WOCKHARDT
JOY OF PERFORMING

Annual Report 2011-12

WOCKHARDT
Enhancing Quality of Life

WOCKHARDT
JOY OF PERFORMING

Wockhardt's biggest asset is its 7,900 people globally, the bedrock of its success.

From imbibing a determination to succeed on this growth journey, to creating a new Wockhardt with a new way of thinking, the result was a dramatic turnaround. By embracing change and making every effort to turn challenges into milestones, our associates revelled in the sheer Joy of Performing!

At Wockhardt we built an eco-system of innovation, empowerment, transparency and accountability. These became hallmarks of a work ethic that percolated across all functions, levels and associates.

The joy of performing pervaded the corridors of Wockhardt. We invested, we consolidated and we reaped. It was Wockhardt's age of transformation.

We are happy to share with you Wockhardt's transformation.

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DRAMATIC TURNAROUND

SALES

US$ 908 million

₹ 4,614 crore

OPERATING PROFIT (EBITDA)

US$ 283 million

₹ 1,440 crore

PAT (ADJUSTED)*

US$ 186 million

₹ 947 crore

EBITDA MARGIN

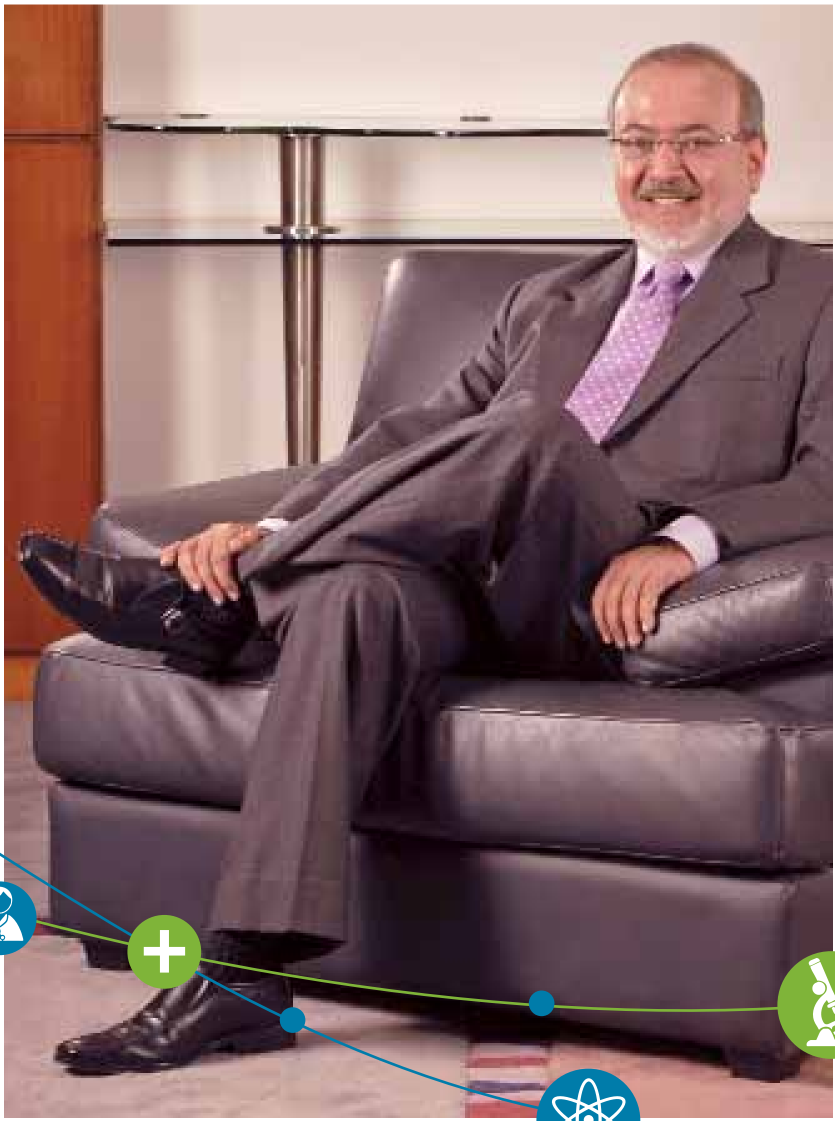
31%

US BUSINESS GROWS

78%

This is Wockhardt's Transformation

* PAT (adjusted) is after excluding one time Exceptional items and the tax effect thereon.



CHAIRMAN'S STATEMENT

> This joy of performing resonates passionately and equally amongst 7,900 of us worldwide

My dear shareowners,

If any of you had to ask me, what was the secret of this dramatic and significant turnaround, I will very emphatically say… It was this real 'Joy of Performing'. And this joy of performing resonates passionately and equally amongst 7,900 of us worldwide.

They say, joy is not in things; it is fundamentally in us. It was not outward, but from within. We never forced it; it came into being individually and then collectively. This is Wockhardt's transformation.

There is no telling how many miles you will have to run while chasing a dream. So whilst we were conscious of our responsibility to make things happen, we were also convinced that sustainable performance would come only from a sense of pride in our work and the joy of performing.

So what is this joy of performing?

At Wockhardt, we define 'Joy of Performing' in its simplest analogy: when Wockhardt associates come to work with a spring in their step, are envisioned to see the big picture, challenged to excel, empowered to perform and appreciated for their delivery, this strategic mix has brought about a transformation, driving the engines of growth.

Our associates were provided with an enabling environment that they could trust - an unambiguous enunciation of the right things to do and the right ways of doing them – resulting in a culture of sustainably high performance.

Let me share this joy of performing with you

This joy of performing has already translated into our superior financial results.

During the year under review, we reported a dramatic turnaround and achieved several important financial and operational milestones. Our total consolidated sales exceeded

₹46.14 billion (US$ 908 million); operating profits (EBITDA) reached ₹14.4 billion (US$ 283 million), 31 per cent of sales. Our gross and operating margins were one of the highest in the pharmaceutical industry.

The great Mahatma Gandhi had once said, "A man is but the product of his thoughts. What he thinks, he becomes". Our thoughts revolved solidly around Wockhardt's transformation. And over time, we strategically invested, tactically consolidated and prudently rationalised our resources.

New Wockhardt – a joyously dynamic workplace

The new Wockhardt is responding to the various economic and sectoral pulls through the institution of a value-based framework of respect, integrity and transparency. This in turn is enhancing ownership in one's work, organisational bonding and self-respect.

At Wockhardt, this joy of performing is aligned with our organisational imperative to do 'More and More with Less and Less'. To strengthen its competitiveness in a challenging world, Wockhardt is introducing innovative products, reaching deep within its experience to maximise resource utilisation and re-structuring costs to enhance long-term value in a sustainable way.

Supporting this is the broad organisational foundation of a presence in growing therapeutic segments, world-class research and development capabilities, successful product launches, competent brand management, global presence and a team of competent managers.

The time has now come to think differently, act differently and start re-focusing on long-term success. Wockhardt is forward-thinking its global businesses and is repositioning itself to 'Enhancing Quality of Life'.

New priority

Today's Wockhardt is competitively placed across its business segments. The business is balanced across three regions – India, Europe and the US. Nearly 69 per cent of the company's revenues were derived from regulated markets of EU and US; 41 per cent of revenues (₹19.08 billion/US$ 375 million) were derived from USA itself, the largest and the most competitive pharmaceutical market in the world, compared with 29 per cent in FY11.

Growth through research

Research and science is core to Wockhardt's strategy for scale and sustainability. Our emphasis and focus is on creating unique Intellectual Property through innovation in products and drug delivery systems. We are building a robust pipeline of products with immense growth and value potential. For three consecutive years we have also received the Government of India-Pharmexcil Patent Award, as a proof of our good work.

Committed to communities

At Wockhardt, social responsibility has always represented an intrinsic component of our corporate personality. We consider it our duty to extend the joy in our workplace to the joy in society. Besides, there is a vast social inequity in India, which we need to address, and we bring to this the same passion that we bring to our core business.

The various CSR medical programmes initiated through Wockhardt Foundation and Wockhardt Hospitals were able to touch nearly 3 million lives. One of the key programmes the Foundation relentlessly pursues is their flagship programme called Mobile 1000. These mobile vans equipped with a medical doctor, an assistant, medicines and diagnostic tools, travel weekly to remote and inaccessible rural villages across the length and breadth of India. The basic aim is to provide free health check-ups, consultation as well as medicines for the treatment of the economically challenged and downtrodden.

Clearly, the joy of performing is directed not only at creating a stronger Wockhardt but making the world a better place to live in. The essence of this joy of performing is well captured in the words of Rabindranath Tagore,
"I slept and dreamt that life was joy.
I awoke and saw that life was service.
I acted and behold, service was joy".

In the years to come, we promise to continue building a new Wockhardt. A Wockhardt that is transforming and a Wockhardt that prides itself in the 'Joy of Performing'

Dr. Habil Khorakiwala,
Founder Chairman & Group CEO

WOCKHARDT
JOY OF PERFORMING

Dr. Murtaza Khorakiwala
Managing Director

> "Our founding principles of trust, hard work and excellence in everything we do has led us to drive sustainable growth.
> This is Joy of Performing."

People fuelling growth

Wockhardt is home to 21 nationalities across the globe. A multi-ethnic workforce that reflects on our balance sheet as human capital.

They are our engines of growth and prosperity. They have questioned convention. Challenged status quo. Warred against commonplace. And have been agents of change. Simply put, they are the cause of this significant turnaround… figures that catch the eyes.

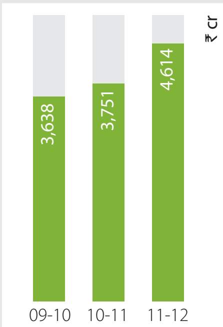
Our focus on sustainable growth is exemplified by our consistent quarter-on-quarter performance. We have had consecutive growth in our EBITDA over the last nine quarters and our sales over the last four quarters.

At Wockhardt, we have the Joy of Performing!

SALES

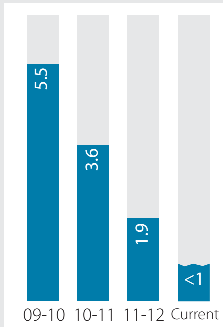
US$ 908 million

₹ 4,614 crore



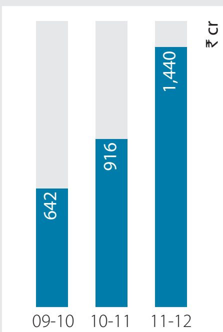
CURRENT NET DEBT/EQUITY REDUCES TO

Less than **1**



OPERATING PROFIT (EBITDA)

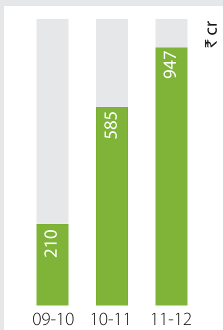
57% Growth



PAT (ADJUSTED)*

62% Growth

* PAT (adjusted) is after excluding one time Exceptional items and the tax effect thereon.



This is Wockhardt's Transformation

WOCKHARDT
JOY OF PERFORMING

Passionately innovating

Innovation is in Wockhardt's DNA. Its research focus is primarily driven to create Intellectual Property (IP) and explore new-age technologies for the advancement of medicine.

Wockhardt's research capabilities are established in India, USA and UK. It leverages its multi-disciplinary R&D programmes in pharmaceuticals, new drug discovery and biotechnology through new cutting-edge technologies.

Our scientists and research associates pride themselves by extending the boundaries of innovation and technology. This is ably demonstrated by the fact that Wockhardt has won the Government of India-Pharmexcil Patent Award for three years in a row.

We believe in building a treasure house of IP related products to unlock true value for all our stakeholders. R&D is pivotal to all our strategic thinking and success.

At Wockhardt, we have the Joy of Performing!

158
Global Patents

1,570 patents filed by Wockhardt scientists.
158 patents granted globally

Won Patent Awards
3 years in a row

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

458
Products

Sold in USA & Europe

3 R&D Centres worldwide

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

This is Wockhardt's Transformation

WOCKHARDT
JOY OF PERFORMING

Driving global success

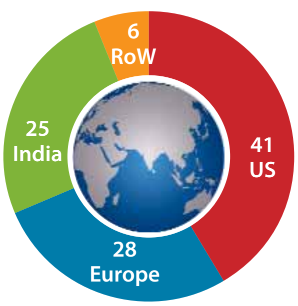
Imagine the joy of knowing your medicines have no boundaries. We straddle the developed and emerging economies of the world with just one thought: 'One World. One Medicine'. Simply because we believe that healing is all we know.

Driven by this core thought, irrespective of countries and continents, our medicines have stood the test of superior quality. We did not let boundaries blur our vision but instead we looked through them. We seamlessly aligned our diverse global strengths into a common purpose and goal, and the results are here to see.

At Wockhardt, we have the Joy of Performing!

SALES REVENUE

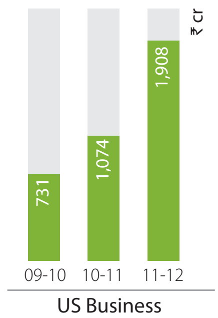
69%
from USA and EU



OUR USA EDGE

US Business Grows

78%



OUR EUROPEAN EDGE

No.1 in UK

Largest Indian and third largest pharma generic company in UK

No.1 in Ireland

Largest branded generic pharma company in Ireland

OUR INDIA EDGE

7 Brands

Among Top 300 brands in India

3rd Position

In pain management segment in India

This is Wockhardt's Transformation

WOCKHARDT
JOY OF PERFORMING

Centres of excellence

At Wockhardt, our joy stems from the fact that we provide world-class quality products, leveraged by best-in-class technology. Our 12 comprehensive multi-technology manufacturing facilities in India, US and Europe have emerged as centres of excellence and are compliant to the demanding needs of international drug regulators from US and EU.

Our export-oriented plant in Aurangabad has world-class manufacturing facilities including a fully automated unit for the manufacture of sterile lyophilised injectable products. And the state-of-the-art Biotech Park has dedicated facilities for manufacturing biopharmaceutical bulk and recombinant formulations for world markets.

We adhere to Current Good Manufacturing Practice (cGMP) regulations that ensure proper design, monitoring, and control of manufacturing processes and facilities. These stringent protocols have stood us in good stead. Our smiles have stretched a mile on various audit approvals.

At Wockhardt, we have the Joy of Performing!

Comprehensive multi-technology manufacturing plants

Manufacturing facility	No. of Units	Countries	Dosage Forms
Sterile Injectable & Ophthalmic products	5	UK, India	Vials, Ampoules, Large Volume Parenteral, Pre-filled Syringes, Cartridges, Lyophilised, Dry fill
Solid products	6	India	Tablets, Capsules, Powders, Sachets
Liquid products	4	USA, Ireland, India	Liquids, Suspensions, Drops
Topical products	5	Ireland, USA, India	Ointments, Creams, Gels
API (Active Pharmaceutical Ingredients)	2	India	API (Pharmaceuticals), API (Biotechnology)

12
manufacturing plants world-over

(9 in India and one each in USA / UK / Ireland)

Compliant to US FDA & EU,

besides other international regulatory standards

919
products

Manufactured in India, US, UK and Ireland… sold worldwide

This is Wockhardt's Transformation

WOCKHARDT
JOY OF PERFORMING

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

> Our joy of performing is to serve with selflessness and be a beacon of hope to humanity

Sharing with society

It is here at times we have shed tears of joy. And we have made it our mission to work towards and fight for the upliftment of the poor, weak and needy.

At Wockhardt Foundation, Corporate Social Responsibility is not a one-day annual activity; it is every single day, 365 days a year. Wockhardt Foundation works through its warriors for the social upliftment of the economically challenged.

Raising their commitment levels for community service, all associates have now imbibed the concept of Individual Social Responsibility. We are digging in deep.

At Wockhardt Foundation, we have the Joy of Serving!

Mobile health vans with doctors, para-medics and diagnostic tools visited 971 remote and inaccessible villages on a weekly basis to diagnose and treat…

225,478
patients screened for the prevention of blindness, of which...

19,206
patients underwent free cataract surgeries

5,086
patients were provided free spectacles

1,195,318
patients were given free health check-up with treatment, of which...

459,407
rural patients were screened

735,911
urban slum patients were screened

Free deworming drive

1,448,602
children were dewormed with State Government participation

Nutrition care for HIV affected children

Thousands of children were provided free nutrition supplements for immunity boost

This is Wockhardt's Transformation

WOCKHARDT
JOY OF PERFORMING

Zahabiya Khorakiwala,
Managing Director,
Wockhardt Hospitals

"Our joy of caring has touched 300,000 lives this year"

Enhancing quality of life

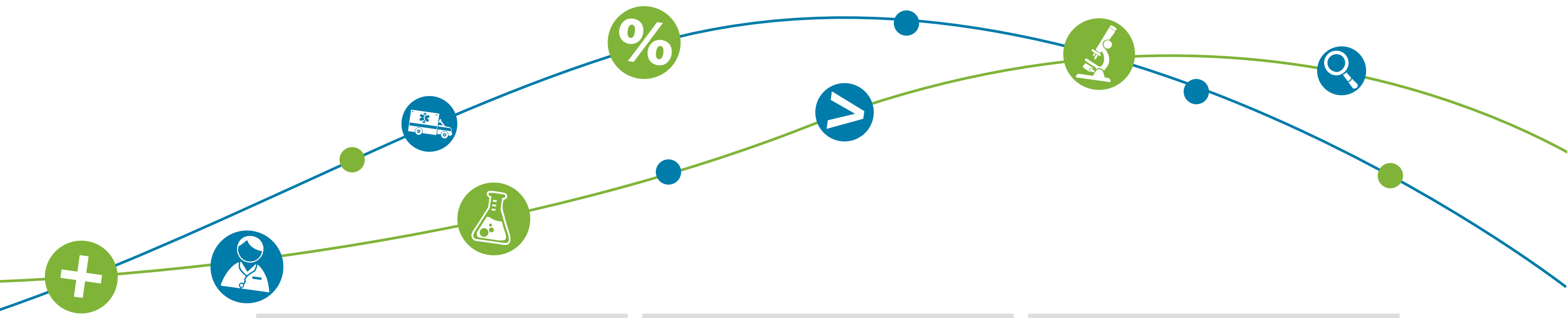
Wockhardt Hospitals* strives to meet the unmet medical needs of the community with the highest respect for human dignity and life. Caring for our patients is integral to the medical treatment we provide. The joy of doing so is evident in every associate at Wockhardt Hospitals.

In pursuance of our vision to establish new-age medical facilities and centres of clinical excellence in India, Wockhardt Hospitals, a super speciality chain of eight hospitals entered into a strategic alliance with Partners Healthcare International in Boston, USA. This exclusive association enables access to Harvard's expertise and clinical acumen in the areas of medical innovation and training, as well as in setting-up and developing hospitals at par with global standards across the country.

Our associations and accreditations with leading medical institutions around the world are a testimony to our commitment to provide the very best in healthcare. The National Accreditation Board for Hospital and Healthcare (NABH) has provided accreditations to our hospitals in Western and Central India. These hospitals have now set new benchmarks of medical care in these regions.

The Late Mother Teresa had once said, "The miracle is not that we do this work, but that we are happy to do it".

At Wockhardt Hospitals, we have the Joy of Caring!



57,549
Cardiac procedures
such as
Angiographies
Angioplasties
Bypass surgeries

5,566
Orthopaedic procedures
such as
Knee replacements
Hip replacements

81,144
Surgical procedures

This is Wockhardt's Transformation

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

BOARD OF DIRECTORS

Dr. Habil Khorakiwala
Founder Chairman & Group CEO

Dr. Habil Khorakiwala founded Wockhardt in 1967. He has gone on to build a multinational enterprise active in the fields of pharmaceuticals, biotechnology and hospitals and created one of India's leading healthcare businesses.

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.

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.

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.

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.

Dr. Huzaifa Khorakiwala
Executive Director

Dr. Huzaifa Khorakiwala is a Commerce graduate from Mumbai University. He holds a Masters degree in Business Management from Yale University School of Management, USA. He joined the company in July 1996 and over the years has run various Wockhardt businesses and served in Corporate Administration.

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.

Dr. Murtaza Khorakiwala
Managing Director

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

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

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Thirteenth Annual Report of the Company along with the Audited Accounts for the financial year ended March 31, 2012.

FINANCIAL PERFORMANCE

(₹ in crore)

	Year ended March 31, 2012	Year ended March 31, 2011
Consolidated		
Income	**4,637**	3,767
Profit before Depreciation, Interest & Tax	**1,463**	932
Profit/(Loss) Before Exceptional Items & Tax	**1,105**	685
Exceptional Items	**(528)**	(581)
Profit/(Loss) Before Tax	**577**	104
Provision for Taxation (Expense)/Credit	**(235)**	(9)
Share of Profit/(Loss) from Associates	**1**	(5)
Net Profit/(Loss)	**343**	90
Standalone		
Income	**2,581**	1,772
Profit Before Depreciation, Interest & Tax	**854**	410
Profit/(Loss) Before Exceptional Items & Tax	**600**	161
Exceptional Items	**(216)**	(293)
Profit/(Loss) Before Tax	**384**	(132)
Provision for Taxation (Expense)/Credit	**(200)**	–
Profit/(Loss) After Tax	**184**	(132)

The Company registered 23% growth in consolidated income to ₹ 4,637 crore and 46% growth in standalone income to ₹ 2,581 crore for the year ended March 31, 2012, on a year on year basis. The Profit before depreciation, interest and tax on a consolidated basis grew from ₹ 932 crore to ₹ 1,463 crore thereby registering a healthy growth of 57% and profit after tax on consolidated basis grew from ₹ 90 crore to ₹ 343 crore. On a standalone basis, the Company registered profit after tax of ₹ 184 crore as against loss of ₹ 132 crore for the previous year.

DIVIDEND AND RESERVES

The Board recommends dividend @ 0.01% (₹ 0.0005 per Preference Share of ₹ 5/- each) on 107,61,98,988 Non-Convertible Cumulative Redeemable Preference Shares of ₹ 5/- each and 44,65,49,949 Optionally Convertible Cumulative Redeemable Preference Shares of ₹ 5/- each of the Company on cumulative basis absorbing a sum of ₹ 21,75,171/- and dividend distribution tax of ₹ 3,52,867/-. Considering the brought forward losses of previous years, directors do not recommend any dividend on equity shares of the Company for the year ended March 31, 2012 and no amount is transferred to the General Reserve. However, an amount of ₹ 12.50 crore is transferred to Debenture Redemption Reserve.

CHANGES IN CAPITAL STRUCTURE

During the year under review, the Company allotted 3,23,15,130 Non-Convertible Cumulative Redeemable Preference Shares of ₹ 5/- each aggregating to ₹ 16.16 crore in terms of approved CDR package dated July 4, 2009. There was no change in paid up equity share capital of the Company.

EMPLOYEE STOCK OPTIONS

During the year under review, the Compensation Committee of the Board granted 15,40,000 stock options convertible into 15,40,000 equity shares of the Company of face value of ₹ 5/- each under Wockhardt Employee Stock Option Scheme - 2011 **("ESOP Scheme")** to permanent employees of the Company/Subsidiary Company. Pursuant to SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme), Guidelines, 1999, the details of employee stock options are provided in Annexure to this report.

DIVESTMENT OF NUTRITION BUSINESS

Pursuant to the approval provided by the members of the Company, divestment of Nutrition business to Danone was completed on July 26, 2012. The Company along with its wholly owned subsidiary has received the entire consideration of ₹ 1,280 crore towards this divestment.

DIRECTORS

Dr. Abid Hussain passed away on June 21, 2012 and accordingly ceased to be a Director of the Company. The Board places on record its appreciation for the valuable guidance and contribution to the Board made by him during his tenure as a Director of the Company and extends its deepest condolence to his family.

Dr. Sanjaya Baru and Mr. Davinder Singh Brar were appointed as Additional Directors of the Company w.e.f. August 6, 2012. They hold office upto the ensuing Annual General Meeting of the Company. The resolutions for their appointment as Directors are being moved at the ensuing Annual General Meeting. The Board recommends appointment of Dr. Sanjaya Baru and Mr. D. S. Brar as Directors of the Company.

Mr. R. A. Shah retires by rotation as Director at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

Mr. Bharat Patel who also retires by rotation at the ensuing Annual General Meeting, has expressed his inability to offer himself for re-appointment. The Board places on record its appreciation for the valuable guidance and contribution to the Board made by him during his tenure as a Director 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.

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, 2012 and the profits for the year ended on that date, reasonable and prudent judgments and estimates have been made and generally accepted accounting policies have been selected and consistently applied;
- for safeguarding the assets of the Company and for preventing and detecting any material fraud and irregularities, proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956;
- the annual accounts presented to the members have been prepared on 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 or inspection 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 to this report.

COST AUDIT

The Company had appointed M/s. Kirit Mehta & Co., Cost Accountants as Cost Auditors for the Audit of Cost Accounts relating to Bulk Drugs and Formulations for the year ended March 31, 2011 and March 31, 2012. The full particulars of Cost Auditors are as under:

M/s. Kirit Mehta & Co.
3, 423-424, Ramjharukha, 71, S. V. Road, Andheri (West), Mumbai 400058
Membership No. 4105

The Cost Audit Reports for the financial year ended March 31, 2011 were duly filed with Central Government on September 27, 2011 (Due Date: September 27, 2011).

LEGAL COMPLIANCE

The Ministry of Corporate affairs vide its circular dated February 8, 2011, granted general exemption under Section 212(8) of the Companies Act, 1956 to the Companies with regard to attaching of the balance sheet, profit and loss account and other documents of the Subsidiary Companies. Accordingly, the annual accounts and other documents of Company's subsidiaries for the year ended March 31, 2012 are not attached to this Annual 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, 2012 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, August 6, 2012

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 and associates (collectively referred to as "the Group") as at March 31, 2012 and also the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company'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 ₹ 2,743.58 crore as at March 31, 2012, total net revenues of ₹ 1,395.78 crore and net cash inflows amounting to ₹ 166.81 crore 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 profit is ₹ 1.12 crore for the year ended March 31, 2012. 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 Company's management in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements" and Accounting Standard (AS) 23, "Accounting for Investments in Associates in Consolidated Financial Statements" as notified pursuant to the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate financial statements of Wockhardt Limited and its subsidiaries.

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. 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, 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 March 31, 2012;

   (b) in the case of the Consolidated Statement of Profit and Loss, 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 22, 2012

CONSOLIDATED BALANCE SHEET
As at March 31, 2012

	Notes	As at March 31, 2012 ₹ in crore	As at March 31, 2012 USD in million	As at March 31, 2011 ₹ in crore	As at March 31, 2011 USD in million
EQUITY AND LIABILITIES					
SHAREHOLDERS' FUNDS					
Share capital	3	**816.09**	**160.55**	799.93	179.32
Reserves and surplus	4	**654.93**	**128.85**	143.17	32.09
		1,471.02	**289.40**	943.10	211.41
NON-CURRENT LIABILITIES					
Long-term borrowings	5	**2,706.39**	**532.44**	2,794.49	626.42
Deferred tax liabilities (Net)	6	**101.00**	**19.88**	–	–
Long-term provisions	7	**84.49**	**16.61**	48.66	10.91
		2,891.88	**568.93**	2,843.15	637.33
CURRENT LIABILITIES					
Short-term borrowings	8	**260.80**	**51.31**	390.06	87.44
Trade payables	9	**540.80**	**106.39**	436.58	97.87
Other current liabilities	10	**978.38**	**192.48**	1,068.86	239.60
Short-term provisions	11	**110.96**	**21.83**	23.51	5.28
		1,890.94	**372.01**	1,919.01	430.19
TOTAL		**6,253.84**	**1,230.34**	5,705.26	1,278.93
ASSETS					
NON-CURRENT ASSETS					
FIXED ASSETS	12				
Tangible assets		**1,103.86**	**217.16**	958.41	214.84
Intangible assets		**1,467.48**	**288.70**	1,621.81	363.55
Capital work-in-progress		**498.75**	**98.12**	509.98	114.32
Intangible assets under development		**403.54**	**79.39**	352.72	79.07
Non-current investments	13	**90.75**	**17.86**	89.63	20.09
Deferred tax assets (net)	6	**–**	**–**	74.85	16.77
Long-term loans and advances	14	**207.95**	**40.91**	195.65	43.87
		3,772.33	**742.14**	3,803.05	852.51
CURRENT ASSETS					
Inventories	15	**888.56**	**174.81**	713.73	160.00
Trade receivables	16	**758.69**	**149.26**	605.24	135.67
Cash and Bank Balances	17	**699.99**	**137.71**	482.89	108.25
Short-term loans and advances	18	**134.27**	**26.42**	100.35	22.50
		2,481.51	**488.20**	1,902.21	426.42
TOTAL		**6,253.84**	**1,230.34**	5,705.26	1,278.93
Significant accounting policies	2				

The notes from 1 to 44 form an integral part of the Financial statements.

As per our attached report of even date

For Haribhakti & Co.
Chartered Accountants

Shailesh Haribhakti
Partner

Place : Mumbai
Date : May 22, 2012

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
Aman Mehta
R. A. Shah
} *Directors*

WOCKHARDT

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

For the Year Ended March 31, 2012

	Notes	For the year ended March 31, 2012 ₹ in crore	For the year ended March 31, 2012 USD in million	For the year ended March 31, 2011 ₹ in crore	For the year ended March 31, 2011 USD in million
Revenue from operations (gross)	19	**4,619.72**	**908.85**	3,755.22	841.79
Less: Excise duty		**(5.92)**	**(1.16)**	(3.98)	(0.89)
Revenue from operations (net)		**4,613.80**	**907.69**	3,751.24	840.90
Other income	20	**23.46**	**4.62**	15.90	3.56
TOTAL REVENUE		**4,637.26**	**912.31**	3,767.14	844.46
Expenses:					
Cost of materials consumed		**1,213.76**	**238.79**	875.83	196.33
Purchases of Stock-in-Trade		**574.64**	**113.05**	578.64	129.71
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	21	**(106.32)**	**(20.92)**	61.75	13.85
Employee benefits expense	22	**589.33**	**115.95**	542.41	121.59
Finance costs	23	**214.43**	**42.19**	267.10	59.87
Depreciation and amortization expense	12	**122.51**	**24.10**	116.62	26.14
Exchange fluctuation loss/(gain), net		**21.46**	**4.22**	(136.66)	(30.63)
Other expenses	24	**902.52**	**177.54**	776.59	174.09
TOTAL EXPENSES		**3,532.33**	**694.92**	3,082.28	690.95
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX		**1,104.93**	**217.39**	684.86	153.51
Exceptional items	28	**528.21**	**103.92**	580.51	130.13
PROFIT BEFORE TAX		**576.72**	**113.47**	104.35	23.38
Tax expense:					
Current tax		**(111.77)**	**(21.99)**	(33.84)	(7.59)
MAT credit		**49.64**	**9.77**	–	–
Deferred tax		**(173.00)**	**(34.04)**	25.19	5.65
PROFIT AFTER TAX		**341.59**	**67.21**	95.70	21.44
Add: Share in Profit/(Loss) of Associate Companies		**1.12**	**0.22**	(5.18)	(1.16)
NET PROFIT FOR THE YEAR		**342.71**	**67.43**	90.52	20.28
Earnings per equity share of face value of ₹ 5/- each:					
(1) Basic	27	**31.31**	**0.62**	8.27	0.19
(2) Diluted	27	**31.15**	**0.61**	8.27	0.19
Significant accounting policies	2				

The notes from 1 to 44 form an integral part of the Financial statements.

As per our attached report of even date

For Haribhakti & Co.
Chartered Accountants

Shailesh Haribhakti
Partner

Place: Mumbai
Date : May 22, 2012

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
Aman Mehta
R. A. Shah
Directors

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended March 31, 2012

		For the year ended March 31, 2012 ₹ in crore	For the year ended March 31, 2012 USD in million	For the year ended March 31, 2011 ₹ in crore	For the year ended March 31, 2011 USD in million
A.	CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES:				
	Net Profit Before Tax	576.72	113.47	104.35	23.38
	Adjustments for:				
	Depreciation and amortization expense	122.51	24.10	116.62	26.14
	Product development expenses written off	53.79	10.58	21.16	4.74
	Exchange fluctuation, net	21.46	4.22	(136.66)	(30.63)
	Provision for marked to market loss	–	–	(30.33)	(6.80)
	Crystallised derivative losses	–	–	228.07	51.13
	Liabilities no more payable	(3.05)	(0.60)	(0.76)	(0.17)
	Advances no more recoverable	–	–	0.90	0.20
	Provision for doubtful debts, bad debts written off & One time charge backs	29.21	5.75	15.85	3.55
	(Profit)/Loss on assets sold/write off of fixed assets (net)	(1.10)	(0.22)	31.69	7.10
	Impairment of goodwill	333.50	65.61	–	–
	Impairment of Assets	–	–	29.33	6.57
	Exceptional item – gain on settlements	(13.73)	(2.70)	(43.69)	(9.79)
	Expense on Employee Stock Option Scheme (ESOS)	10.20	2.01	–	–
	Wealth tax expense	0.01	–	–	–
	Exceptional items – CDR recompense provision	160.00	31.48	–	–
	Finance cost	214.43	42.19	267.11	59.88
	Interest income	(9.64)	(1.90)	(3.85)	(0.86)
	Dividend income	–	–	–	–
	Operating profit before working capital changes	1,494.31	293.99	599.79	134.44
	Movement in working capital				
	(Increase)/Decrease in inventories	(174.84)	(34.40)	51.72	11.59
	(Increase)/Decrease in trade receivables	(104.25)	(20.51)	(106.86)	(23.95)
	(Increase)/Decrease in loans and advances and other assets	(33.61)	(6.61)	(8.93)	(2.00)
	Increase/(decrease) in trade payables, other liabilities and provisions	23.27	4.58	109.06	24.45
	Cash generated from operations	1,204.88	237.05	644.78	144.53
	Income taxes paid	(20.54)	(4.04)	(2.97)	(0.67)
	Net cash from/(used in) Operating Activities (A)	1,184.34	233.01	641.81	143.86
B.	CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES:				
	Purchase of fixed assets, additions to capital work-in-progress and intangibles under development	(317.54)	(62.49)	(300.42)	(67.32)
	Proceeds from sale of fixed assets	1.21	0.24	0.73	0.16
	Proceeds from sale of investments	–	–	0.02	–
	Repayment by/(Loans to) companies/ subsidiaries	(1.22)	(0.24)	(0.88)	(0.20)
	Margin money and fixed deposits under lien	3.26	0.64	20.09	4.50
	Interest received	9.64	1.90	3.85	0.86
	Net cash from/(used in) Investing Activities (B)	(304.65)	(59.95)	(276.61)	(62.00)

	For the year ended March 31, 2012 ₹ in crore	For the year ended March 31, 2012 USD in million	For the year ended March 31, 2011 ₹ in crore	For the year ended March 31, 2011 USD in million
C. CASH FLOWS PROVIDED BY/(USED IN) FINANCING ACTIVITIES:				
Proceeds from issuance of share capital	**–**	**–**	10.01	2.24
Repayment of borrowings	**(652.92)**	**(128.45)**	(285.06)	(63.90)
Proceeds from borrowings	**1.98**	**0.39**	113.30	25.40
Interest paid	**(175.50)**	**(34.53)**	(211.14)	(47.33)
Dividend paid (including tax on dividend)	**(0.12)**	**(0.02)**	(0.10)	(0.02)
Net cash from/(used in) Financing Activities (C)	**(826.56)**	**(162.61)**	(372.99)	(83.61)
Translation/consolidation adjustment (D)	**159.49**	**31.38**	148.31	33.25
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)	**212.62**	**41.83**	140.52	31.50
CASH AND CASH EQUIVALENTS, beginning of year	**470.10**	**92.48**	314.10	70.41
Unrealised gain/(loss) on foreign currency cash and cash equivalents	**7.74**	**1.52**	15.48	3.47
CASH AND CASH EQUIVALENTS, at end of year	**690.46**	**135.83**	470.10	105.38
Component of cash and cash equivalents, as at March 31, 2012				
Cash	**0.11**	**0.02**	0.08	0.02
Balance with banks:				
– on current accounts (excluding unclaimed dividend accounts)	**688.51**	**135.45**	468.25	104.97
– on Unpaid Dividend Account*	**1.04**	**0.20**	1.16	0.26
– on margin money accounts	**0.01**	**–**	0.01	–
– on fixed deposit accounts	**0.79**	**0.16**	0.60	0.13
	690.46	**135.83**	470.10	105.38

* These balances are not available for use by the Company as they represent corresponding unpaid dividend liabilities.

As per our attached report of even date

For Haribhakti & Co.
Chartered Accountants

Shailesh Haribhakti
Partner

Place : Mumbai
Date : May 22, 2012

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
Aman Mehta
R. A. Shah
Directors

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the Year Ended March 31, 2012

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

1. (a) Background

Wockhardt Limited ('WL' or 'Company') is a subsidiary of Khorakiwala Holdings and Investments Private Limited. The Company has controlling interest, directly or through subsidiaries, in the following entities during the year ended March 31, 2012:

	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 Brasil Ltda	Brazil	The Wallis Laboratory Limited Wockhardt Europe Limited	90% 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.	Morton Grove Pharmaceuticals Inc.	USA	Wockhardt Holding Corp.	100%
22.	MGP Inc.	USA	Morton Grove Pharmaceuticals Inc.	100%
23.	Wockhardt USA LLC	USA	Morton Grove Pharmaceuticals Inc.	100%
24.	Wockhardt France (Holdings) S.A.S.	France	Wockhardt EU Operations (Swiss) AG	100%
25.	Girex S.A.S. #	France	Wockhardt France (Holdings) S.A.S.	100%
26.	Mazal Pharmaceuticals S.A.R.L. #	France	Girex S.A.S.	100%
27.	Niverpharma S.A.S.	France	Wockhardt France (Holdings) S.A.S.	100%
28.	Laboratoires Pharma 2000 S.A.S.	France	Wockhardt France (Holdings) S.A.S.	100%
29.	Hariphar S.C.	France	Laboratoires Pharma 2000 S.A.S. Laboratoires Negma S.A.S.	90% 10%
30.	Laboratoires Negma S.A.S.	France	Wockhardt France (Holdings) S.A.S.	100%
31.	Scomedia S.A.S. #	France	Wockhardt France (Holdings) S.A.S.	100%
32.	S.C.I. Salome	France	Laboratoires Negma S.A.S.	100%
33.	Negma Beneulex S.A.	Belgium	Wockhardt France (Holdings) S.A.S. Laboratoires Negma S.A.S.	53.97% 46.03%
34.	Phytex S.A.S.	France	Wockhardt France (Holdings) S.A.S.	100%
35.	Laboratoires Lerads S.A.S.	France	Wockhardt France (Holdings) S.A.S.	100%
36.	Esparma AG	Switzerland	Wockhardt EU Operations (Swiss) AG	100%

During the year Girex S.A.S. (a direct subsidiary of Wockhardt France (Holding) S.A.S.) and Mazal Pharmaceuticals S.A.R.L. (a subsidiary of Girex S.A.S.) got liquidated as on October 6, 2011 and Scomedia S.A.S. was sold on May 16, 2011.

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, 2012 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 Companies (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 ₹ 159.11 crore (USD 31.30 million) [Previous Year – ₹ 25.53 crore (USD 5.72 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, 2012 have been translated into United States dollars at the closing rate as at March 31, 2012 [USD 1 = ₹ 50.83 (Previous Year – USD 1 = ₹ 44.61)] 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 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) Employee benefits

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

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

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

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

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

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

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.

(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.

Out licensing fees

Out licensing fees is recognized in accordance with the terms of the relevant agreement(s) as generally accepted and agreed with the customers.

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 and deferred.

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of local Income Tax rules as applicable to the financial year. A deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

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

Minimum Alternative Tax (MAT) credit is recognized, as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in the Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of credit to the Statement of Profit and Loss and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified year.

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

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

Finance Lease

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

(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 Statement of Profit and Loss. Initial direct costs are recognised immediately as an expense.

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

(l) Provisions

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 attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average numbers of equity shares outstanding during the year are adjusted for events of bonus issue to existing shareholders and share split.

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

(n) Government grants

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

(o) 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 March 31, 2012			As at March 31, 2011		
	Number of shares	Amount ₹ in crore	Amount USD in million	Number of shares	Amount ₹ in crore	Amount USD in million
3. SHARE CAPITAL						
AUTHORISED						
Equity shares of ₹ 5/- each	**250,000,000**	**125.00**	**24.59**	250,000,000	125.00	28.02
Preference shares of ₹ 5/- each	**2,000,000,000**	**1,000.00**	**196.73**	2,000,000,000	1,000.00	224.16
		1,125.00	**221.32**		1,125.00	252.18
ISSUED, SUBSCRIBED & PAID UP						
Equity shares of ₹ 5/- each fully paid up						
Shares outstanding as at the beginning of the Year	**109,435,903**	**54.72**	**10.77**	109,435,903	54.72	12.27
Add: Shares Issued during the Year	**–**	**–**	**–**	–	–	–
Shares outstanding as at the end of the Year	**109,435,903**	**54.72**	**10.77**	109,435,903	54.72	12.27
Optionally Convertible Cumulative Redeemable Preference shares of ₹ 5/- each fully paid up:						
Shares outstanding as at the beginning of the Year	**446,549,949**	**223.27**	**43.92**	424,163,605	212.08	47.54
Add: Shares Issued during the Year	**–**	**–**	**–**	22,386,344	11.19	2.51
Shares outstanding as at the end of the Year	**446,549,949**	**223.27**	**43.92**	446,549,949	223.27	50.05
Non Convertible Cumulative Redeemable Preference shares of ₹ 5/- each fully paid up:						
Shares outstanding as at the beginning of the Year	**1,043,883,858**	**521.94**	**102.68**	912,994,875	456.50	102.33
Add: Shares Issued during the Year	**32,315,130**	**16.16**	**3.18**	130,888,983	65.44	14.67
Shares outstanding as at the end of the Year	**1,076,198,988**	**538.10**	**105.86**	1,043,883,858	521.94	117.00
TOTAL	**1,632,184,840**	**816.09**	**160.55**	1,599,869,710	799.93	179.32

Notes:

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

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

During the year under review, 32,315,130 (Previous Year – 153,275,327) preference shares of ₹ 5/- each fully paid up were issued pursuant to approved CDR package against various liabilities of the Company to Banks/Financial Institutions as per the details given below:

(i) Nil (Upto Previous Year – 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 October 25, 2009.

(ii) Nil (Upto Previous Year – 237,994,675) 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 Year – 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) Nil (Upto Previous Year – 32,265,110) 0.01% Non-Convertible Cumulative Redeemable Preference shares (NCRPS Series 2), which shall be redeemed at a premium of 20% of the face value along with cumulative dividend on December 31, 2018.

(v) Nil (Upto Previous Year – 555,320,909) 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) 32,315,130 (Upto Previous Year – 87,742,565) 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) Nil (Upto Previous Year – 160,000,000) 0.01% Non-Convertible Cumulative Redeemable Preference shares (NCRPS Series 5), which shall be redeemed at a premium of 20% of the face value along with cumulative dividend on March 31, 2019.

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

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

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

Name of Shareholder	As at March 31, 2012		As at March 31, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Khorakiwala Holdings and Investments Private Limited	**69,716,132**	**63.70**	69,716,132	63.70
Dartmour Holdings Private Limited	**6,828,325**	**6.24**	6,828,325	6.24

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

	As at March 31, 2012		As at March 31, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Khorakiwala Holdings and Investments Private Limited	**160,000,000**	**14.87**	160,000,000	15.33
Indian Overseas Bank	**106,533,189**	**9.90**	106,011,701	10.16
State Bank of India	**497,255,832**	**46.20**	492,753,320	47.20
Union Bank of India	**75,624,553**	**7.03**	75,097,154	7.19

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

	As at March 31, 2012		As at March 31, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Indian Overseas Bank	**39,888,348**	**8.93**	39,888,348	8.93
State Bank of India	**325,095,022**	**72.80**	325,095,022	72.80
Union Bank of India	**31,884,492**	**7.14**	31,884,492	7.14

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

1,540,000 (Previous Year – Nil) shares have been reserved for issue under Wockhardt Stock Option Scheme-2011. No shares have been vested as on March 31, 2012.

	As at March 31, 2012 ₹ in crore	As at March 31, 2012 USD in million	As at March 31, 2011 ₹ in crore	As at March 31, 2011 USD in million
4. RESERVES AND SURPLUS				
Capital Redemption Reserve				
Opening Balance	**26.53**	**5.22**	26.53	5.95
Closing Balance	**26.53**	**5.22**	26.53	5.95
Securities Premium Account				
Opening Balance	**13.41**	**2.64**	13.41	3.01
Closing Balance	**13.41**	**2.64**	13.41	3.01
Capital Reserve on Consolidation				
Opening Balance	**18.11**	**3.56**	72.03	16.15
Less: Transfer to General reserve (Refer Note 41)	**–**	**–**	(53.92)	(12.09)
Closing Balance	**18.11**	**3.56**	18.11	4.06
General Reserve				
Opening Balance	**175.28**	**34.48**	–	–
Add: Additions during the Year (Refer Note 41)	**–**	**–**	129.73	29.08
Add: Transfer from Capital reserve (Refer Note 41)	**–**	**–**	53.92	12.09
Less: Transfer to Profit and Loss Account (Refer Note 41)	**–**	**–**	(8.37)	(1.88)
Closing Balance	**175.28**	**34.48**	175.28	39.29
Debenture Redemption Reserve				
Opening Balance	**–**	**–**	–	–
Add: Current Year Transfer	**12.50**	**2.46**	–	–
Closing Balance	**12.50**	**2.46**	–	–
Share Options Outstanding Account (Refer Note 33)				
Opening Balance	**–**	**–**	–	–
Add: Current Year Transfer	**58.47**	**11.50**	–	–
Closing Balance	**58.47**	**11.50**	–	–
Less: Deferred Employee Compensation expense	**(48.27)**	**(9.50)**	–	–
	10.20	**2.00**	–	–
Foreign Currency Translation Reserve	**(24.20)**	**(4.76)**	(183.31)	(41.09)
Surplus				
Opening balance	**93.15**	**18.33**	(5.74)	(1.29)
Add: Net Profit/(Net Loss) For the current year	**342.71**	**67.43**	90.52	20.28
Add: Transfer from Reserves	**–**	**–**	8.37	1.88
Less: Proposed dividend on Preference shares	**(0.22)**	**(0.04)**	–	–
Less: Tax on proposed Preference shares dividend	**(0.04)**	**(0.01)**	–	–
Less: Debenture redemption reserve	**(12.50)**	**(2.46)**	–	–
Closing Balance	**423.10**	**83.25**	93.15	20.87
TOTAL	**654.93**	**128.85**	143.17	32.09

	As at March 31, 2012 ₹ in crore	As at March 31, 2012 USD in million	As at March 31, 2011 ₹ in crore	As at March 31, 2011 USD in million
5. LONG TERM BORROWINGS				
SECURED				
10% Redeemable Non-convertible Debentures (Refer note a below)	**150.00**	**29.51**	200.00	44.83
Term Loans:				
from banks/financial institutions	**2,470.45**	**486.02**	2,509.44	562.53
from others	**76.89**	**15.13**	75.90	17.01
	2,547.34	**501.15**	2,585.34	579.54
	2,697.34	**530.66**	2,785.34	624.37
UNSECURED				
Deferred payment liabilities				
Sales tax deferral loan (Refer note f below)	**3.91**	**0.77**	4.53	1.02
Loans from Others (Refer note g below)	**5.14**	**1.01**	4.57	1.02
Long term maturities of finance lease obligations	**–**	**–**	0.05	0.01
	9.05	**1.78**	9.15	2.05
TOTAL	**2,706.39**	**532.44**	2,794.49	626.42

Notes:

(a) Debentures of the Company are redeemable at par in four annual installments of ₹ 50 crore 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 of the Company are secured as under:

(I) Pursuant to the approved Corporate Debt Restructuring Package, the rupee denominated term loans from banks/financial institutions amounting to ₹ 482.98 crore are secured by first charge on pari passu basis and rupee denominated term loans from banks/financial institutions amounting to ₹ 130.78 crore 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 ₹ 482.98 crore are secured by second charge on pari passu basis and loans amounting to ₹ 130.78 crore 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 ₹ 17.47 crore 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 ₹ 75 crore 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 ₹ 1.88 crore is secured by first charge on pari passu basis by hypothecation of movable properties of the Company (except book debts) at all locations.

(V) Terms of repayment as per CDR scheme of rupee denominated term loans from banks/financial institutions are as under:

(i) Rupee term loans and Working capital term loans from banks with interest rate of 10% p.a. is repayable in 24 quarterly installments by April 2016.

(ii) Priority loans from banks with interest rate of 12% p.a. is repayable in 8 quarterly equal installments, by June 2012.

(iii) Short term loans from banks with interest rate of 10% p.a. is repayable in 20 quarterly equal installments by October 2018.

(VI) Terms of repayment of rupee denominated term loans from others are as under:

(i) Term loan from others amounting ₹ 75.00 crore with interest rate of 10% p.a. is repayable in 20 quarterly installments by October 2018 as per CDR scheme.

(ii) Term loan from others amounting ₹ 1.88 crore with interest rate of 2% p.a. is repayable in 10 equal half yearly installments beginning 1 year after completion of the project.

(VII) Loans amounting to ₹ 906.22 crore are also secured by irrevocable personal guarantee by Dr. H. F. Khorakiwala, Chairman.

(VIII) As against the above secured loans taken, the promoters/promoter group have pledged shares numbering 70,158,917 as on March 31, 2012.

(c) Term loan of Euro 91.7 million (₹ 622.32 crore) availed by Wockhardt France (Holdings) S.A.S. is secured by pledge of shares of Negma Group of companies. The loan with interest of EURO LIBOR plus 1.75% p.a. is repayable in 17 half yearly instalments by November 2020.

(d) Term loan of Euro 30.8 million (₹ 209.13 crore) availed by Wockpharma Ireland Limited is secured by pledge of shares of Pinewood Laboratories Limited and Nonash Limited, all movable and immovable properties of Pinewood Laboratories Limited situated at Unit at M50, Business Park, Ballymount, Dublin 12 and Deerpark, Ballymacarbry, Co. Waterford by way of first fixed charge.

The loan with interest of EURO LIBOR plus 3.67% p.a. is repayable in 5 instalments by January 2015.

(e) (I) Out of USD 250 million (₹ 1,270.75 crore) loan availed by Wockhardt EU Operations (Swiss) AG, term loan of USD 101 million (₹ 513.38 crore) 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 pari passu charge by way of hypothecation on all the current assets, movables, 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 and current assets).

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

(II) Further, out of loan of USD 250 million, term loan of USD 149 million (₹ 757.37 crore) 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 pari passu charge by way of hypothecation on all the current assets, movables, inventories and book debts of Wockhardt Limited.

The loan has been comprehensively covered under CDR and is being rescheduled. Currently lenders aggregating to 86.80% of the total loan value have acceded to the reschedulement. The management is of the opinion that the remaining lenders will also accede to the reschedulement and accordingly, has treated the loan as long term borrowing.

The said loan with interest of LIBOR plus 2.25% p.a. is repayable in 16 equal quarterly instalments by November 2016.

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

(f) Interest free sales tax deferral loan is repayable in the month of May every year. This loan is repayable by May 2019.

(g) Loans from others with interest rate of 3% p.a. is repayable in 10 annual installment. Loans amounting ₹ 1.89 crore is repayable by June 2019 and the balance ₹ 4.24 crore by October 2021.

	As at March 31, 2012 ₹ in crore	As at March 31, 2012 USD in million	As at March 31, 2011 ₹ in crore	As at March 31, 2011 USD in million
6. DEFERRED TAX (ASSET)/LIABILITY (Net)				
Deferred tax liabilities				
Difference between depreciation on block of assets	**129.66**	**25.51**	213.43	47.84
Research and development cost	**109.39**	**21.52**	–	–
Pension scheme	**6.70**	**1.32**	–	–
TOTAL (A)	**245.75**	**48.35**	213.43	47.84
Deferred tax assets				
Provision for gratuity	**5.05**	**0.99**	4.66	1.04
Provision for leave encashment	**5.94**	**1.17**	5.13	1.15
Deferred expenses	**83.18**	**16.36**	54.98	12.32
Premium on FCCB Loan	**–**	**–**	33.85	7.59
Unabsorbed losses	**34.53**	**6.79**	175.06	39.24
Provision for bonus	**0.24**	**0.05**	1.29	0.29
Provision for doubtful debts	**15.81**	**3.11**	13.31	2.98
TOTAL (B)	**144.75**	**28.47**	288.28	64.61
Net deferred tax (asset)/liability as of the year end (A-B)	**101.00**	**19.88**	(74.85)	(16.77)
7. LONG TERM PROVISIONS				
(1) Provision for employee benefits (Refer Note 31)				
Leave encashment (unfunded)	**14.80**	**2.91**	9.24	2.07
Gratuity (unfunded)	**14.10**	**2.77**	11.86	2.66
Provision for pension/other benefits	**33.31**	**6.55**	10.36	2.32
	62.21	**12.23**	31.46	7.05
(2) Other provisions				
Provision for other expenses	**22.28**	**4.38**	17.20	3.86
	22.28	**4.38**	17.20	3.86
TOTAL	**84.49**	**16.61**	48.66	10.91
8. SHORT TERM BORROWINGS				
SECURED				
Loans repayable on demand				
Working capital facilities from banks	**260.80**	**51.31**	390.06	87.44
TOTAL	**260.80**	**51.31**	390.06	87.44

Notes:

(a) Pursuant to the approved Corporate Debt Restructuring Package, the working capital facilities amounting to ₹ 222.28 crore 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.

(b) Working capital loan of Euro 5.67 million (₹ 38.52 crore) availed by Pinewood Laboratories Limited is secured by charge over all of its assets.

(c) Loans amounting to ₹ 222.28 crore are also secured by irrevocable personal guarantee by H. F. Khorakiwala, Chairman.

(d) As against the above secured loans taken of ₹ 222.28 crore, the promoters/promoter group have pledged shares numbering 70,158,917 as on March 31, 2012.

	As at March 31, 2012 ₹ in crore	As at March 31, 2012 USD in million	As at March 31, 2011 ₹ in crore	As at March 31, 2011 USD in million
9. TRADE PAYABLES				
Trade Payables	**540.80**	**106.39**	436.58	97.87
TOTAL	**540.80**	**106.39**	436.58	97.87
10. OTHER CURRENT LIABILITIES				
Current maturities of long-term debt (Refer Note 5)	**314.21**	**61.82**	205.12	45.98
Current maturities of finance lease obligations	**0.06**	**0.01**	3.17	0.71
Interest accrued but not due on borrowings	**5.08**	**1.00**	4.78	1.07
Interest accrued and due on borrowings	**0.02**	**–**	1.08	0.24
Unpaid dividends	**1.04**	**0.20**	1.16	0.26
Zero Coupon Foreign Currency Convertible Bonds – Unsecured	**211.04**	**41.52**	458.82	102.85
Other payables				
Security Deposit	**15.33**	**3.02**	15.42	3.46
CDR recompense provision	**160.00**	**31.48**	–	–
Others	**271.60**	**53.43**	379.31	85.03
TOTAL	**978.38**	**192.48**	1,068.86	239.60
11. SHORT TERM PROVISIONS				
Provision for employee benefits				
Gratuity (unfunded) (Refer Note 31)	**1.47**	**0.29**	2.18	0.49
Leave Encashment (unfunded)	**2.47**	**0.49**	3.24	0.73
	3.94	**0.78**	5.42	1.22
Other provisions				
Provision for date expiry [Refer note (a) below]	**24.41**	**4.80**	18.09	4.06
Provision for tax, net of advance tax [Refer note (b) below]	**82.35**	**16.20**	–	–
Proposed dividend on preference shares	**0.22**	**0.04**	–	–
Tax on preference shares dividend	**0.04**	**0.01**	–	–
	107.02	**21.05**	18.09	4.06
TOTAL	**110.96**	**21.83**	23.51	5.28

Notes:

(a) Provision for Date Expiry – opening balance ₹ 18.09 crore (Previous Year – ₹ 10.54 crore), additions during the year ₹ 14.70 crore (Previous Year – ₹ 17.88 crore), utilised during the year ₹ 8.38 crore (Previous Year – ₹ 10.33 crore), closing balance ₹ 24.41 crore (Previous Year – ₹ 18.09 crore).

Provision has been recognised for expected sales return on date of 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.

(b) Provision for tax after netting off advance tax of ₹ 183.29 crore (Previous Year – ₹ Nil). Tax assets and liabilities are in accordance with respective countries Tax Legislations.

12. FIXED ASSETS

PARTICULARS	GROSS BLOCK					ACCUMULATED DEPRECIATION						NET BLOCK			
	As at April 1, 2011	Additions	Disposals	Exchange Gain/ (Loss)	As at March 31, 2012	As at April 1, 2011	Depreciation charge for the year	Impairment Losses	Deduction/ Transfer	Exchange Gain/ (Loss)	As at March 31, 2012	As at March 31, 2012		As at March 31, 2011	
	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore	USD in million	₹ in crore	USD in million
Tangible Assets															
Freehold Land	70.21	–	–	0.98	**71.19**	–	–	–	–	–	–	**71.19**	**14.01**	70.21	15.74
Leasehold land	25.31	–	(3.27)	0.36	**22.40**	2.14	0.23	–	(0.76)	0.05	1.66	**20.74**	**4.08**	23.17	5.19
Buildings*	340.57	69.73	(99.65)	19.83	**330.48**	179.26	8.47	–	(98.48)	12.39	101.64	**228.84**	**45.02**	161.31	36.16
Electrical Fittings	0.11	–	–	–	**0.11**	0.06	0.01	–	–	–	0.07	**0.04**	**0.01**	0.05	0.01
Plant and Equipment*	1,254.94	129.58	(169.74)	43.58	**1,258.36**	594.58	56.20	–	(162.99)	30.61	518.40	**739.96**	**145.57**	660.36	148.03
Furniture and Fixtures	34.22	4.42	(0.06)	1.70	**40.28**	18.33	2.37	–	(0.05)	1.23	21.88	**18.40**	**3.62**	15.89	3.56
Vehicles	4.63	0.61	(0.18)	0.07	**5.13**	4.14	0.19	–	(0.25)	0.07	4.15	**0.98**	**0.19**	0.49	0.11
Office equipment*	89.03	1.07	(34.21)	7.45	**63.34**	64.29	2.82	–	(33.52)	6.30	39.89	**23.45**	**4.61**	24.74	5.55
Information Technology Equipments*	47.56	3.72	(0.14)	1.63	**52.77**	45.37	5.96	–	(0.14)	1.32	52.51	**0.26**	**0.05**	2.19	0.49
TOTAL	**1,866.58**	**209.13**	**(307.25)**	**75.60**	**1,844.06**	**908.17**	**76.25**	**–**	**(296.19)**	**51.97**	**740.20**	**1,103.86**	**217.16**	958.41	214.84
Previous Year	1,741.14	127.27	(28.96)	27.13	1,866.58	787.37	76.03	29.33	(5.31)	20.75	908.17	958.41	214.84		
Intangible Assets															
Goodwill	1,757.03	–	–	178.68	**1,935.71**	266.37	–	333.50	–	2.68	602.55	**1,333.16**	**262.28**	1,490.66	334.15
Trademarks/Technical know how	397.39	24.85	(63.14)	41.63	**400.73**	276.53	43.96	–	(62.30)	18.40	276.59	**124.14**	**24.42**	120.86	27.09
Computer software	27.65	2.98	(1.10)	1.57	**31.10**	17.36	2.30	–	(0.09)	1.35	20.92	**10.18**	**2.00**	10.29	2.31
TOTAL	**2,182.07**	**27.83**	**(64.24)**	**221.88**	**2,367.54**	**560.26**	**46.26**	**333.50**	**(62.39)**	**22.43**	**900.06**	**1,467.48**	**288.70**	1,621.81	363.55
Previous Year	2,093.19	29.54	(11.99)	71.33	2,182.07	517.54	40.59	–	(10.82)	12.95	560.26	1,621.81	363.55		
Capital Work In Progress (Refer Note a)												**498.75**	**98.12**	509.98	114.32
Intangible assets under Development [Refer Note (a)]												**403.54**	**79.39**	352.72	79.07
TOTAL												**902.29**	**177.51**	862.70	193.39
TOTAL	**4,048.65**	**236.96**	**(371.49)**	**297.48**	**4,211.60**	**1,468.43**	**122.51**	**333.50**	**(358.58)**	**74.40**	**1,640.26**	**3,473.63**	**683.37**	3,442.92	771.78

Notes:

(a) Addition to capital work-in-progress and intangibles under development includes expenditure incurred during construction period pending allocation aggregating ₹ 129.62 crore (Previous Year – ₹ 117.98 crore). These expenses include Material Consumption ₹ 5.44 crore (Previous Year – ₹ 5.17 crore), Employee cost aggregating ₹ 29.53 crore (Previous Year – ₹ 24.22 crore), Interest expenses ₹ 17.32 crore (Previous Year – ₹ 14.60 crore), Depreciation ₹ 5.11 crore (Previous Year – ₹ 5.19 crore). Sublease rent income and Development charges income ₹ Nil (Previous Year – ₹ 0.10 crore), Exchange gain ₹ Nil (Previous Year – Exchange gain ₹ 0.004 crore) and Operating expenses aggregating ₹ 103.96 crore (Previous Year – ₹ 65.10 crore) [Stores & spares ₹ 1.71 crore (Previous Year – ₹ 3.30 crore), Power ₹ 3.81 crore (Previous Year – ₹ 3.34 crore), Travelling ₹ Nil (Previous Year – ₹ 0.64 crore), Repairs and Maintenance ₹ 1.24 crore (Previous Year – ₹ 1.20 crore), Clinical trial expenses ₹ 55.04 crore (Previous Year – ₹ 12.80 crore), Legal and professional charges ₹ 20.29 crore (Previous Year – ₹ 26.85 crore), Water charges ₹ Nil (Previous Year – ₹ 0.40 crore), Insurance ₹ Nil (Previous Year – ₹ 0.02 crore), General Expenses ₹ 21.87 crore (Previous Year – ₹ 16.55 crore)] and ART GT development expenses of ₹ Nil (Previous Year – ₹ 0.40 crore).

* Gross block, depreciation and net block includes assets on finance lease as per table given under:

PARTICULARS	GROSS BLOCK					ACCUMULATED DEPRECIATION						NET BLOCK			
	As at April 1, 2011	Additions	Deductions & Transfers	Exc. Gain/ (Loss)	As at March 31, 2012	As at April 1, 2011	Additions	Impairment Losses	Deductions & Transfers	Exc. Gain/ (Loss)	As at March 31, 2012	As at March 31, 2012		As at March 31, 2011	
	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore	USD in million	₹ in crore	USD in million
Leasehold land	–	–	–	–	**–**	–	–	–	–	–	–	**–**	**–**	–	–
Building	46.58	–	(49.24)	2.66	**–**	46.58	–	–	(49.24)	2.66	–	**–**	**–**	–	–
Plant & machinery	33.18	–	(35.07)	1.89	**–**	33.18	–	–	(35.07)	1.89	–	**–**	**–**	–	–
Office Equipment	2.31	–	(0.10)	0.16	**2.37**	2.31	–	–	(0.10)	0.16	2.37	**–**	**–**	–	–
Information Technology Equipment	0.50	–	–	–	**0.50**	0.50	–	–	–	–	0.50	**–**	**–**	–	–
TOTAL	**82.57**	**–**	**(84.41)**	**4.71**	**2.87**	**82.57**	**–**	**–**	**(84.41)**	**4.71**	**2.87**	**–**	**–**	–	–

	As at March 31, 2012 ₹ in crore	As at March 31, 2012 USD in million	As at March 31, 2011 ₹ in crore	As at March 31, 2011 USD in million
13. NON CURRENT INVESTMENTS (at cost)				
Other than trade (unquoted)				
443,482 (Previous Year – 443,482) Equity Shares of Bharuch Eco-Aqua Infrastructure Limited of ₹ 10 each fully paid up	**0.44**	**0.09**	0.44	0.10
6,300 (Previous Year – 6,300) Equity Shares of Bharuch Enviro Infrastructure Limited of ₹ 10 each fully paid up	**0.01**	**–**	0.01	–
1,000 (Previous Year – 1,000) Equity Shares of Saraswat Co-Operative Bank Limited of ₹ 10 each fully paid up	**0.001**	**–**	0.001	–
300 (Previous Year – 300) Equity Shares of SKR 100 each of Jederstorm, Swiss	**1.61**	**0.32**	1.61	0.36
Investment in associate (unquoted)				
19,215,000 (Previous Year – 19,215,000) Equity Shares of Swiss Bio Sciences AG	**88.69**	**17.45**	87.57	19.63
TOTAL	**90.75**	**17.86**	89.63	20.09
14. LONG-TERM LOANS AND ADVANCES				
Capital Advances				
Unsecured, considered good	**32.68**	**6.43**	24.71	5.54
	32.68	**6.43**	24.71	5.54
Security Deposits				
Unsecured, considered good	**59.98**	**11.80**	65.07	14.59
	59.98	**11.80**	65.07	14.59
Loans and advances to related parties				
Unsecured, considered good				
Loan to Fellow subsidiary	**20.04**	**3.94**	18.82	4.22
	20.04	**3.94**	18.82	4.22
Advance tax, net of provision for tax (Refer note below)	**–**	**–**	8.88	1.99
Minimum Alternative Tax (MAT) credit entitlement	**69.55**	**13.68**	19.92	4.47
Other advances	**25.70**	**5.06**	58.25	13.06
TOTAL	**207.95**	**40.91**	195.65	43.87

Note:

Advance tax after netting off provision for tax of in Previous Year ₹ 175.65 crore Tax assets and liabilities are in accordance with respective countries Tax Legislations.

	As at March 31, 2012 ₹ in crore	As at March 31, 2012 USD in million	As at March 31, 2011 ₹ in crore	As at March 31, 2011 USD in million
15. INVENTORIES				
Raw Materials and components	**278.76**	**54.84**	235.08	52.70
Goods-in transit	**37.63**	**7.40**	19.70	4.42
Total Raw Materials and components	**316.39**	**62.24**	254.78	57.12
Work-in-progress	**94.38**	**18.57**	55.40	12.42
Finished goods	**343.19**	**67.52**	268.45	60.18
Stock-in-trade	**110.22**	**21.68**	117.38	26.31
Stores and spares	**24.38**	**4.80**	17.72	3.97
TOTAL	**888.56**	**174.81**	713.73	160.00

Note:

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

	As at March 31, 2012 ₹ in crore	As at March 31, 2012 USD in million	As at March 31, 2011 ₹ in crore	As at March 31, 2011 USD in million
16. TRADE RECEIVABLES				
Trade receivables outstanding				
Unsecured, considered good	**758.69**	**149.26**	605.24	135.67
Unsecured, considered doubtful	**53.29**	**10.48**	67.53	15.14
	811.98	**159.74**	672.77	150.81
Less: Provision for doubtful debts	**(53.29)**	**(10.48)**	(67.53)	(15.14)
TOTAL	**758.69**	**149.26**	605.24	135.67
17. CASH AND BANK BALANCES				
Cash and cash equivalents				
Balances with banks				
On current account (Refer Note a below)	**695.17**	**136.76**	477.62	107.07
Unpaid dividend accounts	**1.04**	**0.20**	1.16	0.26
Cash on hand	**0.11**	**0.02**	0.08	0.02
	696.32	**136.98**	478.86	107.35
Other bank balances				
Deposits with original maturity more than 3 months but less than 12 months	**0.79**	**0.16**	0.60	0.13
Margin money (Refer Note b below)	**2.88**	**0.57**	3.43	0.77
	3.67	**0.73**	4.03	0.90
TOTAL	**699.99**	**137.71**	482.89	108.25

Note:

(a) Out of the above, ₹ 6.66 crore (Previous Year – ₹ 9.37 crore) are under lien being margin on guarantees.

(b) Out of the above, ₹ 2.87 crore (Previous Year – ₹ 3.42 crore) are under lien being margin on Letter of Credits (LCs) and guarantees.

	As at March 31, 2012 ₹ in crore	As at March 31, 2012 USD in million	As at March 31, 2011 ₹ in crore	As at March 31, 2011 USD in million
18. SHORT-TERM LOANS AND ADVANCES				
(1) Loans and advances to related parties (refer note below)	**1.28**	**0.25**	0.81	0.18
Unsecured, considered good	**1.28**	**0.25**	0.81	0.18
(2) Other short term loans and advances				
Advances recoverable in cash or in kind or for value to be received				
Unsecured, considered good	**130.05**	**25.59**	97.23	21.80
Unsecured, considered doubtful	**29.36**	**5.78**	–	–
Less: Provision for doubtful advances	**(29.36)**	**(5.78)**	–	–
	130.05	**25.59**	97.23	21.80
Other short term advances (including loans to employees)	**2.94**	**0.58**	2.31	0.52
	132.99	**26.17**	99.54	22.32
TOTAL	**134.27**	**26.42**	100.35	22.50

Note:

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 ₹ 1.76 crore per annum, payable to Dr. H. F. Khorakiwala during the three year period commencing from January 1, 2009. 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 financial year ended March 31, 2012 amounting to ₹ 0.47 crore and for the earlier years ₹ 0.81 crore has been shown as recoverable under loans and advances to related parties.

	For the year ended March 31, 2012 ₹ in crore	For the year ended March 31, 2012 USD in million	For the year ended March 31, 2011 ₹ in crore	For the year ended March 31, 2011 USD in million
19. REVENUE FROM OPERATIONS				
Sale of products	**4,604.25**	**905.81**	3,748.43	840.27
Less: Excise duty	**(5.92)**	**(1.16)**	(3.98)	(0.89)
	4,598.33	**904.65**	3,744.45	839.38
Sale of services	**15.47**	**3.04**	6.79	1.52
TOTAL	**4,613.80**	**907.69**	3,751.24	840.90
20. OTHER INCOME				
Profit/(Loss) on sale of assets	**1.10**	**0.22**	(0.06)	(0.01)
Interest Income	**9.64**	**1.90**	3.85	0.86
Dividend Income* * ₹ 6,300 (Previous Year – ₹ 6,300)	**–**	**–**	–	–
Miscellaneous income (Refer note below)	**12.72**	**2.50**	12.11	2.71
TOTAL	**23.46**	**4.62**	15.90	3.56

Note:
Miscellaneous income includes liabilities no more payable of ₹ 3.05 crore (Previous Year – ₹ 0.76 crore).

	For the year ended March 31, 2012 ₹ in crore	For the year ended March 31, 2012 USD in million	For the year ended March 31, 2011 ₹ in crore	For the year ended March 31, 2011 USD in million
21. CHANGES IN INVENTORIES OF FINISHED GOODS WORK-IN-PROGRESS AND STOCK-IN-TRADE				
(INCREASE)/DECREASE IN INVENTORIES				
Opening Inventories				
Finished goods/Stock-in-trade	**385.83**	**75.91**	414.54	92.93
Work-in-progress	**55.40**	**10.90**	88.62	19.87
Less: Excise duty on opening stock	**(0.85)**	**(0.17)**	(1.03)	(0.23)
	440.38	**86.64**	502.13	112.57
Closing Inventories				
Finished goods/Stock-in-trade	**(453.41)**	**(89.20)**	(385.83)	(86.49)
Work-in-progress	**(94.38)**	**(18.57)**	(55.40)	(12.42)
Less: Excise duty on closing stock	**1.09**	**0.21**	0.85	0.19
	(546.70)	**(107.56)**	(440.38)	(98.72)
TOTAL	**(106.32)**	**(20.92)**	61.75	13.85
22. EMPLOYEE BENEFIT EXPENSES				
Salaries and wages (Refer Note 31)	**478.41**	**94.12**	453.49	101.66
Contribution to provident and other funds	**42.79**	**8.42**	67.80	15.20
Expense on Employee Stock Option Scheme (ESOS) (Refer Note 33)	**10.20**	**2.01**	–	–
Staff welfare expenses	**57.93**	**11.40**	21.12	4.73
TOTAL	**589.33**	**115.95**	542.41	121.59
23. FINANCE COST				
Interest expense				
on term loans	**122.63**	**24.13**	133.62	29.95
on debentures	**20.34**	**4.00**	21.98	4.93
others*	**70.09**	**13.79**	98.11	21.99
	213.06	**41.92**	253.71	56.87
Other borrowing costs	**1.37**	**0.27**	13.39	3.00
TOTAL	**214.43**	**42.19**	267.10	59.87

* includes premium on Zero Coupon Foreign Currency Convertible Bonds ₹ 12.46 crore pertaining to earlier years.

	For the year ended March 31, 2012 ₹ in crore	For the year ended March 31, 2012 USD in million	For the year ended March 31, 2011 ₹ in crore	For the year ended March 31, 2011 USD in million
24. OTHER EXPENSES				
Traveling expenses	**68.29**	**13.43**	55.38	12.41
Freight and forwarding	**64.46**	**12.68**	58.35	13.08
Selling and distribution	**113.00**	**22.23**	95.73	21.46
Commission on sales	**34.98**	**6.88**	32.08	7.19
Power and fuel	**80.38**	**15.81**	55.83	12.52
Rent, Rates and taxes	**32.97**	**6.49**	34.72	7.78
Repairs and maintenance				
Machinery	**18.36**	**3.61**	17.29	3.88
Buildings	**6.57**	**1.29**	5.74	1.29
Others	**14.97**	**2.95**	18.35	4.11
Stores and spare parts consumed	**50.74**	**9.98**	33.60	7.53
Insurance	**19.55**	**3.85**	17.40	3.90
Manufacturing expenses	**24.67**	**4.85**	35.81	8.03
Consultancy charges	**106.61**	**20.97**	90.26	20.23
Bad debts	**(1.57)**	**(0.31)**	6.85	1.54
Product development expenses written off	**53.79**	**10.58**	21.16	4.74
Provision for doubtful debts/advances	**30.78**	**6.06**	9.00	2.02
Miscellaneous expenses	**183.97**	**36.19**	189.04	42.38
TOTAL	**902.52**	**177.54**	776.59	174.09
25. EXPENDITURE ON RESEARCH AND DEVELOPMENT				
Capital	**172.77**	**33.99**	83.80	18.79
Revenue	**75.27**	**14.81**	48.30	10.83
	248.04	**48.80**	132.10	29.62
26. (a) Annual commitments under non-cancellable operating leases are:				
Less than 1 year	**9.90**	**1.95**	9.21	2.06
More than 1 year but less than 5 years	**7.65**	**1.50**	11.86	2.66
More than 5 years	**0.08**	**0.02**	0.04	0.01
	17.63	**3.47**	21.11	4.73
(b) Annual commitments under finance leases are:				
Less than 1 year	**0.06**	**0.01**	0.10	0.02
More than 1 year but less than 5 years	**–**	**–**	0.10	0.02
More than 5 years	**–**	**–**	0.05	0.01
	0.06	**0.01**	0.25	0.05
27. EARNINGS PER SHARE				
The calculations of earnings per share (EPS) (basic and diluted) are based on the earnings and number of shares as computed below:				
Reconciliation of earnings				
Profit/(Loss) after tax	**342.71**	**67.43**	90.52	20.29
Less: Dividend (including tax on dividend) payable on preference shares	**(0.09)**	**(0.02)**	(0.07)	(0.02)
Net Profit/(Loss) for calculation of basic/diluted EPS	**342.62**	**67.41**	90.45	20.27

Reconciliation of number of shares	No. of Shares		No. of Shares	
Weighted average number of shares in calculating Basic EPS	**109,435,903**		109,435,903	
Add:				
Weighted average number of shares under option ESOP	**544,730**		–	
Weighted average number of equity shares in calculating diluted EPS	**109,980,633**		109,435,903	
Earnings per share (nominal value ₹ 5/- each)				
Earnings per share – Basic	**31.31**	**0.62**	8.27	0.19
Earnings per share – Diluted	**31.15**	**0.61**	8.27	0.19

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.

28. Exceptional items for the year ended March 31, 2012 mainly comprises of settlement of loan/disputed derivative liabilities ₹ 133.67 crore, provision for CDR recompense ₹ 160 crore for period April 15, 2009 to March 31, 2012, impairment of goodwill on consolidation ₹ 333.5 crore and gain on restructuring of Wockhardt France Holdings S.A.S. and its subsidiaries ₹ 100 crore.

Exceptional items of previous year comprises of settlement of loans and disputed derivatives ₹ 209.87 crore, crystallized derivative losses of ₹ 196.71 crore, reversal of marked to market provision ₹ 30.33 crore, amounts received on release of escrow on divestment of Animal Health Business ₹ 3.75 crore and aggregate of ₹ 29.57 crore towards provisions, loss of assets. It also includes restructuring cost of Wockhardt France (Holdings) S.A.S. and its subsidiaries of ₹ 178.44 crore mainly comprising of – impairment of assets of ₹ 29.30 crore, redundancy cost of ₹ 118.30 crore and provision for risk on tax of ₹ 19.20 crore.

29. 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 March 31, 2012 ₹ in crore	For the year ended March 31, 2012 USD in million	For the year ended March 31, 2011 ₹ in crore	For the year ended March 31, 2011 USD in million
India	**1,172.42**	**230.66**	1,041.33	233.43
USA	**1,908.02**	**375.37**	1,073.60	240.66
Europe	**1,241.57**	**244.26**	1,421.21	318.59
Rest of the World & CIS	**291.79**	**57.40**	215.10	48.22
TOTAL	**4,613.80**	**907.69**	3,751.24	840.90

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

	India ₹ in crore	India USD in million	Others ₹ in crore	Others USD in million
Carrying amount of segment assets	**2,735.35**	**538.14**	**3,518.49**	**692.21**
	(2,454.61)	(550.24)	(3,175.81)	(711.90)
Additions to tangible and intangible assets	**216.04**	**42.50**	**20.92**	**4.12**
	(127.33)	(28.54)	(19.97)	(4.48)

(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 previous year comparatives.

30. 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

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

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

	31.03.2012 ₹ in crore	31.03.2012 USD in million	31.03.2011 ₹ in crore	31.03.2011 USD in million
Holding Company				
Issue of Nil (Previous Year – ₹ 2 crore) 0.01% Non-Convertible Cumulative Redeemable Preference shares of ₹ 5/- each fully paid up	**–**	**–**	10.00	2.24
Fellow Subsidiary				
Loan Licensee charges paid	**17.98**	**3.54**	14.77	3.31
Rent paid	**5.34**	**1.05**	5.34	1.20
Loan Given	**1.22**	**0.24**	1.14	0.26
Interest Received	**1.35**	**0.27**	1.27	0.28
Key managerial personnel				
Remuneration paid	**5.75**	**1.13**	2.75	0.62
[Remuneration paid to Chairman ₹ 1.85 crore (Previous Year – ₹ 2.21 crore), Remuneration paid to Managing Director ₹ 1.95 crore (Previous Year – ₹ 0.27 crore), Remuneration paid to Executive Director ₹ 1.95 crore (Previous Year – ₹ 0.27 crore)]				
Irrevocable personal guarantee given by Chairman	**1,128.50**	**222.01**	1,401.52	314.17
Enterprise over which Key Managerial Personnel exercise significant influence				
Rent paid [Palanpur Holdings and Investments Private Limited ₹ 0.08 crore (Previous Year – ₹ 0.08 crore), Merind Limited ₹ 0.09 crore (Previous Year – ₹ 0.14 crore)]	**0.17**	**0.03**	0.22	0.05
Reimbursement of Expenses [Merind Limited ₹ 2.06 crore (Previous Year – ₹ 1.86 crore)]	**2.06**	**0.40**	1.86	0.42
Corporate guarantee given by Palanpur Holdings and Investments Private Limited	**1,128.50**	**222.01**	1,401.52	314.17
(d) **Related party balances**				
Payable to fellow subsidiary	**(3.85)**	**(0.76)**	(0.18)	(0.04)
Receivable from fellow subsidiary	**66.54**	**13.09**	65.32	14.64
Payable to enterprise over which key managerial personnel exercise significant influence				
Merind Limited ₹ 1.47 crore (Previous Year – ₹ 0.92 crore)]	**(1.47)**	**(0.29)**	(0.92)	(0.21)
Enterprises over which Key Managerial Personnel exercise significant influence				
Security Deposit receivable [Palanpur Holdings and Investments Private Limited ₹ 2.75 crore (Previous Year – ₹ 2.75 crore)]	**2.75**	**0.54**	2.75	0.62
Receivable from Key managerial personnel				
[Chairman ₹ 1.28 crore (Previous Year – ₹ 0.81 crore)	**1.28**	**0.25**	0.81	0.18

31. EMPLOYEE BENEFITS

(A) Disclosure in respect of Wockhardt Limited

Defined Benefit Plans:	2012 ₹ in crore Gratuity (Non-funded)	2011 ₹ in crore Gratuity (Non-funded)
I. Expenses recognised during the year		
1. Current Service Cost	**2.32**	2.02
2. Interest cost	**1.16**	0.92
3. Actuarial Losses/(Gains)	**(0.24)**	1.76
Total Expenses	**3.24**	4.70
II. Net Asset/(Liability) recognised as at balance sheet date		
1. Present value of defined benefit obligation	**15.57**	14.04
2. Net Asset/(Liability)	**(15.57)**	(14.04)
III. Reconciliation of Net Asset/(Liability) recognised as at balance sheet date		
1. Net Asset/(Liability) at the beginning of year	**(14.04)**	(11.00)
2. Expense as per I above	**3.24**	4.70
3. Employer contributions	**1.71**	1.66
4. Net asset/(liability) at the end of the year	**(15.57)**	(14.04)
IV. Actuarial Assumptions		
1. Discount rate	**8.75%**	8.25%
2. Expected rate of salary increase	**8.00%**	8.00%
3. Mortality	**LIC (1994-96) Ultimate**	LIC (1994-96) Ultimate
4. Attrition rate	**3.00%**	2.00%

Notes:

(a) Amounts recognized as an expense and included in Note 22:
"Salaries and Wages" includes gratuity ₹ 2.96 crore (Previous Year – ₹ 4.44 crore including ₹ 1.93 crore classified as exceptional item), Leave Encashment ₹ 7.84 crore (Previous Year – ₹ 4.85 crore).

(b) The estimates of future salary increases considered in the actuarial valuation take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

₹ in crore

	April 2011- March 2012	April 2010- March 2011	January 2009- March 2010	January 2008- December 2008	January 2007- December 2007
(c) **Details of gratuity for the current and previous four years are as follows:**					
Defined benefit obligation	**15.57**	14.04	11.00	11.28	9.46
Surplus/(deficit)	**(15.57)**	(14.04)	(11.00)	(11.28)	(9.46)
Experience adjustment on plan liabilities (gain)/loss	**0.54**	0.74	(0.69)	0.01	0.58

(d) **Defined contribution plan:**
Amount recognised as an expense and included in the Schedule 22 – "Contribution to provident and other funds" of Profit and Loss Account ₹ 10.13 crore (Previous Year – ₹ 8.16 crore).

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

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

An actuarial valuation of the pension scheme was carried out as at balance sheet date. The amount recognised as cost to the company is ₹ 27.73 crore (Previous Year – gain ₹ 2.77 crore). Amount recognized as liability ₹ 33.31 crore (Previous Year – ₹ 10.36 crore).

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

During the 12 month period, the group operated a defined contribution scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to ₹ 4.03 crore (Previous Year – ₹ 3.46 crore) and the outstanding pension liability as at March 31, 2012 was ₹ 0.52 crore (Previous Year – ₹ 0.47 crore).

32. DISCLOSURE REGARDING DERIVATIVE INSTRUMENTS AND UNHEDGED CURRENCY EXPOSURE

(a) There are no open derivative/forward contracts as on March 31, 2012 and March 31, 2011.

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

Particulars	Currency	As at March 31, 2012 Amt. in Foreign Currency (in million)	As at March 31, 2012 ₹ in crore	As at March 31, 2011 Amt. in Foreign Currency (in million)	As at March 31, 2011 ₹ in crore
Loan Availed	USD	–	–	250.00	1,115.25
Sundry Debtors	ACU	0.37	1.66	0.23	1.00
	AUD	0.01	0.07	0.01	0.06
	CHF	–	–	0.004	0.02
	EUR	2.70	18.35	3.59	22.64
	GBP	7.16	58.32	5.54	39.59
	USD	19.75	100.37	26.28	117.25
Loans and Advances	EUR	2.86	19.45	0.93	5.86
	USD	2.87	14.58	1.89	8.42
	CHF	–	–	0.003	0.01
	GBP	25.03	203.86	0.39	2.79
	JPY	6.43	0.40	3.14	0.17
Sundry Creditors	ACU	0.001	0.01	0.001	0.01
	AUD	–	–	0.007	0.03
	SGD	0.001	0.005	0.001	0.004
	CAD	0.003	0.01	0.009	0.04
	CHF	1.70	9.56	0.003	0.01
	EUR	5.26	35.74	2.58	16.27
	GBP	39.41	321.01	4.36	31.11
	JPY	35.11	2.18	21.11	1.13
	SEK	–	–	0.19	0.13
	USD	14.40	73.20	20.00	89.23
	AED	0.001	0.002	–	–
Foreign Currency Convertible Bonds	USD	41.52	211.04	102.85	458.82

33. EMPLOYEES STOCK OPTION SCHEME (ESOS)

The Compensation Committee of the Board of Directors at its meeting held on November 12, 2011 has approved the Grant of 1,540,000 Stock Options convertible into 1,540,000 equity shares of ₹ 5/- each under Wockhardt Stock Option Scheme-2011 ('the Scheme'). As per the Scheme the Compensation committee has granted 60,000 options @ ₹ 397/- per option (Grant 1), another 60,000 options @ ₹ 365/- per option (Grant 2), and 1,420,000 options @ ₹ 5/- per option (Grant 3), in accordance with the provisions of Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, to the selected employees of the Company and its subsidiaries. The method of settlement is by issue of equity shares to the selected employees who have accepted the options.

Period within which options will vest unto the participant	Quantity
1 year from the date of grant of Options	156,500
1 year 5 months from the date of grant of Options	185,000
2 year 5 months from the date of grant of Options	442,250
3 year 5 months from the date of grant of Options	678,000
4 year 5 months from the date of grant of Options	78,250
	1,540,000

The selected employees can exercise the stock options from the date of vesting as decided by the Compensation Committee, however not exceeding 7 years. The scheme shall be administered by the compensation committee of Board of directors.

Employee stock option activity under Scheme 2011 is as follows:

	For the year ended March 31, 2012	For the year ended March 31, 2011
Outstanding at beginning of the year	–	–
Granted during the year	1,540,000	–
Forfeited during the year	–	–
Exercised during the year	–	–
Outstanding at the end of the year	1,540,000	–
Vested and exercisable at the end of the year	–	–
Weighted average fair value of options on the date of grant:		
Grant 1	106.47	–
Grant 2	142.60	–
Grant 3	410.14	–

The Guidance Note on 'Accounting for employee share based payments' issued by ICAI ('Guidance Note') establishes financial accounting and reporting principles for share based payment plans for employees. The Guidance Note applies to employee share based payments, the grant date in respect of which falls on or after 1st April, 2005. The Company follows the intrinsic value method to account compensation expense arising from issuance of stock options to the employees. Had compensation cost been determined under the fair value approach described in the Guidance Note using the Black Scholes pricing model, the Company's net income and basic and diluted earnings per share (as restated) would have been increased to the proforma amounts as set out below:

	For the year ended March 31, 2012	**For the year ended March 31, 2011**
Net profit as reported in Profit and Loss Account	**342.71**	–
Add: Stock-based employee compensation expense (intrinsic value method), net of tax	**9.84**	–
Less: Stock-based employee compensation expense (fair value method), net of tax	**(9.49)**	–
Proforma net profit	**362.04**	–
Basic earnings per share as reported (₹)	**31.31**	–
Proforma basic earnings per share (₹)	**33.07**	–
Diluted earnings per share as reported (₹)	**31.15**	–
Proforma diluted earnings per share (₹)	**32.91**	–
The key assumptions used to estimate the fair value of options are:		
Stock price at the time of option grant (₹ per share)	**414.00**	–
Expected life		
First vesting	**1.50**	–
Second vesting	**1.88**	–
Third vesting	**2.88**	–
Fourth vesting	**3.88**	–
Fifth vesting	**4.88**	–
Dividend yield has not been separately built in, as the stock prices for one year has been considered which factors for the price movement on account of the dividend.		
Risk free interest rate	**8%**	–
Volatility	**36%**	–

34. CAPITAL COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 61.92 crore (Previous Year – ₹ 38.71 crore) after deducting advance on capital account of ₹ 16.02 crore (Previous Year – ₹ 8.88 crore).

35. INVESTMENT IN ASSOCIATE COMPANIES

Investment in associate include goodwill of ₹ 54.32 crore (Previous Year – ₹ 54.32 crore). The holding interest of Wockhardt group in Swiss Bio Sciences AG is 45% (Previous Year – 45%)

36. 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 ₹ 5.18 crore (Previous Year – ₹ 5.18 crore). Customs duty demand of ₹ 0.35 crore (Previous Year – ₹ 0.35 crore) which has been disputed.

(b) Demand by Income tax authorities ₹ 41.65 crore (Previous Year – ₹ 77.37 crore) disputed by the Company.

(c) Demand in respect of Sales tax matters ₹ 0.08 crore (Previous Year – ₹ 0.08 crore) which has been disputed.

(d) A Government grant of ₹ 3.67 crore (Previous Year – ₹ 3.53 crore) received by Pinewood Laboratories Limited, which pertains to periods prior to acquisition, is repayable only if certain conditions are not fulfilled.

(e) Claims of ₹ Nil (Previous Year – ₹ 44.16 crore) 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) Claims against Company not acknowledged as debt in respect of disputed derivative contracts ₹ Nil (Previous Year – ₹ 372.46 crore).

(g) The Group is involved in other disputes, lawsuits, claims, inquires and proceedings, including commercial matters that arise from time to time in the ordinary course of business. The group believes that there are no such pending matters that are expected to have any material adverse effect on its financial statements in any given accounting period.

37. 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.

38. Zero Coupon Foreign Currency Convertible Bonds (FCCBs) along with premium were due for repayment in October 2009. In the petition for recovery and winding up against the Company, the Company has filed a consent decree in the Hon'ble High Court of Bombay and has agreed to pay the FCCB holders the amounts outstanding along with interest on reducing balance, by August 2012. The Company has been depositing with the High Court, the installments as per the dates specified by the Hon'ble High Court.

39. During the previous year, Wockhardt France (Holdings) S.A.S. and some of its subsidiaries were placed under safeguard proceedings. As a result of the said process, during the year, syndicated loan of Euro 88 million (₹ 597.51 crore) was fully restructured and operating costs were reduced. Wockhardt France (Holdings) S.A.S. including its subsidiaries were out of safeguard proceedings during the year and will be under review till 2018.

Further, a new product is under development and the launch is expected in early 2013, which is expected to improve performance and cash flows.

Also, the Company has tested carrying value of goodwill on consolidation at Wockhardt France (Holding) S.A.S. for impairment. The impairment testing indicated that the carrying value of goodwill was higher than its recoverable value and accordingly, the Company has recorded an impairment loss with respect to goodwill amounting to ₹ 333.50 crore as on March 31, 2012.

40. Wockhardt EU Operations (Swiss) AG has outstanding loan of USD 250 million (₹ 1,270.75 crore). The said loan has been comprehensively covered under CDR and is being rescheduled. Currently lenders aggregating to 86.80% of the total loan value have acceded to the reschedulement. The management is of the opinion that the remaining lenders will also accede to the reschedulement and accordingly, has treated the loan as long term borrowing.

41. During previous year, 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 had 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 were transferred to Vinton Healthcare Limited and redeemable preference shares were 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 had resulted in increase in value of fixed assets by ₹ 129.73 crore. As per the Scheme, the surplus of fair valuation of assets of both transferor and transferee company over consideration paid had 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 January 1, 2011, being the appointed date.

Consequently, in consolidated balance sheet, capital reserve was reduced by ₹ 53.92 crore, general reserve was increased by ₹ 45.55 crore and Profit and Loss Account was increased by ₹ 8.37 crore.

42. Wockhardt EU Operations (Swiss) AG, Switzerland is wholly owned subsidiary of Wockhardt Limited. Significant business operations and cash flows of this Company are in USD. Hitherto, the subsidiary company at Switzerland used its local currency CHF as the reporting currency. To represent true operational performance of this Company, with effect from the current financial year, Company has used USD as its reporting/functional currency in the preparation of its financial statements. As a result of the said change, the net profit for the year on account of foreign exchange gain/loss is higher by ₹ 43.44 crore and the debit to the Foreign Currency Translation Reserves for the year in balance sheet is higher by ₹ 7.32 crore.

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

44. Until the year ended March 31, 2011, the Company was using the pre-revised Schedule VI to the Companies Act 1956 for preparation and presentation of financial statements. The Ministry of Corporate Affairs by notification in the official gazette revised the Schedule VI. This revised Schedule VI is applicable to the Company from the financial year beginning April 1, 2011 and it requires comparative previous year numbers to be restated/regrouped. Accordingly, the Company has made significant changes in the format of financial statements and disclosures.

For and on behalf of the Board of Directors

H. F. Khorakiwala
Chairman

Huzaifa Khorakiwala
Executive Director

Murtaza Khorakiwala
Managing Director

Shekhar Datta
Aman Mehta
R. A. Shah
Directors

Place : Mumbai
Date : May 22, 2012

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, 2012 and also the Statement of Profit and Loss 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') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, 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, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;

   (iv) In our opinion, the balance sheet, statement of profit and loss 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, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

5. In our opinion, and to the best of our information and according to the explanations given to us, 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, 2012;

   (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

   (c) in the case of 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 22, 2012

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 March 31, 2012.

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.

(b) The Company has a program for phased physical verification of all its fixed assets over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. Accordingly, certain fixed assets have been physically verified by the management during the year and discrepancies noticed on such verification, which were not material, have been properly dealt with in the books of account.

(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed 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 loan, 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 loan, 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 Rupees 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.

(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) According to the information and explanations given to us and on the basis of the records of the Company examined by us, in our opinion, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the 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 crore)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Reversal of CENVAT credit	0.04	April 1999 to August 1999	Commissioner Appeal
	Penalty for classification	0.37	February 2001 to February 2003	CESTAT
	Differential Duty	2.19	November 1996 to April 1998	Commissioner
	Education Cess	0.03	July 2004 to August 2004	Deputy Commissioner
	Penalty for Valuation	0.35	December 2001 to January 2004	Additional Commissioner
	Demand and Penalty for classification	2.20	September 1991 to July 1993	CESTAT
Income Tax Act, 1961	Demand under Section 143(3)	4.05	FY 2003-04	High Court
	Demand under Section 143(3)	12.80	FY 2006-07	Commissioner of Income Tax (Appeals)
	Demand under Section 143(3)	0.46	FY 2007-08	Commissioner of Income Tax (Appeals)
	TDS Assessment order u/s 201/201(IA)	3.79	April 2007 to March 2011	Commissioner of Income Tax (Appeals)

Note: Out of the above, amount paid under protest by the Company for Income tax is ₹ 16.13 crore.

(x) In our opinion, the accumulated losses of the Company are not more than fifty percent of its net worth. The Company has not incurred any cash losses during the current financial year but had incurred cash losses during the preceding financial year.

(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, there has been no default in repayment of principal and interest to CDR lenders as per the terms of CDR Scheme.

(b) As explained in Note 48 to the financial statements, with respect to the amount due towards Zero Coupon Foreign Currency Convertible Bonds which were due for repayment in October 2009, the Company has filed a consent decree in the Hon'ble High Court of Bombay and has agreed to pay the FCCB holders, the amounts outstanding alongwith interest on reducing balance by August, 2012. The Company has been depositing with the High Court, the installments as per the dates specified by the Hon'ble High Court.

(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 47(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 and according to the information and explanation given to us, 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, we report that funds raised on short-term basis to the tune of ₹ 411.73 crore have been used for long-term investment.

(xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.

(xix) According to the information and explanations given to us, the Company has created security 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 22, 2012

BALANCE SHEET

As at March 31, 2012
(All amounts in crore of Indian ₹)

	Notes	As at March 31, 2012	As at March 31, 2011
EQUITY AND LIABILITIES			
SHARE HOLDERS' FUNDS			
Share capital	2	**816.09**	799.93
Reserves and surplus	3	**65.49**	(128.45)
		881.58	671.48
NON-CURRENT LIABILITIES			
Long-term borrowings	4	**741.52**	915.86
Deferred tax liabilities (net)	5	**205.14**	–
Long-term provisions	6	**28.90**	21.58
		975.56	937.44
CURRENT LIABILITIES			
Short-term borrowings	7	**222.28**	352.13
Trade payables	8	**369.53**	291.16
Other current liabilities	9	**694.33**	731.61
Short-term provisions	10	**21.15**	15.78
		1,307.29	1,390.68
TOTAL		**3,164.43**	2,999.60
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	11		
Tangible assets		**821.25**	733.97
Intangible assets		**34.71**	28.48
Capital work-in-progress		**473.66**	465.56
Intangible assets under development		**337.14**	306.18
Non-current investments	12	**307.95**	307.95
Long-term loans and advances	13	**294.16**	307.37
		2,268.87	2,149.51
CURRENT ASSETS			
Inventories	14	**453.07**	305.07
Trade receivables	15	**260.84**	311.73
Cash and bank balances	16	**75.94**	161.67
Short-term loans and advances	17	**105.71**	71.62
		895.56	850.09
TOTAL		**3,164.43**	2,999.60
Significant accounting policies	1		

The notes from 1 to 50 form an integral part of the Financial statements.

As per our attached report of even date

For Haribhakti & Co.
Chartered Accountants

Shailesh Haribhakti
Partner

Place : Mumbai
Date : May 22, 2012

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
Aman Mehta
R. A. Shah
Directors

STATEMENT OF PROFIT AND LOSS

For the Year Ended March 31, 2012
(All amounts in crore of Indian ₹)

	Notes	For the year ended March 31, 2012	For the year ended March 31, 2011
REVENUE			
Revenue from operations (gross)	18	**2,566.32**	1,758.90
Less: Excise duty		**(5.92)**	(3.98)
Revenue from operations (net)		**2,560.40**	1,754.92
Other income	19	**20.12**	17.09
TOTAL		**2,580.52**	1,772.01
EXPENSES			
Cost of materials consumed	31	**823.19**	581.36
Purchases of stock-in-trade	32	**237.03**	222.92
Changes in inventories of finished goods, work-in-progress and stock-in-trade	20	**(90.10)**	18.41
Employee benefits expense	21	**234.72**	171.94
Finance costs	22	**160.77**	203.08
Depreciation and amortization expense	11	**66.37**	61.58
Exchange fluctuation loss/(gain), net		**27.05**	(15.89)
Other expenses	23	**521.69**	367.80
TOTAL		**1,980.72**	1,611.20
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX		**599.80**	160.81
Less: Exceptional items	36	**216.09**	292.88
PROFIT BEFORE TAX		**383.71**	(132.07)
Tax expense:			
Current tax (MAT Payable)		**(44.21)**	–
Less: Minimum Alternative Tax Credit		**30.82**	–
		(13.39)	–
MAT credit entitlement of earlier years, net		**18.82**	–
Deferred tax credit/(charge)		**(205.14)**	–
PROFIT AFTER TAX		**184.00**	(132.07)
Earnings per equity share of face value of ₹ 5/- each			
Basic	35	**16.81**	(12.07)
Diluted	35	**16.72**	(12.07)
Significant accounting policies	1		

The notes from 1 to 50 form an integral part of the Financial statements.

As per our attached report of even date

For Haribhakti & Co.
Chartered Accountants

Shailesh Haribhakti
Partner

Place: Mumbai
Date : May 22, 2012

V. R. Khetan
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For and on behalf of the Board of Directors

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Executive Director

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Managing Director

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Aman Mehta
R. A. Shah
Directors

CASH FLOW STATEMENT

For the Year Ended March 31, 2012

(All amounts in crore of Indian ₹)

		For the year ended March 31, 2012	For the year ended March 31, 2011
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES:			
Net profit/(loss) before taxation		**383.71**	(132.07)
Adjustments for:			
Depreciation and amortization expense		**66.37**	61.58
Liabilities no more payable		**(3.05)**	(0.76)
Advances no more recoverable		**–**	0.90
Provision for doubtful debts and advances		**31.73**	6.93
Bad debts written off		**0.46**	4.69
Exchange fluctuation, net		**27.05**	(15.89)
(Profit)/loss on assets sold/write off of fixed assets (net)		**3.43**	27.48
Interest expense		**160.77**	203.08
Wealth tax expense		**0.01**	–
Interest Income		**(11.42)**	(12.14)
Provision for marked to market loss		**–**	(30.33)
Crystallised derivative losses		**–**	228.07
Exceptional item – gain on settlements		**(13.73)**	(43.69)
Exceptional item – others		**0.78**	–
Exceptional items – CDR recompense provision		**160.00**	–
Product development expenses written off		**53.79**	21.16
Expense on Employee Stock Option Scheme (ESOS)		**10.20**	–
Operating profit before Working Capital changes		**870.10**	319.01
Movement in working capital			
(Increase)/Decrease in inventories		**(148.00)**	0.90
(Increase)/Decrease in trade receivables		**96.15**	145.03
(Increase)/Decrease in loans and advances and other assets		**(29.94)**	1.92
Increase/(Decrease) in liabilities and provisions		**42.57**	(6.10)
Increase/(Decrease) in trade payables		**62.61**	20.78
Cash generated from operations		**893.49**	481.54
Income taxes paid		**(0.82)**	(1.64)
Net cash from/(used in) Operating Activities	(A)	**892.67**	479.90
CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES:			
Purchase of fixed assets and additions to capital work-in-progress		**(248.99)**	(180.76)
Proceeds from sale of fixed assets		**1.20**	0.73
Repayment by/(Loans to) companies/subsidiaries		**(0.40)**	(31.70)
Margin money and fixed deposits under lien		**0.54**	29.46
Interest received		**11.42**	1.36
Net cash from/(used in) Investing Activities	(B)	**(236.23)**	(180.91)

WOCKHARDT

		For the year ended March 31, 2012	For the year ended March 31, 2011
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES:			
Proceeds from issuance of share capital		**–**	10.00
Proceeds from borrowings		**2.17**	142.37
Repayment of borrowings		**(602.39)**	(181.59)
Interest paid		**(142.37)**	(177.46)
Dividend paid		**(0.09)**	(0.10)
Net cash from/(used in) Financing Activities	(C)	**(742.68)**	(206.78)
Net increase in cash and cash equivalents	(A+B+C)	**(86.24)**	92.21
Cash and cash equivalents at beginning of year		**158.03**	65.85
Unrealised gain/(loss) on Foreign Currency Cash and Cash equivalents		**1.06**	(0.03)
Cash and cash equivalents at end of year		**72.85**	158.03
Component of cash and cash equivalents			
Cash		**0.11**	0.08
Balance with banks:			
– on current account (excluding unclaimed dividend accounts)		**71.70**	156.82
– on unpaid dividend account*		**1.04**	1.13
		72.85	158.03

* These balances are not available for use by the Company as they represent corresponding unpaid dividend liabilities.

As per our attached report of even date

For Haribhakti & Co.
Chartered Accountants

Shailesh Haribhakti
Partner

Place: Mumbai
Date : May 22, 2012

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
Aman Mehta
R. A. Shah
} *Directors*

NOTES TO ACCOUNTS

For the Year Ended March 31, 2012

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

1. SIGNIFICANT ACCOUNTING POLICIES

(i) Basis of preparation

The financial statements have been prepared to comply in all material respects with the notified accounting standards by Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

(ii) Use of estimates

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

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

Premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

(c) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. Current investments are carried at lower of cost and 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) Employee benefits

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

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

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

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

(f) Revenue recognition

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

Sale of Goods

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

Sale of Services

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

Out licensing fees

Out licensing fees is recognized in accordance with the terms of the relevant agreement(s) as generally accepted and agreed with the customers.

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) Taxation

Tax expense comprises of current and deferred tax.

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of Income Tax Act, 1961 as applicable to the financial year. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax 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 Statement of Profit and Loss 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 Statement of Profit and Loss. Initial direct costs are recognised immediately as an expense.

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

(k) Employees Stock Option Cost

The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense, if any, is written off over the vesting period of the option on a straight line basis.

(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 attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue to existing shareholders and share split.

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

(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, 2012		As at March 31, 2011	
	Number of shares	**Amount**	**Number of shares**	**Amount**
2. SHARE CAPITAL				
AUTHORISED				
Equity shares of ₹ 5/- each	**250,000,000**	**125.00**	250,000,000	125.00
Preference shares of ₹ 5/- each	**2,000,000,000**	**1,000.00**	2,000,000,000	1,000.00
		1,125.00		1,125.00
ISSUED, SUBSCRIBED AND PAID UP				
Equity shares of ₹ 5/- each fully paid up:				
Shares outstanding as at the beginning of the Year	**109,435,903**	**54.72**	109,435,903	54.72
Add: Shares Issued during the Year	**–**	**–**	–	–
Shares outstanding as at the end of the Year	**109,435,903**	**54.72**	109,435,903	54.72
Optionally Convertible Cumulative Redeemable Preference shares of ₹ 5/- each fully paid up:				
Shares outstanding as at the beginning of the Year	**446,549,949**	**223.27**	424,163,605	212.08
Add: Shares Issued during the Year	**–**	**–**	22,386,344	11.19
Shares outstanding as at the end of the Year	**446,549,949**	**223.27**	446,549,949	223.27

	As at March 31, 2012		As at March 31, 2011	
	Number of shares	Amount	Number of shares	Amount
Non-Convertible Cumulative Redeemable Preference shares of ₹ 5/- each fully paid up:				
Shares outstanding as at the beginning of the Year	**1,043,883,858**	**521.94**	912,994,875	456.50
Add: Shares Issued during the Year	**32,315,130**	**16.16**	130,888,983	65.44
Shares outstanding as at the end of the Year	**1,076,198,988**	**538.10**	1,043,883,858	521.94
TOTAL	**1,632,184,840**	**816.09**	1,599,869,710	799.93

Notes:

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

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

During the year under review, 32,315,130 (Previous Year – 153,275,327) preference shares of ₹ 5/- each fully paid up were issued pursuant to approved CDR package against various liabilities of the Company to Banks/Financial Institutions as per the details given below.

(i) Nil (Upto Previous Year – 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) Nil (Upto Previous Year – 237,994,675) 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 Year – 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) Nil (Upto Previous Year – 32,265,110) 0.01% Non-Convertible Cumulative Redeemable Preference shares (NCRPS Series 2), which shall be redeemed at a premium of 20% of the face value along with cumulative dividend on December 31, 2018.

(v) Nil (Upto Previous Year – 555,320,909) 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) 32,315,130 (Upto Previous Year – 87,742,565) 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) Nil (Upto Previous Year – 160,000,000) 0.01% Non-Convertible Cumulative Redeemable Preference shares (NCRPS Series 5), which shall be redeemed at a premium of 20% of the face value along with cumulative dividend on March 31, 2019.

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

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

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

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

	As at March 31, 2012		As at March 31, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Khorakiwala Holdings and Investments Private Limited	**69,716,132**	**63.70**	69,716,132	63.70
Dartmour Holdings Private Limited	**6,828,325**	**6.24**	6,828,325	6.24

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

	As at March 31, 2012		As at March 31, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Khorakiwala Holdings and Investments Private Limited	160,000,000	14.87	160,000,000	15.33
Indian Overseas Bank	106,533,189	9.90	106,011,701	10.16
State Bank of India	497,255,832	46.20	492,753,320	47.20
Union Bank of India	75,624,553	7.03	75,097,154	7.19

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

	As at March 31, 2012		As at March 31, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Indian Overseas Bank	39,888,348	8.93	39,888,348	8.93
State Bank of India	325,095,022	72.80	325,095,022	72.80
Union Bank of India	31,884,492	7.14	31,884,492	7.14

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

1,540,000 (Previous Year – Nil) Shares have been reserved for issue under Wockhardt Stock Option Scheme – 2011. No shares have been vested as on March 31, 2012.

	As at March 31, 2012	As at March 31, 2011
3. RESERVES AND SURPLUS		
Capital Redemption Reserve		
Opening Balance	26.53	26.53
Add: Current Year Transfer	–	–
Closing Balance	26.53	26.53
Securities Premium Account		
Opening Balance	13.41	13.41
Add: Current Year Transfer	–	–
Closing Balance	13.41	13.41
Debenture Redemption Reserve		
Opening Balance	–	–
Add: Current Year Transfer	12.50	–
Closing Balance	12.50	–
Share Options Outstanding Account (Refer note 42)		
Opening Balance	–	–
Add: Current Year Transfer	58.47	–
Closing Balance	58.47	–
Less: Deferred Employee Compensation expense	48.27	–
	10.20	–
General Reserve		
Opening Balance	175.28	–
Add: Additions during the year (Refer note 41)	–	175.28
Closing Balance	175.28	175.28
Surplus		
Opening balance	(343.67)	(211.60)
Add: Net Profit/(Loss) for the current year	184.00	(132.07)
Less: Proposed Dividend on Preference shares	(0.22)	–
Less: Tax on Proposed Preference shares dividend	(0.04)	–
Less: Transfer to Debenture Redemption Reserve	(12.50)	–
Closing Balance	(172.43)	(343.67)
TOTAL	65.49	(128.45)

	As at March 31, 2012	As at March 31, 2011
4. LONG TERM BORROWINGS		
SECURED		
10% Redeemable Non-Convertible Debentures (Refer note (a) below)	**150.00**	200.00
Rupee Denominated Term Loans (Refer note (b), (c), (d) below)		
from banks/financial institutions	**505.59**	630.85
from others	**76.88**	75.90
	732.47	906.75
UNSECURED		
Deferred payment liabilities		
Sales tax deferral loan (Refer note (e) below)	**3.91**	4.54
Loans from Others (Refer note (f) below)	**5.14**	4.57
	9.05	9.11
TOTAL	**741.52**	915.86

Notes:

(a) Debentures are redeemable at par in four annual installments of ₹ 50 crore 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 are secured as under:

(I) Pursuant to the approved Corporate Debt Restructuring Package, the rupee denominated term loans from banks/financial institutions amounting to ₹ 482.98 crore are secured by first charge on pari passu basis and rupee denominated term loans from banks/financial institutions amounting to ₹ 130.78 crore 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 ₹ 482.98 crore are secured by second charge on pari passu basis and loans amounting to ₹ 130.78 crore 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 ₹ 17.47 crore 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 ₹ 75.00 crore 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 ₹ 1.88 crore is secured by first charge on pari passu basis by hypothecation of movable properties of the company (except book debts) at all locations.

(V) Terms of repayment as per CDR scheme of rupee denominated term loans from banks/financial institutions are as under:

(i) Rupee term loans and Working capital term loans from banks with interest rate of 10% p.a. is repayable in 24 quarterly installments by April 2016.

(ii) Priority loans from banks with interest rate of 12% p.a. is repayable in 8 quarterly equal installments, by June 2012.

(iii) Short term loans from banks with interest rate of 10% p.a. is repayable in 20 quarterly equal installments by October 2018.

(VI) Terms of repayment of rupee denominated term loans from others are as under:

(i) Term loan from others amounting ₹ 75.00 crore with interest rate of 10% p.a. is repayable in 20 quarterly installments by October 2018 as per CDR scheme.

(ii) Term loan from others amounting ₹ 1.88 crore with interest rate of 2% p.a. is repayable in 10 equal half yearly installments beginning 1 year after completion of the project.

(c) Loans amounting to ₹ 906.22 crore are also secured by irrevocable personal guarantee by H.F. Khorakiwala, Chairman.

(d) As against the above secured loans taken, the promoters/promoter group have pledged shares numbering 70,158,917 as on March 31, 2012.

(e) Interest free sales tax deferral loan is repayable in the month of May every year. This loan is repayable by May 2019.

(f) Loans from others with interest rate of 3% p.a. is repayable in 10 annual installment. Loans amounting ₹ 1.89 crore is repayable by June 2019 and the balance ₹ 4.24 crore by October 2021.

	As at March 31, 2012	As at March 31, 2011
5. DEFERRED TAX LIABILITIES (net)		
Deferred tax liabilities		
Difference between depreciation on block of assets	**120.23**	203.24
Research and development cost	**109.39**	–
Gross deferred tax liabilities	**229.62**	203.24
Deferred tax assets		
Provision for Gratuity	**5.05**	4.66
Provision for Leave Encashment	**5.60**	4.15
Provision for Bonus	**0.24**	0.21
Premium on FCCB Loan	**–**	33.85
Provision for doubtful debts	**13.59**	13.12
Unabsorbed losses	**–**	147.25
Gross deferred tax assets	**24.48**	203.24
TOTAL	**205.14**	–
6. LONG-TERM PROVISIONS		
Provision for employee benefits (Refer note 40)		
Gratuity (unfunded)	**14.10**	12.34
Leave Encashment (unfunded)	**14.80**	9.24
TOTAL	**28.90**	21.58
7. SHORT-TERM BORROWINGS		
SECURED		
Loans repayable on demand		
Working capital facilities from banks	**222.28**	352.13
TOTAL	**222.28**	352.13

Notes:

(a) Pursuant to the approved Corporate Debt Restructuring Package, the working capital facilities amounting to ₹ 222.28 crore 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.

(b) Loans amounting to ₹ 222.28 crore are also secured by irrevocable personal guarantee by H.F. Khorakiwala, Chairman.

(c) As against the above secured loans taken, the promoters/promoter group have pledged shares numbering 70,158,917 as on March 31, 2012.

	As at March 31, 2012	As at March 31, 2011
8. TRADE PAYABLES		
Trade Payables (Refer note 34)		
Trade payables	**369.53**	291.16
TOTAL	**369.53**	291.16

	As at March 31, 2012	As at March 31, 2011
9. OTHER CURRENT LIABILITIES		
Current maturities of long-term debt (Refer note 4)	**176.87**	169.22
Interest accrued but not due on borrowings	**2.11**	2.26
Interest accrued and due on borrowings	**0.02**	1.10
Unpaid dividends	**1.04**	1.13
Zero Coupon Foreign Currency Convertible Bonds – Unsecured	**211.04**	458.82
Other payables		
Security deposits	**15.33**	15.42
Employee liabilities	**35.37**	30.24
CDR recompense provision	**160.00**	–
Others	**92.55**	53.42
TOTAL	**694.33**	731.61
10. SHORT-TERM PROVISIONS		
Provision for employee benefits (Refer note 40)		
Gratuity (unfunded)	**1.47**	1.70
Leave Encashment (unfunded)	**2.47**	3.24
	3.94	4.94
Other provisions:		
Provision for sales return on date expiry (Refer note (a) below)	**16.15**	10.84
Provision for tax, net of advance tax (Refer note (b) below)	**0.80**	–
Proposed dividend on preference shares	**0.22**	–
Tax on proposed preference shares dividend	**0.04**	–
	17.21	10.84
TOTAL	**21.15**	15.78

Note:

(a) Provision for Sales Return on Date Expiry – opening balance ₹ 10.84 crore (Previous Year – ₹ 10.54 crore), additions during the year ₹ 13.68 crore (Previous Year – ₹ 10.62 crore), utilised during the year ₹ 8.37 crore (Previous Year – ₹ 10.32 crore), closing balance ₹ 16.15 crore (Previous Year – ₹ 10.84 crore).

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.

(b) Provision for tax after netting off advance tax of ₹ 185.81 crore.

11. FIXED ASSETS (At cost)

PARTICULARS	GROSS BLOCK					ACCUMULATED DEPRECIATION				NET BLOCK	
	As at 1.4.2011	Additions	Deduction/ Other Adjustments	Acquired through business combinations	As at 31.3.2012	As at 1.4.2011	For the Year	Deduction/ Other Adjustments	As at 31.3.2012	As at 31.3.2012	As at 31.3.2011
Tangible Assets											
Freehold land	63.06	–	–	–	**63.06**	–	–	–	**–**	**63.06**	63.06
Leasehold land	8.34	–	–	–	**8.34**	0.92	0.10	–	**1.02**	**7.32**	7.42
Buildings	110.43	35.74	2.02	–	**144.15**	24.87	3.84	0.29	**28.42**	**115.73**	85.56
Plant and Equipment	822.20	98.51	4.69	–	**916.02**	262.75	34.51	(2.27)	**299.53**	**616.49**	559.45
Furniture and Fixtures	22.63	0.90	–	–	**23.53**	9.60	1.58	–	**11.18**	**12.35**	13.03
Vehicles	3.13	0.83	0.18	–	**3.78**	2.98	0.09	0.14	**2.93**	**0.85**	0.15
Office equipment	5.57	0.37	0.01	–	**5.93**	5.23	0.27	0.01	**5.49**	**0.44**	0.34
Information Technology Equipments	27.81	3.11	0.14	–	**30.78**	22.85	3.06	0.14	**25.77**	**5.01**	4.96
TOTAL	**1,063.17**	**139.46**	**7.04**	**–**	**1,195.59**	**329.20**	**43.45**	**(1.69)**	**374.34**	**821.25**	**733.97**
Previous Year	977.92	50.33	25.37	60.29	1,063.17	288.63	43.02	2.45	329.20	733.97	
Intangible Assets											
Trademarks/Technical know-how	66.59	27.20	18.90	–	**74.89**	42.90	21.92	18.90	**45.92**	**28.97**	23.69
Computer software	8.42	2.96	1.10	–	**10.28**	3.63	1.00	0.09	**4.54**	**5.74**	4.79
TOTAL	**75.01**	**30.16**	**20.00**	**–**	**85.17**	**46.53**	**22.92**	**18.99**	**50.46**	**34.71**	**28.48**
Previous Year	53.90	21.11	–	–	75.01	27.97	18.56	–	46.53	28.48	
Capital work-in-progress [Refer Note (a)]										**473.66**	465.56
Intangible assets under Development [Refer Note (a) and (b)]										**337.14**	306.18
TOTAL	**1,138.18**	**169.62**	**27.04**	**–**	**1,280.76**	**375.73**	**66.37**	**17.30**	**424.80**	**1,666.76**	**1,534.19**

Notes:

(a) Addition to Capital work-in-progress and Intangible assets under Development includes expenditure incurred during construction period pending allocation aggregating ₹ 129.62 crore (Previous Year – ₹ 107.87 crore). These expenses include Material Consumption ₹ 5.44 crore (Previous Year – ₹ 5.17 crore), Employee cost aggregating ₹ 29.53 crore (Previous Year – ₹ 24.22 crore), Interest expenses ₹ 17.32 crore (Previous Year – ₹ 11.65 crore), Depreciation ₹ 5.11 crore (Previous Year – ₹ 5.07 crore) and Operating expenses aggregating ₹ 72.22 crore (Previous Year – ₹ 61.76 crore) [Stores & spares ₹ 1.71 crore (Previous Year – ₹ 3.29 crore), Power ₹ 3.81 crore (Previous Year – ₹ 2.47 crore), Travelling ₹ Nil (Previous Year – ₹ 0.64 crore), Repairs and Maintenance ₹ 1.24 crore (Previous Year – ₹ 1.20 crore), Clinical trial expenses ₹ 23.30 crore (Previous Year – ₹ 12.80 crore), Legal and professional charges ₹ 20.29 crore (Previous Year – ₹ 26.85 crore), General Expenses ₹ 21.87 crore (Previous Year – ₹ 14.51 crore)].

(b) Product Development Expenses of ₹ 111.96 crore (Previous Year – ₹ 92.99 crore) incurred during the year are considered as capital expenditure to be capitalized as intangible assets.

	As at March 31, 2012	As at March 31, 2011
12. NON-CURRENT INVESTMENTS (at cost)		
A. In Wholly owned 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)	**8.38**	8.38
27,504,823 (Previous Year – 27,504,823) Equity Shares of Wockhardt UK Holdings Limited [formerly Wockhardt UK Limited] of 1p each fully paid up	**75.27**	75.27
18,000,000 (Previous Year – 18,000,000) Equity Shares of Wockhardt Biopharm Limited. of ₹ 10 each fully paid up (including six fully paid-up shares of par value held in the name of the nominees of the Company)	**9.00**	9.00
44,600 (Previous Year – 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)	**209.62**	209.62
2,000,000 (Previous Year – 2,000,000) Equity Shares of ₹ 10 each fully paid up in Wockhardt Infrastructure Development Limited (including one fully paid-up share of par value held in the name of the nominees of the Company)	**3.50**	3.50
982,819 (Previous Year – 981,819) 7% Non-Cumulative Redeemable Preference Shares of ₹ 100 each fully paid up of Vinton Healthcare Limited	**0.64**	0.64
10,000,000 (Previous Year – 10,000,000) Equity Shares of ₹ 10 each fully paid up of Vinton Healthcare Limited (including eighty fully paid up shares of par value held in the name of nominees of the Company)	**1.09**	1.09
	307.50	307.50
B. Other than trade (unquoted)		
443,482 (Previous Year – 443,482) Equity Shares of Bharuch Eco-Aqua Infrastructure Limited of ₹ 10 each fully paid up	**0.44**	0.44
6,300 (Previous Year – 6,300) Equity Shares of Bharuch Enviro Infrastructure Limited of ₹ 10 each fully paid up	**0.01**	0.01
1,000 (Previous Year – 1,000) Equity Shares of Saraswat Co-Operative Bank Limited of ₹ 10 each fully paid up* * ₹ 10,000 (Previous Year – ₹ 10,000)	**–**	–
	0.45	0.45
TOTAL	**307.95**	307.95
13. LONG-TERM LOANS AND ADVANCES		
Capital Advances		
Unsecured, considered good	**15.97**	8.82
	15.97	8.82
Security Deposits (Refer note (a) below)		
Unsecured, considered good	**57.37**	62.45
	57.37	62.45
Loans and advances to related parties (Refer note 29)		
Loans to Subsidiaries – Unsecured, considered good	**128.40**	120.68
	128.40	120.68
Advance tax, net of provision for tax (Refer note (b) below)	**–**	46.09
Minimum Alternative Tax (MAT) credit entitlement	**69.56**	19.92
Other advances	**22.86**	49.41
TOTAL	**294.16**	307.37

Note:

(a) Security Deposits includes ₹ 0.47 crore (Previous Year – ₹ 0.47 crore) given to Wockhardt Infrastructure Development Limited, a wholly owned subsidiary.

(b) Advance tax after netting off provision for tax in Previous Year – ₹ 138.89 crore.

	As at March 31, 2012	As at March 31, 2011
14. INVENTORIES		
Raw Materials and components	**149.97**	116.12
Goods-in transit	**37.63**	19.70
	187.60	135.82
Work-in-progress	**86.17**	44.03
Finished goods	**125.28**	80.20
Stock-in-trade	**36.70**	33.58
Stores and spares	**17.32**	11.44
TOTAL	**453.07**	305.07

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

	As at March 31, 2012	As at March 31, 2011
15. TRADE RECEIVABLES		
Trade receivables outstanding for a period less than six months		
Unsecured, considered good	**236.20**	292.07
	236.20	292.07
Trade receivables outstanding for a period exceeding six months		
Unsecured, considered good	**24.64**	19.66
Unsecured, considered doubtful	**41.87**	39.50
	66.51	59.16
Less: Provision for doubtful debts	**(41.87)**	(39.50)
	24.64	19.66
TOTAL	**260.84**	311.73
16. CASH AND BANK BALANCES		
Cash and cash equivalents		
Balances with banks		
On current account	**71.70**	156.82
Unpaid dividend accounts	**1.04**	1.13
Cash on hand	**0.11**	0.08
	72.85	158.03
Other bank balances		
Deposits with original maturity more than 3 months but less than 12 months	**0.22**	0.22
Margin money*	**2.87**	3.42
	3.09	3.64
TOTAL	**75.94**	161.67

* margin on Letter of Credits (LCs) and Guarantees under lien ₹ 2.87 crore (Previous Year – ₹ 3.42 crore).

	As at March 31, 2012	As at March 31, 2011
17. SHORT-TERM LOANS AND ADVANCES		
Loans and advances to related parties (Refer note (a) and (b) below)	**11.74**	9.39
Unsecured, considered good	**11.74**	9.39
Other short-term loans and advances		
Advances recoverable in cash or in kind or for value to be received		
Unsecured, considered good	**59.92**	42.32
Unsecured, considered doubtful	**29.36**	–
Less: Provision for doubtful advances	**(29.36)**	–
	59.92	42.32
Other short-term advances	**34.05**	19.91
	93.97	62.23
TOTAL	**105.71**	71.62

Notes:

(a) Loans and advances to related parties include ₹ 10.46 crore (Previous Year – ₹ 8.58 crore) given to Subsidiaries. (Refer note 29).

(b) 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 ₹ 1.76 crore per annum, payable to Dr. H F Khorakiwala during the three year period commencing from January 1, 2009. 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 financial year ended March 31, 2012 amounting to ₹ 0.47 crore and for the earlier years ₹ 0.81 crore has been shown as recoverable under loans and advances to related parties.

	For the year ended March 31, 2012	For the year ended March 31, 2011
18. REVENUE FROM OPERATIONS		
Revenue from operations (Refer note 30)		
Sale of products	**2,402.34**	1,743.82
Less: Excise duty	**(5.92)**	(3.98)
	2,396.42	1,739.84
Sale of services	**23.98**	15.08
Outlicensing fees	**140.00**	–
TOTAL	**2,560.40**	1,754.92
19. OTHER INCOME		
Interest Income	**11.42**	12.14
Dividend Income*	**–**	–
* ₹ 6,300 (Previous Year – ₹ 6,300)		
Miscellaneous income (Refer note below)	**8.70**	4.95
TOTAL	**20.12**	17.09

Note:

Miscellaneous income includes liabilities no more payable of ₹ 3.05 crore (Previous Year – ₹ 0.76 crore).

	For the year ended March 31, 2012	For the year ended March 31, 2011
20. CHANGE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE (Refer note 33)		
Opening Inventories		
Finished goods	**80.20**	91.17
Work-in-progress	**44.03**	55.27
Stock-in-trade	**33.58**	29.96
Less: Excise duty on opening stock	**(0.85)**	(1.03)
	156.96	175.37

	For the year ended March 31, 2012	For the year ended March 31, 2011
Closing Inventories		
Finished goods	**(125.28)**	(80.20)
Work-in-progress	**(86.17)**	(44.03)
Stock-in-trade	**(36.70)**	(33.58)
Less: Excise duty on closing stock	**1.09**	0.85
	(247.06)	(156.96)
(Increase)/Decrease in inventories	**(90.10)**	18.41
21. EMPLOYEE BENEFITS EXPENSE		
Salaries and wages (Refer note 40)	**164.80**	149.72
Contribution to provident and other funds	**10.13**	8.16
Expense on Employee Stock Option Scheme (ESOS) – (Refer note 42)	**10.20**	–
Staff welfare expenses	**49.59**	14.06
TOTAL	**234.72**	171.94
22. FINANCE COSTS		
Interest expense		
on term loans	**81.81**	94.44
on debentures	**20.34**	21.98
others*	**57.85**	73.81
	160.00	190.23
Other borrowing costs	**0.77**	12.85
TOTAL	**160.77**	203.08

* Includes premium on Zero Coupon Foreign Currency Convertible Bonds ₹ 12.46 crore pertaining to earlier years.

	For the year ended March 31, 2012	For the year ended March 31, 2011
23. OTHER EXPENSES		
Travelling and conveyance	**54.85**	38.59
Freight and forwarding charges	**48.00**	41.91
Sales promotion and other selling cost	**55.00**	35.78
Commission on sales	**23.15**	20.96
Power and fuel	**66.16**	42.60
Rent (Refer note 44)	**9.24**	8.61
Rates and taxes	**6.58**	3.73
Repairs and maintenance		
– to Building	**4.28**	3.92
– to Plant and machinery	**11.99**	10.49
– to Others	**7.90**	7.97
Stores and spare parts consumed	**19.50**	14.49
Insurance	**4.79**	4.74
Bad debts	**0.46**	4.69
Provision for doubtful debts and advances	**31.73**	6.93
Product development expenses written off	**53.79**	21.16
Legal and Professional Charges	**23.47**	25.50
Miscellaneous expenses	**100.80**	75.73
TOTAL	**521.69**	367.80

	For the year ended March 31, 2012 Value	%	For the year ended March 31, 2011 Value	%
24. BREAK-UP OF RAW MATERIAL, PACKING MATERIAL AND STORES AND SPARES PARTS CONSUMED				
(i) Materials				
Imported	**198.05**	**24.06**	144.93	24.93
Indigenously Procured	**625.14**	**75.94**	436.43	75.07
	823.19	**100.00**	581.36	100.00
(ii) Stores and Spare Parts				
Imported	**3.71**	**19.02**	2.11	14.56
Indigenously Procured	**15.79**	**80.98**	12.38	85.44
	19.50	**100.00**	14.49	100.00

	For the year ended March 31, 2012	For the year ended March 31, 2011
25. AUDITOR'S REMUNERATION (INCLUDING SERVICE TAX)		
Audit Fees*	**0.47**	0.30
Tax Audit Fees	**0.18**	0.18
Other services*	**0.65**	0.42
Out of pocket expenses	**0.01**	0.07
	1.31	0.97

* includes ₹ 0.08 crore towards audit fees and ₹ 0.12 crore towards other services pertaining to previous year.

	For the year ended March 31, 2012	For the year ended March 31, 2011
26. VALUE OF IMPORTS ON C.I.F. BASIS		
Raw Materials and packing materials	**231.49**	144.92
Components and spares	**21.79**	8.68
Capital Goods	**36.64**	21.31
	289.92	174.91
27. EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)		
Travelling	**0.34**	0.47
Professional fees	**26.21**	39.52
Royalty	**3.96**	3.49
Interest	**22.29**	30.56
Others	**61.32**	39.45
	114.12	113.49
28. EARNING IN FOREIGN EXCHANGE (ACCRUAL BASIS)		
Exports of goods on F.O.B. basis	**1,209.44**	674.87
Management and Technical fees	**12.81**	14.00
Outlicensing fees	**140.00**	–
Royalty	**0.73**	0.62
Interest	**3.14**	2.87
Research and Development Services	**10.19**	3.15
Others	**2.60**	2.27
	1,378.91	697.78

29. INFORMATION PURSUANT TO CLAUSE 32 OF LISTING AGREEMENTS WITH STOCK EXCHANGES

Loans and advances to subsidiaries in the nature of loans comprises of amounts recoverable from Wockhardt Infrastructure Development Limited ₹ 52.63 crore (Previous Year – ₹ 53.58 crore) [maximum amount outstanding during the year ₹ 57.95 crore (Previous Year – ₹ 53.58 crore)], Wockhardt EU Operations (Swiss) AG ₹ 27.78 crore (Previous Year – ₹ 24.37 crore) [maximum outstanding during the year ₹ 29.00 crore (Previous Year – ₹ 25.67 crore)], Wockhardt Holding Corp ₹ 58.45 crore (Previous Year – ₹ 51.31 crore) [maximum outstanding during the year ₹ 61.04 crore (Previous Year – ₹ 54.08 crore)], Vinton Healthcare Limited ₹ Nil (Previous Year – ₹ Nil;) [maximum outstanding during the year ₹ Nil (Previous Year – ₹ 116.42 crore)].

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 the interest rate specified u/s 372A of the Companies Act,1956.

	For the year ended March 31, 2012	For the year ended March 31, 2011
30. REVENUE FROM OPERATIONS CONSISTS OF:		
Sale of products		
Injections	**269.58**	219.36
Liquids and Solutions	**179.48**	165.73
Tablets and Capsules	**1,419.38**	938.08
Ointments	**34.16**	30.71
Powder	**263.87**	230.88
Bulk Drugs	**188.01**	107.30
Other goods	**24.18**	33.70
Export Incentive	**23.68**	18.06
	2,402.34	1,743.82
Sale of services		
Processing Charges	**–**	0.10
Distribution Income	**0.51**	1.45
Management Fees	**23.47**	13.53
	23.98	15.08
Outlicensing fees	**140.00**	–
TOTAL	**2,566.32**	1,758.90
31. COST OF MATERIALS CONSUMED CONSISTS OF:		
Raw Milk	**42.25**	31.03
Cyclohexenylethylamine	**13.07**	6.98
Gentamicin sulphat IP	**–**	5.73
Ranitidine Base	**0.41**	1.79
Ketorolac tromethamine Hcl	**1.15**	2.26
Lisnopril	**14.08**	7.91
Ropinirole Hcl	**5.52**	6.22
P-Methoxy Phenyl Acetic Acid	**12.42**	6.98
7-Amino Cephalosporanic Acid	**8.35**	9.81
Povidone Iodine	**5.09**	3.85
Paracetamol	**15.67**	12.83
D-Mandelic Acid	**4.64**	3.09
Gliciazide BP	**2.87**	3.93
Dexamethasone	**6.34**	5.64
Azithromycin	**3.98**	3.60
Product B	**8.62**	6.61
Isoproplyl alcohol	**4.83**	2.80
Metoprolol Succinate	**7.70**	6.41
Prosolv Smcc	**6.13**	5.03
Valproic Acid	**15.78**	8.25
Venlafaxine Hcl	**8.41**	–
Valacyclovir Hcl	**7.62**	–
Others	**628.26**	440.61
TOTAL	**823.19**	581.36

	For the year ended March 31, 2012	For the year ended March 31, 2011
32. PURCHASE OF STOCK-IN-TRADE CONSISTS OF:		
Injections	**77.45**	77.14
Liquids and Solutions	**55.61**	56.46
Tablets and Capsules	**95.58**	82.79
Ointments	**2.94**	2.25
Powder	**1.49**	1.27
Other goods	**3.96**	3.01
TOTAL	**237.03**	222.92
33. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE CONSISTS OF:		
Opening inventories:		
Finished goods/Stock-in-Trade		
Injections	**18.47**	17.05
Liquids and Solutions	**10.31**	10.10
Tablets and Capsules	**36.07**	31.02
Ointments	**1.84**	2.18
Powder	**19.51**	20.44
Bulk Drugs	**26.15**	39.29
Other goods	**1.43**	1.05
Work-in-progress	**44.03**	55.27
Less: Excise Duty on opening stock	**(0.85)**	(1.03)
	156.96	175.37
Closing inventories:		
Finished goods/Stock-in-Trade		
Injections	**(18.19)**	(18.47)
Liquids and Solutions	**(12.66)**	(10.31)
Tablets and Capsules	**(43.46)**	(36.07)
Ointments	**(1.74)**	(1.84)
Powder	**(25.24)**	(19.51)
Bulk Drugs	**(59.51)**	(26.15)
Other goods	**(1.17)**	(1.43)
Work-in-progress	**(86.17)**	(44.03)
Less: Excise Duty on closing stock	**1.08**	0.85
	(247.06)	(156.96)
TOTAL	**(90.10)**	18.41

	As at March 31, 2012	As at March 31, 2011
34. DETAILS OF DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES AS PER MSMED ACT, 2006:		
Principal amount due to suppliers under MSMED Act, 2006.	**6.53**	6.24
Interest accrued, due to suppliers under MSMED Act on the above amount, and unpaid.	**0.13**	0.10
Payment made to suppliers (other than interest) beyond the appointed day during the year.	**84.07**	61.22
Interest paid to suppliers under MSMED Act (Section 16).	**–**	–
Interest due and payable towards suppliers under MSMED Act for payments already made.	**–**	–
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act.	**0.13**	0.10
The above information is given to the extent available with the Company and relied upon by the auditor.		

	For the year ended March 31, 2012	For the year ended March 31, 2011
35. EARNINGS PER SHARE		
The calculations of earnings per share (EPS) (basic and diluted) are based on the earnings and number of shares as computed below:		
Reconciliation of earnings		
Profit/(Loss) after tax	**184.00**	(132.07)
Less: Dividend (including tax on dividend) payable on preference shares	**(0.09)**	(0.07)
Net profit/(Loss) for calculation of basic/diluted EPS	**183.91**	(132.14)
Reconciliation of number of shares	**No. of Shares**	**No. of Shares**
Weighted average number of shares in calculating Basic EPS	**109,435,903**	109,435,903
Add: Weighted average number of shares under ESOS	**544,730**	–
Weighted average number of equity shares in calculating diluted EPS	**109,980,633**	109,435,903
Earnings per share (nominal value ₹ 5/- each)		
Earnings per share – Basic	**16.81**	(12.07)
Earnings per share – Diluted	**16.72**	(12.07)

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.

36. EXCEPTIONAL ITEMS

Exceptional items for the year ended March 31, 2012 mainly comprises of settlement of loan/disputed derivative liabilities ₹ 55.3 crore and provision for CDR recompense ₹ 160 crore for period April 15, 2009 to March 31, 2012. Exceptional items of previous year comprise of settlement of loans and disputed derivatives ₹ 113.01 crore, crystallized derivative losses of ₹ 184.38 crore, reversal of marked to market provision ₹ 30.33 crore, amounts received on release of escrow on divestment of Animal Health Business ₹ 3.75 crore and aggregate of ₹ 29.57 crore towards provisions and loss of assets.

37. 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 29 of Consolidated Financial Statements).

	For the year ended March 31, 2012	For the year ended March 31, 2011
38. Capital expenditure on Research and Development	**129.15**	76.92

39. The aggregate amount of revenue expenditure incurred on Research and Development is shown in the respective heads of account. The break up of the amount is as under:

	For the year ended March 31, 2012	For the year ended March 31, 2011
Chemicals and consumables	**6.38**	4.74
Employee cost	**17.59**	14.90
Travelling expenses	**3.72**	2.58
Power and fuel	**2.70**	1.54
Repair and maintenance	**1.37**	0.92
Printing and stationery	**0.58**	0.49
Communication expenses	**0.68**	0.45
Clinical trial expenses	**5.45**	0.64
Analysis expenses	**0.24**	1.65
Legal and professional expenses	**0.88**	0.56
Other Research and Development expenses	**5.08**	4.80
TOTAL	**44.67**	33.27

	For the year ended March 31, 2012 Gratuity (Non-funded)	For the year ended March 31, 2011 Gratuity (Non-funded)
40. EMPLOYEE BENEFITS		
(A) Defined benefit plans:		
I. Expenses recognised during the year		
1. Current Service Cost	**2.32**	2.02
2. Interest cost	**1.16**	0.93
3. Actuarial Losses/(Gains)	**(0.24)**	1.75
Total Expenses	**3.24**	4.70
II. Net Asset/(Liability) recognised as at balance sheet date		
1. Present value of defined benefit obligation	**15.57**	14.04
2. Net Asset/(Liability)	**(15.57)**	(14.04)
III. Reconciliation of Net Asset/(Liability) recognised as at balance sheet date		
1. Net Asset/(Liability) at the beginning of year	**(14.04)**	(11.00)
2. Expense as per (I) above	**3.24**	4.70
3. Employer contributions	**1.71**	1.66
4. Net Asset/(Liability) at the end of the year	**(15.57)**	(14.04)
IV. Actuarial Assumptions		
1. Discount rate	**8.75%**	8.25%
2. Expected rate of salary increase	**8.00%**	8.00%
3. Mortality	**LIC (1994-96) Ultimate**	**LIC (1994-96) Ultimate**
4. Attrition rate	**3.00%**	2.00%

Notes:

(a) Amounts recognized as an expense and included in note 21:

"Salaries and wages" includes gratuity ₹ 2.96 crore (Previous Year – ₹ 4.44 crore including ₹ 1.93 crore classified as exceptional item); and leave encashment ₹ 7.84 crore (Previous Year – ₹ 4.85 crore).

(b) The estimates of future salary increases considered in the actuarial valuation take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

	April 2011-March 2012	April 2010-March 2011	January 2009-March 2010	January 2008-December 2008	January 2007-December 2007
(B) Details of gratuity for the current and previous four years are as follows:					
Defined benefit obligation	**15.57**	14.04	11.00	11.28	9.46
Surplus/(deficit)	**(15.57)**	(14.04)	(11.00)	(11.28)	(9.46)
Experience adjustment on plan liabilities (gain)/loss	**0.54**	0.74	(0.69)	0.01	0.58

(C) Defined contribution plan:

Amount recognised as an expense and included in the Note 21 – "Contribution to provident and other funds" of Profit and Loss Account ₹ 10.13 crore (Previous Year – ₹ 8.16 crore).

41. During the previous year, 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) into Wockhardt Limited was 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 (₹ 295.41 crore) and liabilities (₹ 0.44 crore) of Vinton Healthcare Limited at book value (2) cancelled proportionate investments in preference shares (₹ 7.69 crore) of Vinton Healthcare Limited (3) adjusted loan given to Vinton Healthcare Limited of ₹ 116.42 crore and (4) credited, excess of book value of net assets acquired over adjusted value of investments/loans, to general reserve amounting to ₹ 175.28 crore.

42. EMPLOYEES STOCK OPTION SCHEME [ESOS]

The Compensation Committee of the Board of Directors at its meeting held on November 12, 2011 has approved the Grant of 1,540,000 Stock Options convertible into 1,540,000 equity shares of ₹ 5/- each under Wockhardt Stock Option Scheme – 2011 ('the Scheme'). As per the Scheme the Compensation committee has granted 60,000 options @ ₹ 397/- per option (Grant 1), another 60,000 options @ ₹ 365/- per option (Grant 2), and 1,420,000 options @ ₹ 5/- per option (Grant 3), in accordance with the provisions of Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, to the selected employees of the Company and its subsidiaries. The method of settlement is by issue of equity shares to the selected employees who have accepted the options.

The Scheme provides that these options would vest in tranches over a period as follows:

Period within which options will vest unto the participant	Quantity
1 year from the date of grant of Options	156,500
1 year 5 months from the date of grant of Options	185,000
2 year 5 months from the date of grant of Options	442,250
3 year 5 months from the date of grant of Options	678,000
4 year 5 months from the date of grant of Options	78,250
	1,540,000

The selected employees can exercise the stock options from the date of vesting as decided by the Compensation Committee, however not exceeding 7 years. The scheme shall be administered by the compensation committee of Board of Directors.

Employee stock option activity under Scheme 2011 is as follows:

	For the year ended March 31, 2012	For the year ended March 31, 2011
Outstanding at beginning of the year	**–**	
Granted during the year	**1,540,000**	–
Forfeited during the year	**–**	–
Exercised during the year	**–**	–
Outstanding at the end of the year	**1,540,000**	–
Vested and exercisable at the end of the year	**–**	–

Weighted average fair value of options on the date of grant:

	For the year ended March 31, 2012	For the year ended March 31, 2011
Grant 1	**106.47**	–
Grant 2	**142.60**	–
Grant 3	**410.14**	–

The Guidance Note on 'Accounting for employee share based payments' issued by ICAI ('Guidance Note') establishes financial accounting and reporting principles for share based payment plans for employees. The Guidance Note applies to employee share based payments, the grant date in respect of which falls on or after April 1, 2005. The Company follows the intrinsic value method to account compensation expense arising from issuance of stock options to the employees. Had compensation cost been determined under the fair value approach described in the Guidance Note using the Black Scholes Pricing Model, the Company's net income and basic and diluted earnings per share (as restated) would have been reduced to the proforma amounts as set out below:

	For the year ended March 31, 2012	For the year ended March 31, 2011
Net profit/(loss) as reported in profit and loss account	**184.00**	(132.07)
Add: Stock-based employee compensation expense (intrinsic value method), net of tax	**9.84**	–
Less: Stock-based employee compensation expense (fair value method), net of tax	**(9.49)**	–
Proforma net profit/(loss)	**184.35**	(132.07)
Basic earnings per share as reported (₹)	**16.81**	(12.07)
Proforma basic earnings per share (₹)	**16.84**	–
Diluted earnings per share as reported (₹)	**16.72**	(12.07)
Proforma diluted earnings per share (₹)	**16.75**	–
The key assumptions used to estimate the fair value of options are:		
Stock price at the time of option grant (₹ Per share)	**414.00**	–
Expected life		
First vesting	**1.50**	–
Second vesting	**1.88**	–
Third vesting	**2.88**	–
Fourth vesting	**3.88**	–
Fifth vesting	**4.88**	–
Dividend yield has not been separately built in, as the stock prices for one year has been considered which factors for the price movement on account of the dividend.		
Risk free interest rate	**8%**	–
Volatility	**36%**	–

43. 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 Brasil 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. Laboratoires Negma S.A.S. (formerly, Negma Lerads S.A.S.)
22. Wockhardt France (Holdings) S.A.S.
23. Esparma AG
24. Wockhardt Holding Corp
25. Morton Grove Pharmaceuticals, Inc.
26. MGP Inc.
27. Girex S.A.S. (liquidated on October 6, 2011)
28. Mazal Pharmaceutique S.A.R.L. (liquidated on October 6, 2011)
29. Laboratoires Pharma 2000 S.A.S. (formerly, Pharma 2000 S.A.S.)
30. Hariphar S.C.
31. Niverpharma S.A.S.
32. Negma Beneulex S.A.
33. S.C.I. Salome
34. Phytex S.A.S.
35. Scomedia S.A.S. (sold on May 16, 2011)
36. 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

	For the year ended March 31, 2012	For the year ended March 31, 2011
(c) Transactions with related parties during the year		
Holding Company		
Nil (Previous Year – 2 crore) 0.01% Non-Convertible Cumulative Redeemable Preference Shares of ₹ 5 each fully paid up	**–**	10.00
Subsidiary Companies		
Purchase of Raw material [Vinton Healthcare Limited ₹ Nil (Previous Year – ₹ 8.81 crore), Pinewood Laboratories Limited ₹ 2.28 crore (Previous Year – ₹ 0.53 crore), Morton Grove Pharmaceuticals, Inc ₹ 0.01 crore (Previous Year – ₹ 0.04 crore)]	**2.29**	9.38
Purchase of fixed assets [CP Pharmaceuticals Limited ₹ Nil (Previous Year – ₹ 0.20 crore), Pinewood Laboratories Limited ₹ 0.81 crore (Previous Year – ₹ Nil)]	**0.81**	0.20
Management and Technical fees [CP Pharmaceuticals Limited ₹ 0.88 crore (Previous Year – ₹ 0.74 crore), Wockhardt USA LLC ₹ 4.93 crore (Previous Year – ₹ 2.44 crore), Wockhardt EU Operations (Swiss) AG ₹ 1.42 crore (Previous Year – ₹ 8.66 crore), Pinewood Laboratories Limited ₹ 1.55 crore (Previous Year – ₹ 1.71 crore), Wockhardt France S.A.S. ₹ Nil (Previous Year – ₹ 0.45 crore), Morton Grove Pharmaceuticals, Inc. ₹ 4.03 crore (Previous Year – ₹ Nil)]	**12.81**	14.00
Royalty expense [Wockhardt Biopharm Limited ₹ 1.73 crore (Previous Year – ₹ 1.53 crore), Wockhardt EU Operations (Swiss) AG ₹ 3.96 crore (Previous Year – ₹ 3.49 crore)]	**5.69**	5.02
Sales [Wockhardt USA LLC ₹ 697.16 crore (Previous Year – ₹ 277.91 crore), CP Pharmaceuticals Limited ₹ 1.97 crore (Previous Year – ₹ 1.58 crore), Wockhardt EU Operations (Swiss) AG ₹ 293.32 crore (Previous Year – ₹ 261.93 crore), Pinewood Laboratories Limited ₹ 0.31 crore (Previous Year – ₹ 0.28 crore), Laboratoires Negma S.A.S. ₹ 6.40 crore (Previous Year – ₹ Nil)]	**999.16**	541.70
Interest Income [Vinton Healthcare Limited ₹ Nil (Previous Year – ₹ 4.97 crore), Wockhardt Holding Corp ₹ 2.35 crore (Previous Year – ₹ 2.21 crore), Wockhardt EU Operations (Swiss) AG ₹ 0.79 crore (Previous Year – ₹ 0.66 crore), Wockhardt Infrastructure Development Limited ₹ 3.32 crore (Previous Year – ₹ 2.95 crore)]	**6.46**	10.79
Utility and facility fees [Wockhardt Infrastructure Development Limited ₹ 12.18 crore (Previous Year – ₹ Nil)]	**12.18**	–
Out licensing fees [Wockhardt EU Operations (Swiss) AG ₹ 140.00 crore (Previous Year – ₹ Nil)]	**140.00**	–
Lease Rent Paid [Wockhardt Infrastructure Development Limited ₹ 0.09 crore (Previous Year – ₹ 0.09 crore)]	**0.09**	0.09
Maintenance expenses paid [Wockhardt Infrastructure Development Limited ₹ 0.01 crore (Previous Year – ₹ 0.01 crore)]	**0.01**	0.01
Outstanding balances written off [Laboratoires Negma S.A.S. ₹ Nil (Previous Year – ₹ 2.17 crore)]	**–**	2.17
Capital expenditure recovered [Morton Grove Pharmaceuticals, Inc. ₹ 0.62 crore (Previous Year – ₹ Nil), Wockhardt USA LLC ₹ 1.10 crore (Previous Year – ₹ Nil)]	**1.72**	–

		For the year ended March 31, 2012	For the year ended March 31, 2011
	Expenses recovered [Morton Grove Pharmaceuticals, Inc. ₹ 0.02 crore (Previous Year – ₹ Nil), Pinewood Laboratories Limited ₹ Nil (Previous Year – ₹ 0.02 crore), Wockhardt USA LLC ₹ 0.64 crore (Previous Year – ₹ 0.04 crore), Wockhardt EU Operations (Swiss) AG ₹ 0.03 crore (Previous Year – ₹ Nil), Wockhardt France (Holding) S.A.S. ₹ Nil (Previous Year – ₹ 0.002 crore), CP Pharmaceuticals Limited ₹ 0.05 crore (Previous Year – ₹ 0.003 crore), Wockhardt UK Limited ₹ 0.10 crore (Previous Year – ₹ 0.03 crore)]	**0.84**	0.10
	Reimbursement of expenses [Morton Grove Pharmaceuticals, Inc. ₹ 0.01 crore (Previous Year – ₹ 0.01 crore), Wockhardt EU Operations (Swiss) AG ₹ 0.53 crore (Previous Year – ₹ 0.20 crore), Wockhardt France (Holdings) S.A.S ₹ Nil (Previous Year – ₹ 1.08 crore), CP Pharmaceuticals Limited ₹ 0.85 crore (Previous Year – ₹ 0.78 crore), Wockhardt UK Limited ₹ 0.81 crore (Previous Year – ₹ 0.77 crore), Wockhardt USA LLC ₹ 0.75 crore (Previous Year – ₹ 3.29 crore)]	**2.95**	6.13
	Loans/Advances given [Wockhardt Infrastructure Development Limited ₹ 9.44 crore (Previous Year – ₹ 7.48 crore), Vinton Healthcare Limited ₹ Nil (Previous Year – ₹ 7.87 crore), Wockhardt EU Operations (Swiss) AG ₹ Nil (Previous Year – ₹ 14.06 crore)]	**9.44**	29.41
	Loans/Advances recovered [Wockhardt Infrastructure Development Limited ₹ 10.39 crore (Previous Year – ₹ Nil)]	**10.39**	–
	Transactions pertaining to demerger of nutrition business of Vinton Healthcare Limited into Wockhardt Limited in previous year – Refer Note 41		
	Fellow Subsidiary		
	Loan Licensee charges paid	**17.98**	14.77
	Rent paid	**5.34**	5.34
	Key managerial personnel		
	Remuneration paid	**5.75**	2.75
	[Remuneration paid to Chairman ₹ 1.85 crore (Previous Year – ₹ 2.21 crore), Remuneration paid to Managing Director ₹ 1.95 crore (Previous Year – ₹ 0.27 crore), Remuneration paid to Executive Director ₹ 1.95 crore (Previous Year – ₹ 0.27 crore)]		
	Irrevocable personal guarantee given by Chairman	**1,128.50**	1,401.52
	Enterprise over which Key Managerial Personnel exercise significant influence		
	Rent paid [Palanpur Holdings and Investments Private Limited ₹ 0.08 crore (Previous Year – ₹ 0.08 crore), Merind Limited ₹ 0.09 crore (Previous Year – ₹ 0.14 crore)]	**0.17**	0.22
	Reimbursement of Expenses [Merind Limited ₹ 2.06 crore (Previous Year – ₹ 1.86 crore)]	**2.06**	1.86
	Corporate guarantee given by Palanpur Holdings and Investments Private Limited	**1,128.50**	1,401.52
(d)	**Related party balances**		
	Receivable from wholly owned subsidiary companies [Z&Z Services GmbH ₹ 0.07 crore (Previous Year – ₹ 0.07 crore), Wockhardt USA LLC ₹ 10.10 crore (Previous Year – ₹ 90.84 crore), Vinton Healthcare Limited ₹ 0.40 crore (Previous Year – ₹ 0.07 crore), Wockhardt EU Operations (Swiss) AG ₹ 65.10 crore (Previous Year – ₹ 81.53 crore), Wockhardt Infrastructure Development Limited ₹ 53.10 crore (Previous Year – ₹ 54.05 crore), Pinewood Laboratories Limited ₹ 1.65 crore (Previous Year – ₹ 2.68 crore), Morton Grove Pharmaceuticals, Inc. ₹ 3.96 crore (Previous Year – ₹ Nil), Wockhardt Holding Corp ₹ 59.53 crore (Previous Year ₹ 52.21 crore), Laboratoires Negma S.A.S. ₹ 4.64 crore (Previous Year – ₹ Nil)]	**198.55**	281.45
	Payable to wholly owned subsidiary companies [Wockhardt Biopharm Limited ₹ 8.37 crore (Previous Year – ₹ 7.04 crore), CP Pharmaceuticals Limited ₹ 12.67 crore (Previous Year – ₹ 10.27 crore), Wockhardt UK Limited ₹ 3.00 crore (Previous Year – ₹ 1.88 crore), Laboratoires Negma S.A.S. ₹ Nil (Previous Year – ₹ 0.10 crore), Girex S.A.S. ₹ Nil (Previous Year – ₹ 0.03 crore), Morton Grove Pharmaceuticals, Inc. ₹ Nil (Previous Year – ₹ 0.60 crore), Wockhardt France (Holdings) S.A.S. ₹ 1.22 crore (Previous Year – ₹ 1.13 crore)]	**(25.26)**	(21.05)
	Payable to fellow subsidiary	**(3.85)**	(0.18)
	Receivable from fellow subsidiary	**46.50**	46.50
	Payable to enterprise over which key managerial personnel exercise significant influence [Merind Limited ₹ 1.47 crore (Previous Year – ₹ 0.92 crore)]	**(1.47)**	(0.92)
	Receivable from enterprises over which Key Managerial Personnel exercise significant influence Security Deposit receivable [Palanpur Holdings and Investments Private Limited ₹ 2.75 crore (Previous Year – ₹ 2.75 crore)]	**2.75**	2.75
	Receivable from Key managerial personnel [Chairman ₹ 1.28 crore (Previous Year – ₹ 0.81 crore)]	**1.28**	0.81

44. 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.

	For the year ended March 31, 2012	For the year ended March 31, 2011
Annual commitments under non-cancellable operating leases are as follows:		
Less than one year	**5.12**	5.74
More than 1 year but less than five years	**1.44**	7.15
More than five years	**0.08**	0.04

45. DISCLOSURE REGARDING DERIVATIVE INSTRUMENTS AND UNHEDGED CURRENCY EXPOSURE

(a) There are no open derivative/forward contracts as on March 31, 2012 and March 31, 2011.

(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, 2012		As at March 31, 2011	
Particulars	Currency	Amount in Foreign Currency (in million)	₹ in crore	Amount in Foreign Currency (in million)	₹ in crore
Sundry Debtors	ACU	**0.20**	**0.88**	0.23	1.00
	AUD	**0.01**	**0.07**	0.01	0.06
	CHF	**1.17**	**6.59**	0.90	4.38
	EUR	**2.51**	**17.04**	1.47	9.27
	GBP	**1.29**	**10.49**	5.17	36.94
	USD	**34.36**	**174.66**	47.86	213.52
Loans and Advances	EUR	**2.15**	**14.58**	0.93	5.86
	USD	**19.34**	**98.30**	18.52	82.62
	CHF	**0.05**	**0.26**	0.04	0.21
	GBP	**0.05**	**0.38**	0.12	0.87
	JPY	**6.43**	**0.40**	3.14	0.17
Sundry Creditors	ACU	**0.001**	**0.01**	0.001	0.01
	AUD	**–**	**–**	0.007	0.03
	SGD	**0.001**	**0.005**	0.001	0.004
	CAD	**0.003**	**0.01**	0.01	0.04
	CHF	**2.46**	**13.91**	1.89	9.18
	EUR	**5.07**	**34.40**	4.11	25.92
	GBP	**1.92**	**15.68**	1.86	13.25
	JPY	**35.11**	**2.18**	21.11	1.13
	SEK	**–**	**–**	0.19	0.13
	USD	**15.86**	**80.64**	15.41	68.75
Foreign Currency Convertible Bonds	USD	**41.52**	**211.04**	102.85	458.82

46. 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.

47. CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)

(a) Demands by Central Excise authorities in respect of Classification/Valuation/Cenvat Credit related disputes; stay orders have been obtained by the Company in case of demands which have been confirmed ₹ 5.18 crore (Previous Year – ₹ 5.18 crore).

(b) Demand by Income tax authorities ₹ 41.63 crore (Previous Year – ₹ 77.35 crore) disputed by the Company.

(c) Corporate Guarantee given on behalf of various subsidiaries in respect of credit facilities amounts to ₹ 1,270.75 crore (Previous Year – ₹ 1,237.49 crore).

This comprises corporate guarantee given by the Company and Wockhardt UK Holdings Limited against loan of USD 250 million amounting ₹ 1,270.75 crore (Previous Year – ₹ 1,115.25 crore) taken by Wockhardt EU Operations (Swiss) AG in earlier years. The said loan is comprehensively covered under CDR Scheme and is being rescheduled. As on March 31, 2012 lenders aggregating 86.8% (Previous Year – 69%) of the loan value have acceded to the reschedulement.

This loan availed by the subsidiary is secured by:

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

(ii) second ranking pari passu charge by way of hypothecation on all the current assets, movables, inventories and book debts of Wockhardt Limited.

Further, out of loan of ₹ 1,270.75 crore, term loan of ₹ 513.38 crore, in addition to aforesaid security, is also secured by:

(i) 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 and current assets).

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

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

(d) Claims against Company not acknowledged as debt in respect of disputed derivative contracts ₹ Nil (Previous Year – ₹ 332.25 crore).

(e) 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.

(f) Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 55.91 crore (Previous Year – ₹ 32.87 crore) after deducting advance on capital account of ₹ 15.97 crore (Previous Year – ₹ 8.82 crore).

48. Zero Coupon Foreign Currency Convertible Bonds (FCCBs) along with premium were due for repayment in October 2009. In the petition for recovery and winding up against the Company, the Company has filed a consent decree in the Hon'ble High Court of Bombay and has agreed to pay the FCCB holders the amounts outstanding along with interest on reducing balance, by August 2012. The Company has been depositing with the High Court, the installments as per the dates specified by the Hon'ble High Court.

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

50. Until the year ended March 31, 2011, the Company was using the pre-revised Schedule VI to the Companies Act, 1956 for preparation and presentation of financial statements. The Ministry of Corporate Affairs by notification in the official gazette revised the Schedule VI. This revised Schedule VI is applicable to the company from the financial year beginning April 1, 2011 and it requires comparative previous year numbers to be restated/regrouped. Accordingly, the company has made significant changes in the format of financial statements and disclosures.

For and on behalf of the Board of Directors

H. F. Khorakiwala
Chairman

Huzaifa Khorakiwala
Executive Director

Murtaza Khorakiwala
Managing Director

Shekhar Datta
Aman Mehta
R. A. Shah
Directors

Place: Mumbai
Date : May 22, 2012

V. R. Khetan
Company Secretary

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

Name of Subsidiary Company	Financial year to which accounts relates	Holding Company's interest as at the close of financial year of subsidiary company		Currency	Net aggregate amount of subsidiary company's profits after deducting its losses or vice-versa, so far as it concerns members of Holding Company which are not dealt within the Company's accounts		Net Aggregate amount of the Profits/(Losses) of the Subsidiary so far as dealt with or provision is made for those losses in Holding Company's Accounts	
		(i) Shareholding	(ii) Extent of Holding (% age)		For the current financial year ended March 31, 2012 (in crore)	For the previous financial year/ period since it became a subsidiary (in crore)	For the subsidiary's fianancial year ended March 31, 2012 (in crore)	For the previous financial years till it became the subsidiary (in crore)
Wockhardt Biopharm Limited	31-Mar-12	18,000,000 Equity shares of ₹ 10/- each fully paid up	100%	₹	1.25	1.07	0.00	0.00
Vinton Healthcare Limited	31-Mar-12	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%	₹	0.23	(1.21)	0.00	0.00
Wockhardt Infrastructure Development Limited	31-Mar-12	2,000,000 Equity shares of ₹ 10/- each fully paid up	100%	₹	(1.73)	(0.34)	0.00	0.00
Z & Z Service GmbH @	31-Mar-12	Euro 3,625,000*	100%	Euro (€)	(0.07)	(0.72)	0.00	0.00
Wockhardt Europe Limited	31-Mar-12	1,307,368 Ordinary shares of £1 each	100%	STG (£)	(0.04)	(0.04)	0.00	0.00
Wockhardt Nigeria Limited @	31-Mar-12	1,500,000 Ordinary Shares of Naira 10 each fully paid up	100%	USD	(0.28)	0.24	0.00	0.00
Wockhardt UK Holdings Limited	31-Mar-12	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-12	570,000 Ordinary Shares of £ 1 each 1,862,549 'A' Ordinary Shares of £ 1 each	100%	STG (£)	8.51	0.88	0.00	0.00
CP Pharmaceuticals (Schweiz) AG @	31-Mar-12	250 shares of CHF 1000 each	100%	GBP	0.54	1.04	0.00	0.00
Wallis Group Limited @	31-Mar-12	1,408,667 Ordinary shares of £ 1 each	100%	STG (£)	(0.06)	0.00	0.00	0.00
The Wallis Laboratory Limited @	31-Mar-12	4,040 Ordinary Shares of £ 1 each	100%	STG (£)	0.00	0.00	0.00	0.00
Wockhardt Farmaceutica do Brasil Ltda @	31-Mar-12	798,583.38 quotas of Brazilian Ria 1 each	100%	USD	(0.06)	(0.05)	0.00	0.00
Wallis Licensing Limited @	31-Mar-12	1 Ordinary shares of £ 1 each	100%	STG (£)	0.00	0.00	0.00	0.00
Wockhardt USA LLC @	31-Mar-12	2,000,000 Equity shares of $ 1 each	100%	USD	29.13	15.18	0.00	0.00
Wockhardt EU Operations (Swiss) AG #	31-Mar-12	44,600 shares of CHF 1,000 each	100%	CHF/USD	356.42	544.01	0.00	0.00
Wockhardt UK Limited @	31-Mar-12	50,000 Ordinary Shares of £ 1 each	100%	STG (£)	5.88	5.37	0.00	0.00
Wockhardt Cyprus Limited @	31-Mar-12	1,000 Ordinary shares of CY£ 1 each	100%	USD	(0.03)	(0.08)	0.00	0.00
Wockpharma Ireland Limited @	31-Mar-12	10,001,000 Ordinary shares of € 1 each	100%	Euro (€)	17.64	10.67	0.00	0.00
Nonash Limited @	31-Mar-12	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 (€)	2.60	4.03	0.00	0.00
Pinewood Laboratories Limited @	31-Mar-12	2,985,128 Ordinary shares of € 0.125 each 120 "A" Ordinary shares of € 1.25 each	100%	Euro (€)	47.52	29.52	0.00	0.00
Esparma AG @	31-Mar-12	100,000 Shares of CHF 1 each	100%	CHF	(0.05)	(0.03)	0.00	0.00
Wockhardt Holding Corp. @	31-Mar-12	1,100 Ordinary Shares of US$ 1 each	100%	USD	(0.22)	(0.01)	0.00	0.00
Morton Grove Pharmaceuticals Inc. @	31-Mar-12	100 Ordinary Shares of US$ 0.01 each	100%	USD	0.21	2.81	0.00	0.00
MGP Inc. @	31-Mar-12	100 Ordinary Shares of US$ 0.01 each	100%	USD	0.50	0.00	0.00	0.00
Wockhardt France (Holdings) S.A.S. @	31-Mar-12	601,000 Shares of € 100 each	100%	Euro (€)	(208.86)	18.77	0.00	0.00
Girex S.A.S. @**	31-Mar-12	78,820 Shares of € 16 each	100%	Euro (€)	7.67	(92.44)	0.00	0.00
Laboratoires Pharma 2000 S.A.S. @	31-Mar-12	11,400 Shares of € 16 each	100%	Euro (€)	(2.98)	(1.49)	0.00	0.00
Laboratoires Negma S.A.S. @	31-Mar-12	275,409 Shares of € 153 each	100%	Euro (€)	51.65	(58.18)	0.00	0.00
Scomedia S.A.S. @**	31-Mar-12	2,500 Shares of € 16 each	100%	Euro (€)	(0.68)	(0.86)	0.00	0.00
Niverpharma S.A.S. @	31-Mar-12	10,000 Shares of € 16 each	100%	Euro (€)	(3.65)	(5.47)	0.00	0.00

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

Name of Subsidiary Company	Financial year to which accounts relates	Holding Company's interest as at the close of financial year of subsidiary company		Currency	Net aggregate amount of subsidiary company's profits after deducting its losses or vice-versa, so far as it concerns members of Holding Company which are not dealt within the Company's accounts		Net Aggregate amount of the Profits/(Losses) of the Subsidiary so far as dealt with or provision is made for those losses in Holding Company's Accounts	
		(i) Shareholding	(ii) Extent of Holding (% age)		For the current financial year ended March 31, 2012 (in crore)	For the previous financial year/ period since it became a subsidiary (in crore)	For the subsidiary's fianancial year ended March 31, 2012 (in crore)	For the previous financial years till it became the subsidiary (in crore)
Negma Benulex S.A S. @	31-Mar-12	2,976 Shares of € 25 each	100%	Euro (€)	0.11	0.09	0.00	0.00
Phytex S.A.S.@	31-Mar-12	7,000 Shares of € 153 each	100%	Euro (€)	1.19	(7.62)	0.00	0.00
Mazal Pharmaceutique S.A.R.L. @**	31-Mar-12	5,670 Shares of € 16 each	100%	Euro (€)	8.78	(63.16)	0.00	0.00
Hariphar S.C. @	31-Mar-12	100 shares of € 152.45 each	100%	Euro (€)	(0.43)	1.01	0.00	0.00
S.C.I. Salome @	31-Mar-12	100 shares of € 15 each	100%	Euro (€)	0.09	0.08	0.00	0.00
Laboratoires Lerads S.A.S. @	31-Mar-12	740 shares of € 50 each	100%	Euro (€)	(2.64)	(1.43)	0.00	0.00

@ Inclusive of shares held through wholly owned subsidiaries.

** During the year Girex S.A.S. (a direct subsidiary of Wockhardt France (Holding) S.A.S.) and Mazal Pharmaceuticals S.A.R.L. (a subsidiary of Girex S.A.S.) got liquidated as on October 6, 2011 and Scomedia S.A.S. was sold on May 16, 2011.

* 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.

To represent true operational performance of the Company, w.e.f. current financial year, Wockhardt EU Operations (Swiss) AG has used USD as its reporting currency.

For and on behalf of the Board of Directors

H. F. Khorakiwala
Chairman

Huzaifa Khorakiwala
Executive Director

Murtaza Khorakiwala
Managing Director

Shekhar Datta
Aman Mehta
R. A. Shah
Directors

V. R. Khetan
Company Secretary

Place : Mumbai
Date : May 22, 2012

FINANCIAL DETAILS OF THE SUBSIDIARY COMPANIES

For the Year Ended March 31, 2012

Sr. No.	Name of the Subsidiary	Currency	Closing Exchange rate against Indian ₹ as on March 31, 2012	₹ In Crore								
				Paid Up Capital	Reserves	Total Assets including investments	Total Liabilities	Turnover	Profit/ (Loss) before taxation	Provision for taxation	Profit / (Loss) after taxation	Proposed dividend
1.	Wockhardt Biopharm Limited	₹	–	18.00	(7.88)	10.31	0.19	1.73	1.54	0.29	1.25	–
2.	Vinton Healthcare Limited	₹	–	19.83	0.49	20.89	0.57	–	0.67	0.44	0.23	–
3.	Wockhardt Infrastructure Development Limited	₹	–	2.00	(0.73)	57.75	56.48	12.28	(1.73)	–	(1.73)	–
4.	Z&Z Services GmbH @	Euro (€)	67.90	0.17	(1.00)	0.75	1.58	–	(0.07)	–	(0.07)	–
5.	Wockhardt Europe Limited	STG (£)	81.44	10.65	(2.25)	8.41	0.01	–	(0.04)	–	(0.04)	–
6.	Wockhardt Nigeria Limited @	USD	50.83	0.41	(0.37)	0.05	0.01	–	(0.28)	–	(0.28)	–
7.	Wockhardt UK Holdings Limited	STG (£)	81.44	2.24	103.28	127.31	21.79	–	–	–	–	–
8.	CP Pharmaceuticals Limited @	STG (£)	81.44	19.82	83.06	213.13	110.25	225.82	8.62	0.11	8.51	–
9.	CP Pharmaceuticals (Schweiz) AG @	CHF	56.32	1.41	(0.30)	1.88	0.77	1.88	0.55	0.01	0.54	–
10.	Wallis Group Limited @	STG (£)	81.44	11.47	13.44	24.92	0.01	–	(0.06)	–	(0.06)	–
11.	The Wallis Laboratory Limited @	STG (£)	81.44	0.03	(0.03)	1.48	1.48	–	–	–	–	–
12.	Wockhardt Farmaceutica do Brasil Ltda @	USD	50.83	1.71	(1.69)	0.02	–	–	(0.06)	–	(0.06)	–
13.	Wallis Licensing Limited @	STG (£)	81.44	–	(7.60)	25.18	32.78	–	–	–	–	–
14.	Wockhardt USA LLC @	USD	50.83	10.17	(71.53)	1,058.57	1,119.93	1,916.85	29.13	–	29.13	–
15.	Wockhardt EU Operations (Swiss) AG # **	USD	50.83	246.74	1,320.53	3,228.57	1,661.30	1,918.89	372.30	15.88	356.42	–
16.	Wockhardt UK Limited @	STG (£)	81.44	0.41	47.14	421.14	373.59	600.61	8.23	2.35	5.88	–
17.	Wockhardt Cyprus Limited @	USD	50.83	0.01	(0.23)	–	0.22	–	(0.03)	–	(0.03)	–
18.	Wockpharma Ireland Limited @	Euro (€)	67.90	67.91	15.41	752.47	669.15	–	17.64	–	17.64	–
19.	Nonash Limited @	Euro (€)	67.90	0.31	18.43	19.19	0.45	–	3.47	0.87	2.60	1.66
20.	Pinewood Laboratories Limited @	Euro (€)	67.90	2.53	132.35	343.57	208.69	417.64	53.31	5.79	47.52	49.06
21.	Esparma AG @	CHF	56.32	0.56	(0.25)	0.32	0.01	–	(0.05)	–	(0.05)	–
22.	Wockhardt Holding Corp. @	USD	50.83	0.01	131.94	210.79	78.84	–	(0.22)	–	(0.22)	–
23.	Morton Grove Pharmaceuticals Inc. @	USD	50.83	173.63	162.39	435.07	99.05	240.31	15.39	15.18	0.21	–
24.	MGP Inc. @	USD	50.83	–	0.50	1.24	0.74	5.50	0.50	–	0.50	–
25.	Wockhardt France (Holdings) S.A.S. @	Euro (€)	67.90	408.07	(536.39)	559.26	687.58	–	(215.28)	(6.42)	(208.86)	–
26.	Girex S.A.S. * @	Euro (€)	69.46	8.76	(20.95)	49.26	61.45	28.00	7.67	–	7.67	–
27.	Laboratoires Pharma 2000 S.A.S. @	Euro (€)	67.90	1.24	(27.47)	40.36	66.59	47.89	(2.98)	–	(2.98)	–
28.	Laboratoires Negma S.A.S. @	Euro (€)	67.90	286.11	38.38	390.78	66.29	188.57	58.00	6.35	51.65	–
29.	Scomedia S.A.S. * @	Euro (€)	64.86	0.26	2.62	53.59	50.71	48.49	(0.68)	–	(0.68)	–
30.	Niverpharma S.A.S. @	Euro (€)	67.90	1.09	(10.92)	12.44	22.27	12.02	(3.65)	–	(3.65)	–
31.	Negma Beneulex S.A.S. @	Euro (€)	67.90	0.51	0.62	1.23	0.10	–	0.14	0.03	0.11	–
32.	Phytex S.A.S. @	Euro (€)	67.90	7.27	(6.29)	1.05	0.07	–	1.19	–	1.19	–
33.	Mazal Pharmaceuticals S.A.R.L. * @	Euro (€)	69.46	0.63	(60.31)	(7.38)	52.30	9.71	8.78	–	8.78	–
34.	Hariphar S.C. @	Euro (€)	67.90	0.10	(0.40)	(0.29)	0.01	–	(0.43)	–	(0.43)	–
35.	S.C.I. Salome @	Euro (€)	67.90	0.01	0.09	0.14	0.04	0.10	0.09	–	0.09	–
36.	Laboratoires Lerads S.A.S. @	Euro (€)	67.90	0.25	(4.31)	3.16	7.22	2.20	(2.64)	–	(2.64)	–

@ Inclusive of shares held through wholly owned subsidiaries.

* During the year Girex S.A.S. (a direct subsidiary of Wockhardt France (Holding) S.A.S.) and Mazal Pharmaceuticals S.A.R.L. (a subsidiary of Girex S.A.S.) got liquidated as on October 6, 2011 and Scomedia S.A.S. was sold on May 16, 2011.

** To represent true operational performance of the Company, w.e.f. current financial year, Wockhardt EU Operations (Swiss) AG has used USD as its reporting currency.

The investments made by Wockhardt EU Operations (Swiss) AG is ₹ 116.75 crore (₹ 2.13 crore - 300 shares of SKR 100 each of Jederstorm Swiss and ₹ 114.62 crore - 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.

CONSOLIDATED FINANCIAL HIGHLIGHTS

(₹ in crore)

YEAR-END FINANCIAL POSITION	2011-12	2010-11	2009-10	2008	2007	2006	2005	2004	2003	2002
Net Fixed Assets (incl. CWIP)	3,506	3,468	3,237	3,630	3,071	1,707	788	660	536	269
Deferred Tax Assets/(Liabilities)	(101)	73	47	41	(92)	(92)	(61)	(60)	(45)	(36)
Investments	91	90	95	93	71	–	–	–	–	–
TOTAL	3,496	3,631	3,379	3,764	3,050	1,615	727	600	491	233
Current Assets	2,656	2,073	2,172	2,964	2,011	2,002	1,361	1,254	577	309
Current Liabilities	1,189	912	862	1,475	887	581	365	346	275	145
Net Current Assets	1,467	1,161	1,310	1,489	1,124	1,421	996	908	302	164
Sub-Total	4,963	4,792	4,689	5,253	4,174	3,036	1,723	1,508	793	397
Foreign Currency Translation Reserve	24	183	158	144	26	(7)	(8)	(12)	(14)	(12)
Profit & Loss Account			6							
TOTAL CAPITAL EMPLOYED	**4,987**	**4,975**	**4,853**	**5,397**	**4,200**	**3,029**	**1,715**	**1,496**	**779**	**385**
Capital										
– Equity	55	55	55	55	55	55	55	55	36	36
– Preference	761	745	668	–	–	–	–	–	–	–
TOTAL	816	800	723	55	55	55	55	55	36	36
Reserves	679	326	112	1,107	1,245	1,004	753	550	412	299
Net Worth	1,495	1,126	835	1,162	1,300	1,059	808	605	448	335
Borrowings										
– Secured	3,271	3,379	3,552	3,161	2,344	1,475	412	408	325	46
– Unsecured	221	470	466	1,074	556	495	495	483	6	4
TOTAL	3,492	3,849	4,018	4,235	2,900	1,970	907	891	331	50
TOTAL SOURCES	**4,987**	**4,975**	**4,853**	**5,397**	**4,200**	**3,029**	**1,715**	**1,496**	**779**	**385**
Summary of Operations										
Sales (Excluding Excise)	4,614	3,751	4,501	3,590	2,491	1,729	1,413	1,252	942	809
Other Income	23	16	30	35	208	19	18	15	8	2
TOTAL INCOME	**4,637**	**3,767**	**4,531**	**3,625**	**2,699**	**1,748**	**1,431**	**1,267**	**950**	**811**
Material Consumed	1,682	1,516	1,973	1,360	993	668	577	522	413	352
Personnel Cost	589	550	735	632	458	269	210	189	134	78
Other expenses	903	776	970	812	563	392	297	270	216	239
EBIDTA	1,463	925	853	821	685	419	347	286	187	142
Interest Expense/(Income)	236	130	395	378	132	3	10	(2)	–	8
Depreciation	122	117	149	113	79	61	42	37	27	18
Profit Before Tax & Exceptional Items	1,105	678	309	330	474	355	295	251	160	116
Exceptional Items	528	574	(1,295)	(581)	–	(61)	–	–	–	–
PBT	577	104	(986)	(251)	474	294	295	251	160	116
Tax (Expense)/Credit	(235)	(8)	(16)	92	(91)	(53)	(38)	(38)	(17)	(11)
PAT	**342**	**96**	**(1,002)**	**(159)**	**383**	**241**	**257**	**213**	**143**	**105**
Share in Profit of Associate Companies	1	(5)	2	21	3	–	–	–	–	–
IMPORTANT RATIOS										
Current Assets : Liabilities	2.23	2.27	2.50	2.01	2.27	3.45	3.73	3.62	2.10	2.12
Debt : Equity	2.34	3.42	4.81	3.65	2.23	1.86	1.12	1.47	0.74	0.15
PBT/Turnover %	12.5%	2.8%	(21.9%)	(7.0%)	19.0%	17.0%	20.8%	20.0%	17.0%	14.3%
Return (PBIT) on Capital Employed %	16.4%	4.9%	(12.6%)	2.4%	14.5%	9.8%	17.6%	16.5%	20.2%	31.1%
No. of Equity Shares (in crore)	10.94	10.94	10.94	10.94	10.94	10.94	10.94	10.90	3.63	3.63
Dividend (per share)	–	–	–	–	11.25	5.00	5.00	5.00	7.50	6.50
Earnings (per share)	31.4	8.3	(91.4)	(12.7)	35.3	22.0	23.5	19.6	39.3	28.8
Net Worth (per share)	136.7	102.9	76.3	106.1	118.8	96.8	73.8	55.3	123.5	92.4

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 15 month period ended March 31, 2010.

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, 2012.

I. CONSERVATION OF ENERGY:

(1) Energy conservation measures taken:

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

- Formation of Energy Task force under the leadership of Managing Director to assess and implement various measures for conservation of energy as well as non-polluting energy resources.
- Use of Briquette Boiler in place of Furnace Oil Boiler.
- Replacing Reciprocating Chiller to Screw Chiller.
- Sodium Lamp replacement with LED light in the service floors.
- Installation of lighting transformer for API Plant.
- Temperature Controller/PLC for optimize the performance of Cooling Tower Fans.
- Condensate recovery pumps for PRC. Replacement of Electrical operated pump to steam operated pump.
- Provision of Auto blow down system for Boiler.
- Effective control of Boiler operating pressure to improve operation efficiency.
- Monitoring & Measuring all key power & fuel intensive equipments to analyze the consumption pattern & to initiate corrective action.
- Use of synthetic lubricants to improve life of the components and low frictional losses to improve energy saving.

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

- Additional APFC panel installed to maintain consistent unity power.
- Condensate recovery pump installed and replacement of electrical operated pump to steam operated pump.
- Reduction of Airflow from 2VVM to 1VVM in Fermenter.
- Auto Blow system of Boiler implemented.

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

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

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

	Year Ended 31-03-2012	Year Ended 31-03-2011
A. Power & Fuel Consumption		
1. Electricity		
a. Purchased		
Units (in Crore)	**6.16**	4.82
Total Amount (₹ in Crore)	**37.13**	25.46
Rate/Unit (₹)	**6.03**	5.28
b. Own Generation		
(i) Through Diesel Generator		
Units (in Crore)	**0.08**	0.08
Units per litre of Diesel oil	**3.21**	3.29
Cost/unit (₹)	**13.84**	12.08

	Year Ended 31-03-2012	Year Ended 31-03-2011
(ii) Through Gas Generator		
Units (in Crore)	**0.43**	0.39
Units per M^3 of Gas	**2.94**	2.65
Cost/ unit (₹)	**7.95**	6.93
2. Furnace Oil, LSHS, LDO & HSD		
Quantity (Kilo-litres)	**3,144.13**	2,236.03
Total Amount (₹ in Crore)	**13.44**	7.21
Average Rate (in litres)	**42.76**	32.22
3. Natural Gas		
Quantity (unit NM^3) (in Crore)	**0.15**	0.15
Total Amount (₹ in Crore)	**11.89**	9.30
Average Rate (₹/100NM^3)	**2,356.00**	1,707.00

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

Research & Development is at the very core of the company. The Company has consistently launched technologically complex products in Regulated markets (US and Europe). This underlies the continuous evolution in the research and organization's continuous focus on enhancing the R&D capabilities in every dimension. It not only involves creating and sustaining a competent force of scientists and doctors but also outline the significant investment in upgrading the research center to the latest standards.

Novel Drug Delivery Systems

Over the years, Wockhardt has successfully achieved the development of superior drug release formulations for Regulated as well as Indian markets. The Extended release formulations, which significantly reduce the number of doses the patients has to take, were successfully launched over the years for Metoprolol Succinate ER, Divalproex ER, Tamsulocin ER, etc. Last year, Wockhardt scaled another peak in drug delivery systems when it received the approval and subsequently launched the generic version of Fluticasone Propionate Nasal Inhaler. This significant achievement has opened a new dimension of products development in such kind of drug delivery systems which has significantly low competition. Our pipeline comprise of products which are based on these as well as even more complex delivery mechanisms.

Research Efforts for Unique ANDAs Pipeline

As mentioned earlier, Wockhardt has invested significantly in the facility and human resources at its Research centers to brace itself with greater challenges in developing its product pipeline. Differentiation and technologically complexity in product development are looked upon as the key to product identification and developments, the dividends of which are better market potentials and low competition. This has enabled the US business to achieve significantly high growth rates with improved margins as well as ensured the other major business in UK also delivers good growth despite poor economic conditions which have affected our competitors in UK. During the financial year ended March 31, 2012, the Company had received 9 approvals in US & 5 in UK and had filed for 13 products in US and 6 in UK. Currently the US business markets 71 products. Another key aspect of product identification is the Para IV filings, in particular the first to file (FTF) products which give company an edge over competitors by early launch. Wockhardt has 10 Para IV FTF filings which are poised to generate significant revenues for the organization in their year of launch. R&D has not only championed the products development but has also excelled in the area of Patent filings. The organization has been consistently awarded top honors by Pharmaceutical Export Promotion Council (PHARMXEL) for being a leader in Patent Filing. In 2011, we received the award for 3rd time in succession.

Biotechnology & Genomics Research

As first mover in India in the field of Biotechnology and Genomics Research, Wockhardt has attained several milestones particularly in the area of diabetes treatment. Wockhardt was the first Indian company and first company outside US and Europe to manufacture and market its own recombinant human insulin – Wosulin. This product is approved in 31 countries and is also available in form of reusable and disposable pen, a patented Wockhardt device. In a major breakthrough Wockhardt developed and launched the long acting Insulin Analog glargine by the brand name of Glaritus in India.

New Drug Discovery Programme

Wockhardt's New Drug Discovery Program is primarily in the area of anti-infective and has been progressing further as planned. The parenteral NCE WCK771 and WCK 2349 are in Phase 2 of its clinical studies. Among company's other molecules, the Ketolide NCE WCK 4873 has completed preclinical activities including Regulatory toxicology studies and is currently in formulation development phase. The Company has also initiated 2 more New Drug Discovery Programs WCK 4282 and 5107/5222 also in anti infective domain.

Patents

The Company's efforts in innovative research globally is well reflected in the number of patents filed so far, which is 1,570. During the year under review, the Company filed 150 Patents out of which 44 were granted. As of now, 158 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. **Expenditure on R & D:**

(₹ in Crore)

	Year Ended 31-03-2012	Year Ended 31-03-2011
Wockhardt Limited – Consolidated		
(a) Capital	**172.77**	83.80
(b) Revenue	**75.27**	48.30
(c) Total	**248.04**	132.10
(d) Total R&D expenditure as a percentage of total turnover	**5.38%**	3.52%
Wockhardt Limited – Standalone		
(a) Capital	**129.15**	76.92
(b) Revenue	**44.67**	33.27
(c) Total	**173.82**	110.19
(d) Total R&D expenditure as a percentage of total turnover	**6.79%**	6.28%

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 ₹ 1,209 Crores (Previous year – ₹ 675 Crores). The major export markets in which the Company is represented is USA and Western European countries.

(₹ in Crore)

	Year Ended 31-03-2012	Year Ended 31-03-2011
(A) Foreign Exchange used		
(i) On input of raw materials, spare parts & capital goods	**289.92**	174.91
(ii) Expenditure in foreign currency for professional fees, business travels, books and periodicals membership subscription, commission on sales & R & D expenses	**114.12**	113.49
(B) Total Foreign Exchange Earned	**1,378.91**	697.78
(C) Net Foreign Exchange Earned	**974.87**	409.38

For and on behalf of the Board

DR. H. F. KHORAKIWALA
Chairman

Mumbai, August 6, 2012

ANNEXURE TO THE DIRECTORS' REPORT

DETAILS OF ESOP GRANTED AS ON MARCH 31, 2012

Your Company has issued 1,540,000 options to 21 employees under the Employee Stock Option Scheme – 2011. In terms of Clause 12.1 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, details of options granted under the Employee Stock Option Scheme – 2011 are given below:

	Description	ESOP Plan - 2011
1.	Total number of options granted	1,540,000 options representing equal number of shares
2.	The pricing formula	The pricing of the options is based upon the closing market price of the shares prior to the date of grant and the performance rating of the employees. In view of this, the options had been granted at ₹ 5/-, ₹ 365/- and ₹ 397/- per option.
3.	Options Vested upto March 31, 2012	None of the options granted have been vested during the year.
4.	Options exercised upto March 31, 2012	As none of the options have been vested, no options have been exercised.
5.	Total number of shares arising as a result of exercise of option	Since no options have been exercised, this is not applicable.
6.	Options lapsed upto March 31, 2012	Nil
7.	Variations of terms of options	There has been no variation in the terms of options granted during the year.
8.	Money realised by exercise of options	Nil
9.	Total number of options in force at the end of the year	1,540,000
10.	Details of options granted to Senior Management.	No Corporate executive on the board has been granted any options.
11.	Employees to whom options granted amounting to 5% or more of the total options granted during the year	Dr. Yatendra Kumar, Mr. Sirjiwan Singh, Mr. Sunil Khera and Mr. Sanjeev Mehta have each been granted 1,25,000 options @ ₹ 5/-, 15,000 options @ ₹ 365/- and 15,000 options @ ₹ 397/- per option.
12.	Employees to whom options equal to or exceeding 1% of the issued capital have been granted during the year	Nil
13.	Diluted Earning Per Share (EPS) pursuant to issue of shares on exercise of options during the year calculated in accordance with Accounting Standard (AS-20)	16.72
14.	Where the Company has calculated employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the Company	The Company has calculated employee compensation cost using the intrinsic value of the stock options. In case, the employee compensation cost would had been calculated using the fair value of the options based on Black-Scholes model, it would had been lower by ₹ 0.37 Crores for the financial year 2011-12 and accordingly the profit after tax would had been higher by ₹ 0.35 Crores and Earning per share higher by ₹ 0.03.

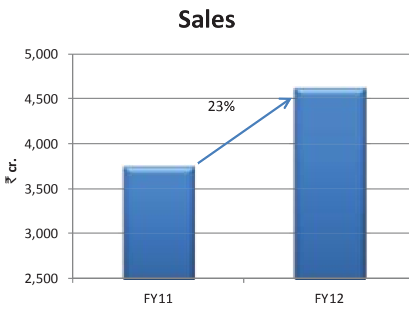
Description		ESOP Plan - 2011
15.	Weighted Average Exercise Price and Weighted Average Fair values of options disclosed separately for options whose exercise price either equals or exceeds or is less than market price of the stock	Weighted Average Exercise Price is the same as the option exercise price Weighted Average Fair value of options granted during the year: • For 60,000 options having exercise price of ₹ 397/- per option is ₹ 106.47/- • For 60,000 options having exercise price of ₹ 365/- per option is ₹ 142.60/- • For 1,420,000 options having exercise price of ₹ 5/- per option is ₹ 410.14/-

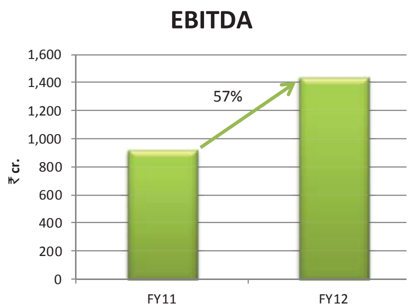
A description of the method and significant assumptions used during the year to estimate the fair value of options is given below:

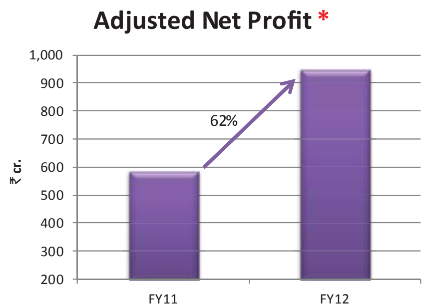
- Fair value calculated by using Black-Scholes option pricing formula.
- Stock Price: The closing price on NSE as on the date prior to the date of grant has been considered for valuing the options granted.
- Volatility amount: This is the amount by which stock price is fluctuated or is expected to fluctuate. The method used in the model is the annualized Standard Deviation of the continuously compounded rates of return on the stock over a period of 12 months between November 2010 and November 2011.
- Risk free interest rate: The yield on government securities at the time of grant of options, is the basis of this rate and has been taken as 8%, which was the then prevailing rate.
- Expected Life: The exercise period given for the option granted is one year from date of vesting. For the fair value determination, it has been assumed that on an average the exercise of options will take place at the end of six months from the date of vesting.
- Expected Dividend: As the stock prices for one year have been considered, the price movement on account of the dividend, is already factored in and hence not separately built in.

MANAGEMENT DISCUSSION AND ANALYSIS
A YEAR OF DRAMATIC TURNAROUND

2011-12 was a year of dramatic turnaround for Wockhardt as it accomplished the demanding goals it set for itself. The company achieved many a milestone viz., a sterling overall business performance driven by the US, a new drug delivery product introduction, the resolution of FCCB bond issue. Profitability went up by a few notches to underlie the strong business foundation the Company has with its focus on R&D, manufacturing and consistent product availability.







* Adjusted Net Profit is operational profit after excluding exceptional items and tax impact on the same. Detailed working has been provided hereinafter.

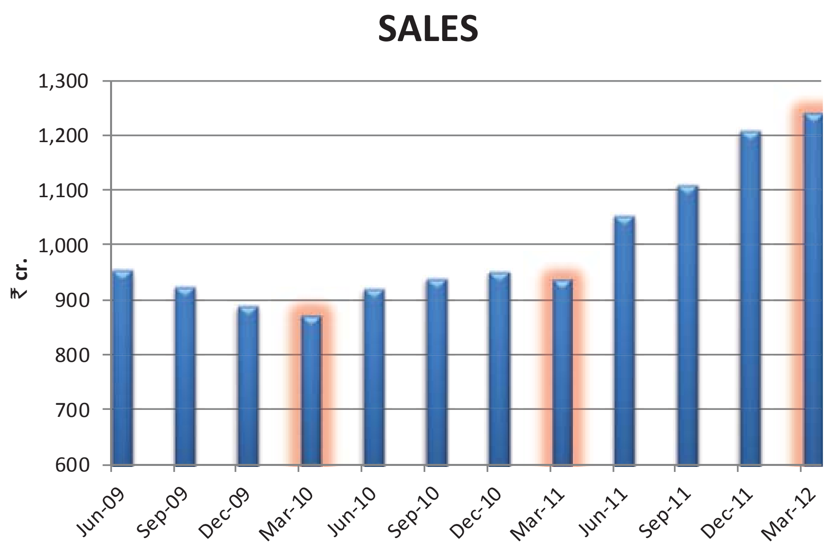
SUSTAINED GROWTH IN TURNOVER:

The net sales grew by 23% to ₹ 4,614 crore from ₹ 3,751 crore achieved during the previous year.

(₹ in crore)

	FY 12	FY 11	Change	% Change
Revenue from operations	4,614	3,751	863	23%

During the year, the company has delivered 4 consecutive quarters of Revenue Growth.

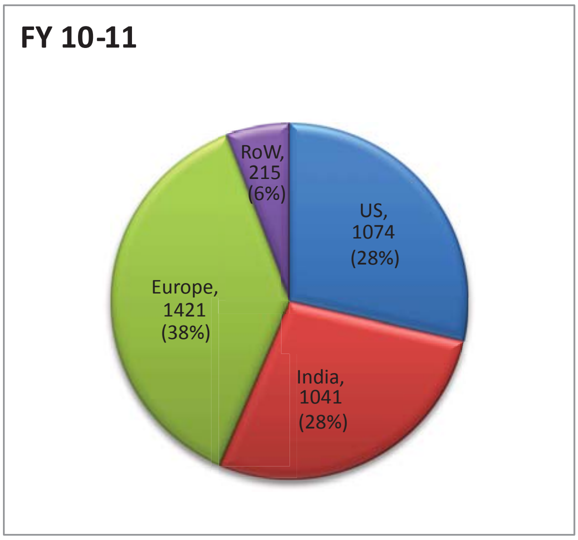


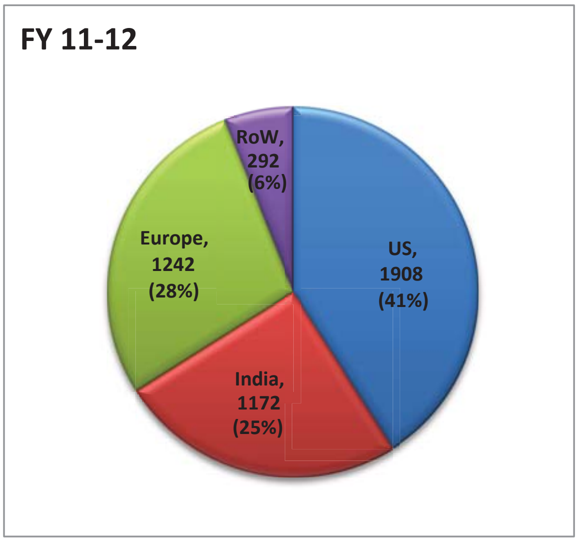
The revenue growth in FY 2012 is higher by 23% over FY 2011 driven by 78% growth in US market, 17% growth in India and Emerging markets and 7% growth in European market (excluding France).

The revenue split was lead by US operations at 41% (compared to 28% as in FY 2011) while European Business contributed 28% (compared to 38% in FY 2011) & India and Rest of the World contributing 31% (compared to 34% in FY 2011).

GLOBAL SALES DISTRIBUTION

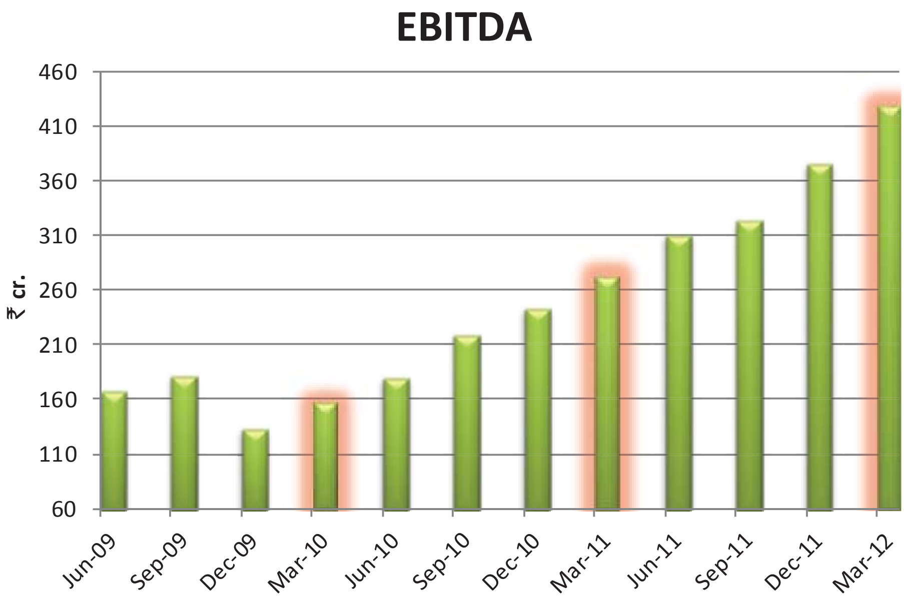
(Amount ₹ in crore)





IMPROVED PROFITABILITY

The strong sales growth and controlled expenditure ensured substantial increase in EBITDA – rising by 57.2% (vs 43% in previous year) to ₹ 1,440 crore (vs ₹ 916 crore in previous year). Company's EBITDA margins went up to 31.2% compared to 24.4% in the previous year. The company has recorded nine successive quarters of EBITDA growth.



As a result, the Company recorded net profits of ₹ 343 crore compared to ₹ 90 crore in the previous year. Stripping out the exceptional items, the adjusted Net Profit after Tax (as computed below) of the Company was ₹ 947 crore vs ₹ 585 crore in the previous year, representing a growth of 62%.

Particulars	FY12	FY11	Growth %
Net Profit/(Loss)	343	90	281.1
Adjustments:			
Divestment (Profit)/Loss		(4)	
France Restructuring (Profit)/Loss	(100)	178	
Settlement/derivatives	134	376	
CDR Recompense	160		
Goodwill write off (Negma – France)	333		
Others Exceptional items		22	
Tax impact of above	(70)	(81)	
Deferred Tax impact of above	147	4	
Adjusted PAT	947	585	61.9

BUSINESS OVERVIEW

US Business – Growth Momentum

2011-12 marks the year when US business became the highest revenue generator for Wockhardt among its geographies for the first time. Revenue surged by 78% to ₹ 1,908 crore through its two subsidiaries Wockhardt USA and Morton Grove Pharmaceuticals.

Treading on its philosophy of introduction of differentiated technology products, the Company scaled a new peak when it successfully introduced Fluticasone Propionate Nasal Spray in US markets this year. This nasal spray technology will not only have less competition but also provides an opportunity to introduce more such products. Earlier the Company had successfully introduced the extended release version of many products which was again technologically superior to the otherwise available instant release version. Company's key product portfolio in both subsidiaries Wockhardt USA and Morton Grove Pharmaceuticals continued its strong performance to yet again generate a highly profitable growth.

The company received 9 US ANDA approvals during the year.

The company has plans to launch 15 to 18 products in US markets during the financial year 2012-13.

Indian and Emerging Market Operations

Indian branded business in particular, continues to grow ahead of the market growth rate. Manpower increases in strategically relevant therapy areas helped grow the power brands. Strategic initiatives were undertaken to strengthen our presence in Pain management to achieve leadership position in the coming 2-3 years. There are 5 brands featuring amongst top 200 brands and 7 in top 300 brands in Indian pharmaceutical industry.

The overall Indian markets grew by 15% last year. The Company maintained its market share of 2% (IMS-MAT March 2012) in the Indian Pharmaceutical Industry, same as the year before.

The emerging market business outside India at ₹ 292 crore has registered a growth of over 35% and company has clearly outlined this as a strategic area for growth.

European Operations

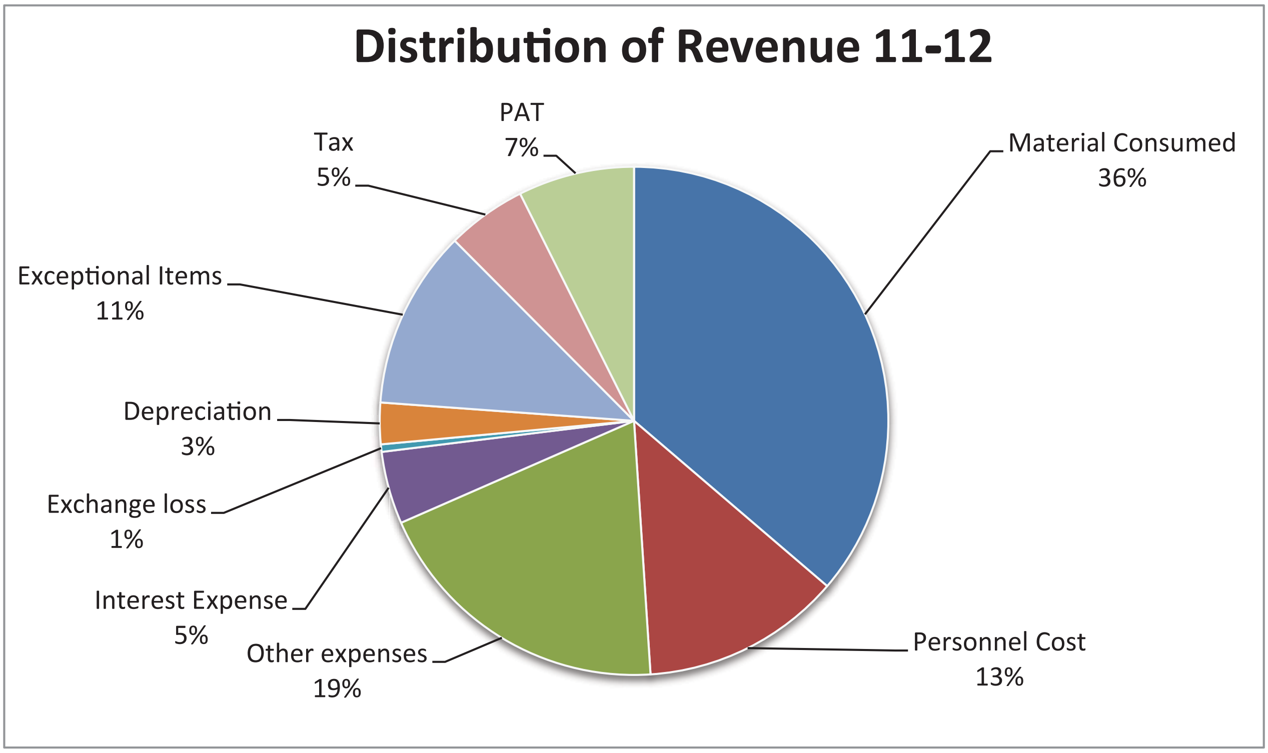
Wockhardt UK's operations continued to be ranked 3rd largest in UK generic market, while it sustained 2nd rank in the UK hospital generics market. It continued to be the largest Indian pharmaceutical company in UK during the year. The revenues continued to have a good growth despite no growth in healthcare expenditure scenario by the government. The company expects to launch 20 new products in 2012-13.

The Irish business subsidiary Pinewood Laboratories continued to be the 1st ranked generic company in the country. The Irish economy was marred by the prevalent slowdown in general; yet Pinewood had a positive sales growth driven by its export business. The Company expects to launch 20 new products in domestic and exports business in the coming year.

In France, the safeguard process was completed in the year under which the Company restructured the loans, initiated reduction in costs by re-aligning product manufacturing and undertook significant manpower reduction. The Company is focused on the development of a patented product as well as bolster its generic portfolio to improve the business performance.

ANALYSIS OF CONSOLIDATED FINANCIAL PERFORMANCE

Revenue distribution for the year 2011-12 is as under:

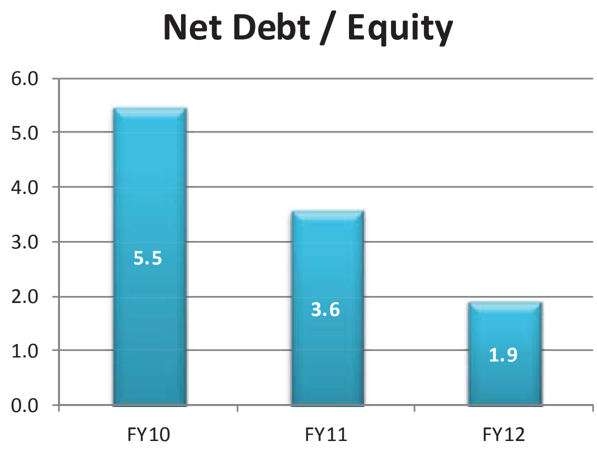


Keeping up with the spirit of More & More with Less & Less, the Company continued to focus on productivity and efficiencies. Material consumption at 36% was about 4% less than the previous year. The blended interest cost continued at less than 6%, with higher cost domestic loans being repaid.

The cashflow from operating activities were ₹ 1184 crores (vs ₹ 642 crores in the previous year), an increase of 85%.

DEBT AND LEVERAGE

Net Debt to Equity ratio has significantly come down over last year. This has been due to repayment as per the schedule under CDR and also increase in profitability.



Debt Position:

(₹ in crore)

	FY 12	FY 11	Change	% Change
Secured	3,271	3,379	(108)	(3%)
Unsecured	221	470	(249)	(53%)
Total	3,492	3,849	(357)	(9%)

During the year, the Company has repaid loan amounting to ₹ 653 crore. The reduction on account of repayment has been offset by currency translation on foreign currency loans.

OPPORTUNITIES

In Generic pharmaceutical domain, superior technology and complex formulation oriented products are the ones where the value creation can be maximised. Technological superiority will truly differentiate the major generic firms from others as significant competition is expected at the bottom of the technology pyramid. The Company believed that there are significant opportunities in such products where either product formulation involves high degree of technology involvement or involves complex drug delivery systems. Furthermore continuous new product research and introduction in regulated as well as Indian market is the key to driving business growth. The Company has made a significant investment in new product research and introduction and is fully equipped to tap the potential of such products and opportunities.

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 program aims at development of technologically complex and patented products. Currently the company has filed over 30 products for approvals and subsequent launches for FY 2013 and FY 2014 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 Glargine, one of the Insulin analogs, by the name of Glaritus. In drug discovery program, we are focusing on anti-infectives mainly due to the fact that very few anti-infectives have come into the market in the past few years. In the Drug Discovery program, the Company is in advanced stages of product development and has received US IND approval for 2 of its products.

In line with this focus, the Company spent ₹ 248 crores on R&D activities, representing 5.3% of sales (previous year ₹ 132 crores; 3.5% of sales).

CHALLENGES

The growth of the business and expansion of product portfolio with high revenue and margin products is the key challenge the company faces. As has been mentioned, the new product introduction is the key to growth in pharma sector and Wockhardt has designed its product development program to create a substantial pool of products for the coming years. The organization has been very responsive towards the selection of complex products and has ensured that all development and manufacturing needs for such products are met to garner multifold returns.

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 market stood at US$ 880-890 billion (Source: IMS Market Prognosis) and is projected to grow by 4-5% in 2012. While the world's largest market, USA is expected to have a lower growth projection of around 3%, the key drivers of growth will be China which is expected to grow at 15-20% to about US$ 60 billion, India (growing at 15%) and other smaller markets to follow. Significantly though, in the US pharmaceutical market the Generic Pie has increased to about US$100 billion (Generics, Branded Generics and OTC) which is where the opportunity lies for Wockhardt.

The Indian pharmaceutical industry grew at stable rate of 14-15% in terms of revenues and 9% in terms of units during the year ended March 2012 (IMS MAT March 2012) and is expected to maintain similar growth for the next few years. Major expansions in healthcare services including tertiary care as well as rapid growth in healthcare insurance coverage will be the key driver in the market growth.

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 statutes. The internal control systems provide for well defined policies, guidelines and authorizations and approval procedures. The prime objective of such audits is to test the adequacy and effectiveness of the internal controls laid down by management and to suggest improvements.

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 7,900 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

Wockhardt's philosophy on Corporate Governance is based on the principles of Transparency and Accountability. Transparency in terms of business practices which is done in a fair and ethical manner and Accountability in terms of responsibility towards shareholders, creditors, employees and society in which it operates. The Company is committed to achieve and maintain highest standards of corporate governance on sustained basis. The Company ensures adherence and enforcement of the principles of corporate governance with a focus on transparency, professionalism, fairness and accountability.

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. As on March 31, 2012, 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, 2012 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 12, 2011)
Dr. H. F. Khorakiwala ***Chairman***	Executive	2	None	None	6	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	5	3	1	4	Yes
Mr. Bharat Patel	Non-Executive Independent	4	1	2	6	Yes
Mr. R. A. Shah	Non-Executive Independent	14	4	4	5	No
Dr. Huzaifa Khorakiwala ***Executive Director***	Executive	3	None	1	6	Yes
Dr. Murtaza Khorakiwala ***Managing Director***	Executive	4	3	None	6	Yes

Dr. Abid Hussain passed away on June 21, 2012.

(1) *The number directorships excludes Private Limited Companies, Foreign Companies, Companies under Section 25 of the Companies Act, 1956 and Alternate Directorships as per the provisions of the Companies Act, 1956 and Listing Agreement with the Stock Exchanges.*

(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, Dr. Abid Hussain participated through teleconference at the Board Meeting held on August 2, 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, 2012, Six Board Meetings were held viz. on May 19, 2011, August 2, 2011, August 9, 2011, September 12, 2011, November 12, 2011 and February 13, 2012. The Board passed one resolution by circulation dated October 17, 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 appointment/re-appointment

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

3. AUDIT COMMITTEE

As on March 31, 2012, the Audit Committee comprises of Five Non-Executive Independent Directors. During the financial year ended March 31, 2012, the Audit Committee met four times on May 19, 2011, August 9, 2011, November 12, 2011 and February 13, 2012.

The constitution of the Committee and the particulars of attendance at the committee meetings as on March 31, 2012 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

 # Dr. Abid Hussain passed away on June 21, 2012.

Mr. Vijay Khetan, Company Secretary acts as a Secretary to the Audit Committee.

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, 2012, four meetings of the Committee were held on May 19, 2011, August 9, 2011, November 12, 2011 and February 13, 2012.

The constitution of the Committee and the particulars of attendance at the committee meetings as on March 31, 2012 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

 # Dr. Abid Hussain passed away on June 21, 2012.

During the financial year ended March 31, 2012, 44 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	11	11
Non-Receipt of Share Certificates	17	17
Non-Receipt of Annual Report	1	1
Non-Receipt of Exchange Share Certificates	4	4
Non-Receipt of Bonus Shares	6	6
Non-Receipt of Rejected DRF	2	2
Non-Receipt of Demat Credit	3	3

As on March 31, 2012, 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, 2012, 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/payable to each director for the financial year ended March 31, 2012. During the financial year ended March 31, 2012, 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, 2012 (₹ in crore)			
				Sitting fees	Salary & Perquisites	Commission	Total
Dr. H. F. Khorakiwala	Promoter	Upto February 28, 2015	N.A	—	1.850	0.000	1.850
Mr. Shekhar Datta	None	N.A	1,600	0.026	—	0.000	0.026
Dr. Abid Hussain	None	N.A	Nil	0.026	—	0.000	0.026
Mr. Aman Mehta	None	N.A	Nil	0.020	—	0.000	0.020
Mr. Bharat Patel	None	N.A	Nil	0.028	—	0.000	0.028
Mr. R. A. Shah	None	N.A	73,000	0.026	—	0.000	0.026
Dr. Huzaifa Khorakiwala	Promoter	Upto March 30, 2014	N.A	—	0.980	0.000	0.980
Dr. Murtaza Khorakiwala	Promoter	Upto March 30, 2014	N.A	—	0.980	0.000	0.980

Notes:

1. *No commission is being paid to Executive and Non-Executive Directors, in view of inadequate profits during the year ended March 31, 2012.*
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/ Period ended	Day, Date and Time of AGM	Location
March 31, 2011	Monday, September 12, 2011 at 3.00 p.m.	Y. B. Chavan Auditorium, Gen. Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai 400021
March 31, 2010	Monday, September 20, 2010 at 3.30 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

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

Two Special Resolutions were passed unanimously by show of hands in the Annual General Meeting held on September 12, 2011 to:

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

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

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:

1. Approval of remuneration paid to Dr. Habil F. Khorakiwala, Chairman for the Financial Year 2008.
2. 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.
3. Appointment of Dr. Huzaifa Khorakiwala as Executive Director and fixation of remuneration payable to him.
4. Appointment of Dr. Murtaza Khorakiwala as Managing Director and fixation of remuneration payable to him.
5. Approval of remuneration paid to Mr. Rajiv Gandhi, Director Corporate Finance and Information for the Financial Year 2008.
6. 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.
7. Alteration of Articles of Association of the Company.

(c) Postal Ballot:

During the financial year ended March 31, 2012, the members of the Company passed following ordinary resolution through postal ballot:

To transfer, sell and/or dispose of the Mother and Child Care (MCC) business and Nutriuno business (Collectively the "Nutrition Business") to G&K Baby Care Private Limited, an affiliate of the Danone Group.

Mr. Virendra G. Bhatt was appointed as the scrutinizer for conducting the Postal Ballot. The procedure prescribed under Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011 has been followed for the Postal Ballot conducted during the year for the resolution mentioned above. Mr. Virendra G. Bhatt submitted his report dated September 10, 2011 to the Chairman and based on the said report, results of Postal Ballot were declared on September 10, 2011 as under:

Particulars	Number of Postal Ballot	No. of Shares
Valid Postal Ballot forms received	1,519	89,511,750
Valid Postal Ballot forms received (Neutral)	31	9,876
Invalid Postal Ballot forms received	49	23,047
Total No. of Postal Ballot forms received	**1,599**	**89,544,673**

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)**	1,450	89,487,161	99.97
2.	Number of votes against the Resolution **(Dissent)**	69	24,589	0.03
3.	Neutral	31	9,876	0.00
	Total	**1,550**	**89,521,626**	**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, 2012 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, 2012. A declaration to this effect signed by Dr. Murtaza Khorakiwala, Managing Director is given in Annexure to this report.

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 22, 2012.

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, 2012 forms part of this report.

GENERAL SHAREHOLDER INFORMATION

1. ANNUAL GENERAL MEETING

— Day, Date and Time : Thursday, September 13, 2012 at 3.00 p.m.

— Venue : Y. B. Chavan Auditorium, Gen. Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai 400 021.

2. FINANCIAL YEAR AND TENTATIVE FINANCIAL CALENDAR

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

Tentative Financial reporting for the Financial Year 2012-13 is as under:

Results of Quarter ending June 30, 2012	On or before August 14, 2012
Results of Quarter ending September 30, 2012	On or before November 14, 2012
Results of Quarter ending December 31, 2012	On or before February 14, 2013
Results for year ending March 31, 2013	On or before May 30, 2013
Annual General Meeting for the year ending March 31, 2013	On or before September 30, 2013

3. BOOK CLOSURE DATE

The Register of Members and the Share Transfer books (equity and preference) will remain closed from September 5, 2012 to September 13, 2012 (both days inclusive) for the purpose of Annual General Meeting and declaration of preference dividend.

4. DIVIDEND PAYMENT DATE

The Board has not recommended any dividend on the equity shares of the Company for the year ended March 31, 2012. The dividend on preference shares will be paid within 30 days from the date of Annual General Meeting if declared at the Annual General Meeting.

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 the annual listing fees for the year 2012-2013 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

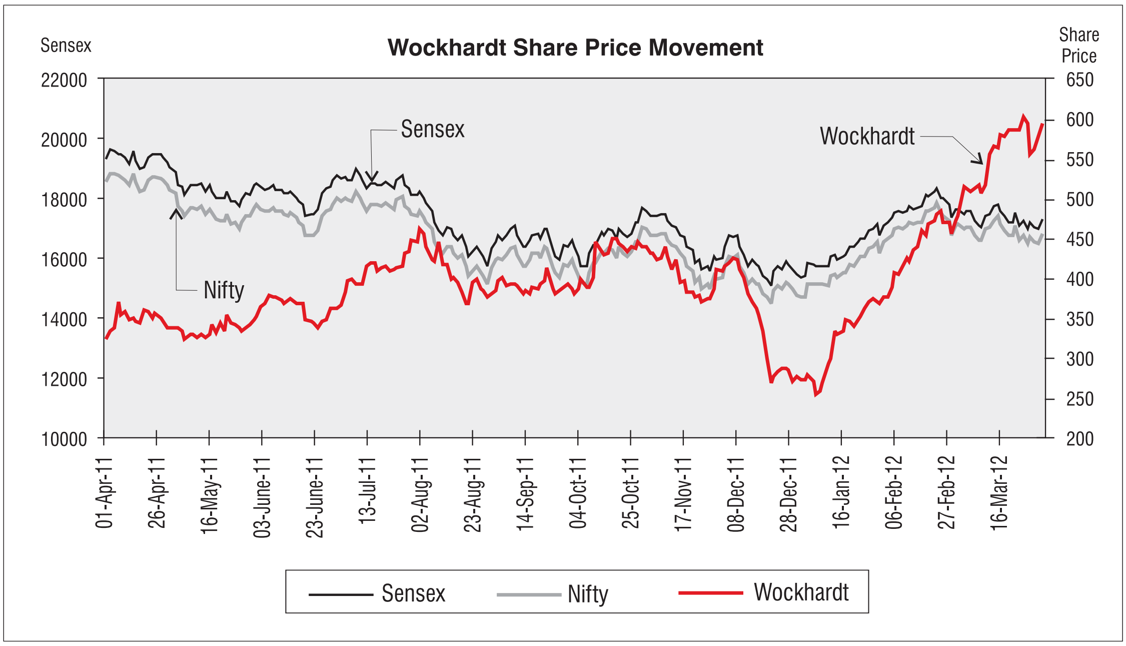
(b) Corporate Identity Number (CIN) : L24230MH1999PLC120720

7. MARKET PRICE DATA: **High/Low and number of shares traded during each month in the financial year 2011-2012 on NSE and BSE**

Month	NSE			BSE		
	High (₹)	Low (₹)	Monthly Volume	High (₹)	Low (₹)	Monthly Volume
April 2011	411.00	324.15	2,917,684	389.85	324.25	1,662,492
May 2011	372.80	327.00	3,251,117	372.85	310.00	1,923,098
June 2011	391.40	337.75	2,872,033	391.00	338.00	1,827,979
July 2011	463.70	367.10	12,085,994	464.00	318.00	6,887,919
August 2011	472.50	362.20	10,192,178	473.00	362.00	5,977,808
September 2011	418.95	375.00	3,125,780	419.35	375.00	1,489,179
October 2011	467.45	363.00	4,885,043	466.95	378.60	2,682,025
November 2011	449.00	363.30	2,557,775	449.00	363.00	1,240,619
December 2011	436.40	267.00	4,436,822	436.40	269.20	2,218,747
January 2012	385.00	251.20	6,073,876	384.40	251.25	2,905,064
February 2012	509.70	373.00	6,212,948	510.00	372.00	3,163,889
March 2012	621.80	475.45	10,095,155	621.80	476.00	4,857,190

Source: website of BSE and NSE

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



Source: website of BSE and NSE

9. REGISTRAR & TRANSFER AGENT

Link Intime India Private Limited

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

Tel : 022 2594 6970-78 • Fax : 022 2594 6969

Email: wockhardt@linkintime.co.in • Website: www.linkintime.co.in

10. SHARE TRANSFER SYSTEM

The shares in dematerialized mode are transferable through depositories. The shares in physical mode lodged for transfer are processed by Registrar & Transfer Agents. In order to expedite the process of share transfers, the Board has delegated the powers severally to Chairman, Managing Director and Company Secretary. The Company Secretary looks after share transfer, transmission, issue of duplicate share certificates, split and consolidation of shares on weekly basis. The Share transfer requests received at the Registrars & Transfer Agents are normally processed and delivered within 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 ON MARCH 31, 2012

Number of Equity Shares	No. of Shareholders	% of total shareholders	Amount in ₹	% of total amount
1 – 500	32,433	84.85	17,482,310	3.20
501 – 1000	4,329	11.33	14,018,630	2.56
1001 – 2000	701	1.83	5,085,655	0.93
2001 – 3000	207	0.54	2,645,645	0.48
3001 – 4000	106	0.27	1,904,385	0.35
4001 – 5000	67	0.18	1,612,155	0.29
5001 – 10000	138	0.36	5,183,120	0.95
Above 10000	243	0.64	499,247,615	91.24
TOTAL	**38,224**	**100.00**	**547,179,515**	**100.00**

SHAREHOLDING PATTERN AS ON MARCH 31, 2012

Categories	Number of shares	Amount in ₹	% to total paid-up capital
Promoters	80,585,382	402,926,910	73.64
Directors/ relatives of Directors	124,600	623,000	0.11
Financial Institutions	321,116	1,605,580	0.29
Banks	11,630	58,150	0.01
Mutual Funds	106,372	531,860	0.09
Insurance Companies	4,115,426	20,577,130	3.76
Foreign Institutional Investors	3,447,950	17,239,750	3.15
Bodies Corporates	3,556,280	17,781,400	3.25
Non Resident Indians	422,354	2,111,770	0.39
Shares Representing GDRs	249,328	1,246,640	0.23
Public	16,158,662	80,793,310	14.77
Clearing Member	334,803	1,674,015	0.31
Trusts	2,000	10,000	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, 2012, 108,086,213 Equity Shares representing 98.77% of the Company's total paid-up capital were held in dematerialized mode. Out of public holding of 28,601,193 Equity Shares, 27,267,403 Equity Shares representing 95.34% 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, 2012 are 249,328 representing 249,328 equity shares of ₹ 5/- each constituting 0.23% of paid-up capital of the Company. As on March 31, 2012, 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 and Transfer Agent, Link Intime India Private Limited at C-13, Pannalal Silk Mills Compound, Bhandup (West), Mumbai 400 078; Tel Nos. 022 25946970-78; Fax No. 022 25946969; Email: wockhardt@linkintime.co.in

Shareholders can also address their correspondence to Mr. Vijay Khetan, Company Secretary at the Registered Office of the Company at Wockhardt Towers, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051. Tel No. 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 - 431210 Maharashtra
- Survey No. 106/4,5,7, Daman Industrial Estate, Kadaiya, Nani Daman - 396210
- E-1/1, MIDC, Shendra, Aurangabad - 431210 Maharashtra
- Plot No. H-14/2, Waluj Industrial Area MIDC, Waluj, Aurangabad - 431136 Maharashtra
- Plot No. 87-A, Silver Industrial Estate, Patiala Road, Bhimpore, Nani Daman - 396210
- 57, Kunjhal, Barotiwala, Nalagarh, District Solan, Himachal Pradesh - 174103

Bulk Drugs

- Plot No. 138, GIDC Industrial Estate Ankleshwar - 393002 Dist. Bharuch, Gujarat, India (including Chepalosporin Bulk)

For and on behalf of Board of Directors

Dr. H. F. Khorakiwala
Chairman

Mumbai, August 6, 2012

ANNEXURE 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, 2012 from all the Board Members and the Senior Management Personnel.

For **WOCKHARDT LIMITED**

Dr. Murtaza Khorakiwala
Managing Director

Mumbai, August 6, 2012

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, 2012**, 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 : August 6, 2012

NOTES

Company Secretary

- V R Khetan

Auditors

- Haribhakti & Co.

Solicitors

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

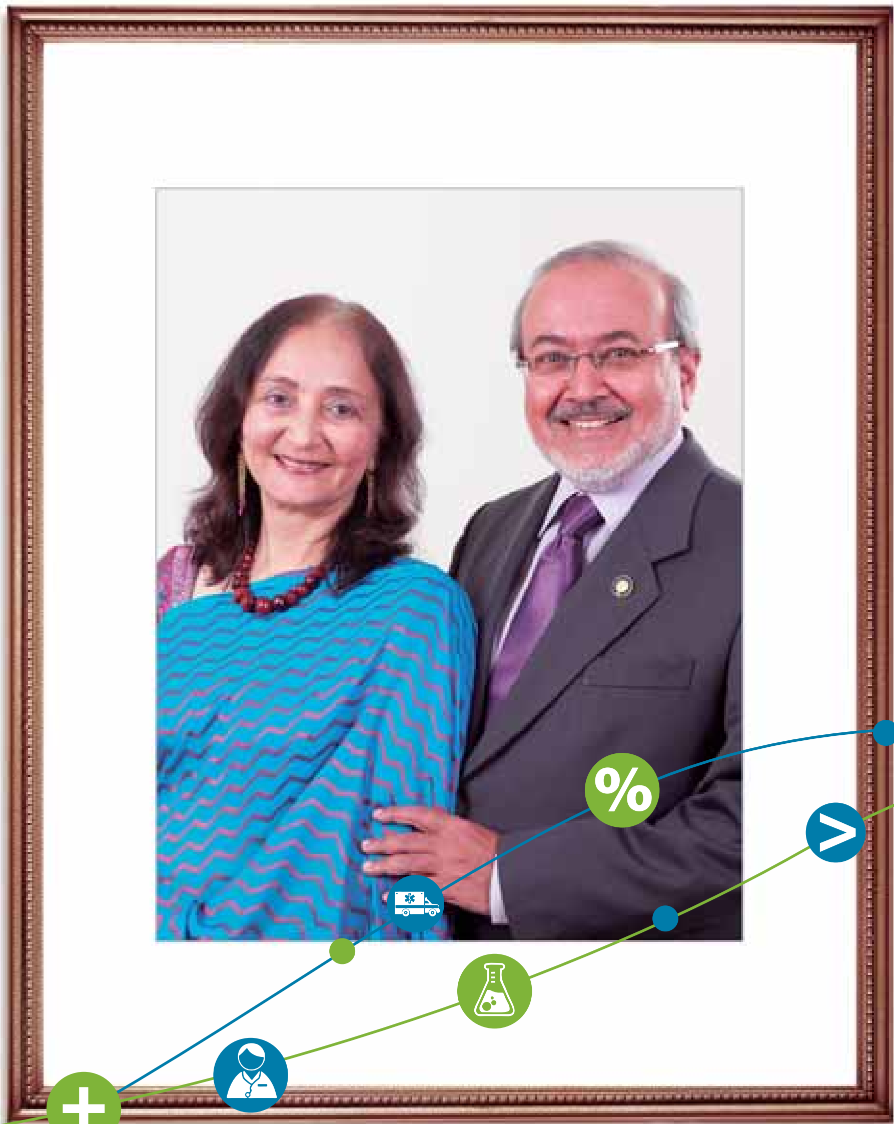
Bankers

- 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

HALL OF FAME



Wockhardt's Founder Chairman and Group CEO, Dr. Habil Khorakiwala and Nafisa Khorakiwala, President & Managing Trustee, WHARF (Wockhardt HIV/AIDS Education & Research Foundation) were recently inducted into the Arch C. Klumph society as its members, which is a recognition of their unflinching support for major social projects.

Dr. Habil & Nafisa Khorakiwala's portrait was placed in the Arch C. Klumph Gallery in Evanston, USA during the India Day induction ceremony.

WOCKHARDT WORLDWIDE

CORPORATE OFFICE

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RESEARCH CENTRES

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Fax: +1 847 9672211

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