounts in United States Dollars)

	As at 31 March 2015 USD	As at 31 March 2015 INR @ 62.5	As at 31 March 2014 USD	As at 31 March 2014 INR @ 59.955
<u>SOURCES OF FUNDS</u>				
SHAREHOLDERS' FUNDS				
Share capital				
Equity share capital	3,60,762.45	2,25,47,653.13	3,35,962.45	2,01,42,628.69
Translation Gain/(Loss)	(29,950.38)	(18,71,898.68)	(9,076.14)	(5,44,160.05)
Reserves and surplus	(3,30,588.50)	(2,06,61,781.32)	(3,24,234.35)	(1,94,39,470.38)
	<u>223.57</u>	<u>13,973.13</u>	<u>2,651.96</u>	<u>1,58,998.26</u>
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<u>APPLICATION OF FUNDS</u>				
FIXED ASSETS				
Gross block	447.25	27,953.13	447.25	26,814.87
Accumulated depreciation	(447.25)	(27,953.13)	(447.25)	(26,814.87)
Net block	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CURRENT ASSETS, LOANS AND ADVANCES				
Cash and bank balances	177.23	11,076.88	531.55	31,869.08
Loans and advances	1,929.42	1,20,588.75	2,749.37	1,64,838.48
	<u>2,106.65</u>	<u>1,31,665.63</u>	<u>3,280.92</u>	<u>1,96,707.56</u>
CURRENT LIABILITIES AND PROVISIONS	<u>(1,883.08)</u>	<u>(1,17,692.50)</u>	<u>(628.96)</u>	<u>(37,709.30)</u>
NET CURRENT ASSETS	<u>223.57</u>	<u>13,973.13</u>	<u>2,651.96</u>	<u>1,58,998.26</u>
Total	<u>223.57</u>	<u>13,973.13</u>	<u>2,651.96</u>	<u>1,58,998.26</u>

Notes on accounts / Significant accounting policies

As per our report of even date
For J.L. Thakkar & Co.
Firm Regn No. 110898W
Chartered Accountants

For and on behalf of the Board
Wockhardt Farmaceutica Do Brazil Ltda

J.L. Thakkar - M.No.32318
Proprietor

Mumbai / May 5, 2015

WOCKHARDT FARMACEUTICA DO BRAZIL LTDA

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED MARCH 31, 2015

(All amounts in United States Dollars)

	For the year ended 31 March 2015 USD	For the year ended 31 March 2015 INR @ 62.5	For the year ended 31 March 2014 USD	For the year ended 31 March 2014 INR @ 59.955
INCOME				
Other income	-	-	-	-
	-	-	-	-
EXPENDITURE				
Operating and other expenses	6,254.73	3,90,920.38	8,292.23	4,97,160.80
Depreciation	-	-	-	-
Finance costs (net)	99.43	6,214.38	145.16	8,703.36
	6,354.15	3,97,134.75	8,437.39	5,05,864.16
NET LOSS FOR THE YEAR	(6,354.15)	(3,97,134.75)	(8,437.39)	(5,05,864.16)
PROFIT AND LOSS ACCOUNT, beginning of year	(3,24,234.35)	(2,02,64,646.95)	(3,15,796.96)	(1,89,33,606.81)
PROFIT AVAILABLE FOR APPROPRIATION	(3,30,588.50)	(2,06,61,781.70)	(3,24,234.35)	(1,94,39,470.97)
APPROPRIATIONS				
PROFIT AND LOSS ACCOUNT, end of year	(3,30,588.50)	(2,06,61,781.70)	(3,24,234.35)	(1,94,39,470.97)
	(3,30,588.50)	(2,06,61,781.70)	(3,24,234.35)	(1,94,39,470.97)

Notes on accounts / Significant accounting policies

As per our report of even date
For J.L. Thakkar & Co.
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**For and on behalf of the Board
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